



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

August 6, 2019

Allison C. Handy  
Perkins Coie LLP  
ahandy@perkinscoie.com

Re: Microsoft Corporation  
Incoming letter dated July 22, 2019

Dear Ms. Handy:

This letter is in response to your correspondence dated July 22, 2019 concerning the shareholder proposal (the "Proposal") submitted to Microsoft Corporation (the "Company") by Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponents dated July 30, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates  
Special Counsel

Enclosure

cc: Walter O. Garcia  
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August 6, 2019

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: Microsoft Corporation  
Incoming letter dated July 22, 2019

The Proposal recommends that shareholders reject action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(f). We note that the Proponents appear to have failed to supply, within 14 days of receipt of the Company's request, documentary support sufficiently evidencing that they satisfied the minimum ownership requirement for the one-year period as required by rule 14a-8(b). Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rules 14a-8(b) and 14a-8(f). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which the Company relies.

Sincerely,

Kasey L. Robinson  
Special Counsel

**DIVISION OF CORPORATION FINANCE**  
**INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

July 30, 2019

***Via Electronic Mail to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)***

Office of Chief Counsel  
Division of Corporate Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Microsoft Corporation – Shareholder Proposal Submitted by  
Walter O. García, María Luisa García, and Gaby García

Ladies and Gentlemen:

We (“Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia”) respectfully submit the following comments and observations and related documentation in response to the no action-request (the “Letter”) dated July 22, 2019, submitted to your office by Ms. Allison C. Handy, on behalf of Microsoft Corporation (“Microsoft”, the “Company”), regarding our shareholder proposal (the “Proposal”) submitted in accordance with Rule 14-8a under the Securities and Exchange Act of 1934, as Amended, for inclusion in the proxy statement to be distributed by the Company in connection with its 2019 annual shareholders’ meeting.

Pursuant to the guidance provided in Staff Legal Bulletin No. 14D (November 7, 2008), we are submitting this letter and related documentation to the Staff via email to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov) (in lieu of mailing paper copies). Copies of this letter and its attachments are provided concurrently to Ms. Handy.

### **THE PROPOSAL**

The Company’s Mexican subsidiaries are audited by Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico). The audit work is referred to this firm by Deloitte & Touche LLP (Deloitte US). Both firms are members of Deloitte Touche Tohamatsu Limited. Deloitte Mexico has implemented a policy establishing that “Retired partners will not carry out any professional activities [with audit and non-audit clients] that require or are related to the profession or skills required when they were active partners of the firm”. Violation of this policy results in termination of pension benefit payments (called retired partners share in profits for certain purposes). The policy limits retired partners right to work and is contrary to the principles established in Article Five of the Constitution of Mexico, to articles 6 and 7 of the International Covenant on Economic, Social and

Cultural Rights, to Article 23 of the United Nations Declaration of Universal Human Rights and to the recommendations of the United Nations Guiding Principles on Business and Human Rights. Deloitte US' association with Deloitte Mexico is contrary to the Company's values, principles and policies. Therefore, we recommend that shareholders do not ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

*RESOLVED, That action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending June 30, 2020 is hereby rejected.*

#### **REASONS FOR ALLOWING THE PROPOSAL TO BE INCLUDED IN MICROSOFT CORPORATION'S 2019 PROXY STATEMENT**

##### **A. Rule 14a-8(f)(1) – Sufficient Proof of Eligibility to Submit the Proposal.**

On December 6, 2018, we submitted a proposal with the same text as the foregoing proposal, except that it indicated erroneously the Company's year-end fiscal year as December 31, 2019 instead of June 30, 2020. The error is hereby corrected. After concluding that the letters from Morgan Stanley dated December 17, 2018 and January 6, 2019 issued to verify that we had owned shares of Microsoft for the amount and period required by Rule 14a-8(b) did not comply with the requisite text, on April 15, 2019, we submitted a letter to Ms. Carolyn Frantz, the Company's Secretary, withdrawing the December 6 proposal and resubmitting a new proposal together with a letter from Morgan Stanley verifying the amount of the shares owned and the related holding period with the required text. The second proposal was received by the Company before the issuance of the Letter and more than 120 calendar days before October 16, 2019. The invitation letter to attend the 2018 annual shareholders' meeting was dated October 16, 2018. We, therefore, believe that April 15, 2019 should be the date on which stock ownership and holding period should be verified. The attached letter from Morgan Stanley of April 15, 2019 (Exhibit A) serves to verify that as of that date, we held and had held continuously more than \$2000 worth of Microsoft shares for a period longer than one year.

The Letter states that the "April Broker Letter" did not include verification from Morgan Stanley that we beneficially owned the requisite number of shares of Microsoft stock continuously for at least one year preceding and including December 6, 2018. This wording implies that the procedural deficiency could have been cured with the

text of the "April Broker Letter" had it additionally mentioned the requisite information as of December 6, 2018. At this time, we do not foresee any problem in obtaining a letter from Morgan Stanley with the text required by Rule 14a-8(b) as of that date.

We deemed Ms. Handy's comment that we are attempting to *evade* the consequences of not curing the deficiency within the required period to be inappropriate. Morgan Stanley agreed to issue a letter with the required text only after informing them of our intention to move our holdings to a broker with less restrictive internal policies. Therefore, providing the share-ownership information within the 14-day period allowed to cure the deficiency was largely beyond our control.

The position stated in the footnote to Staff Legal Bulletin No. 14C of October 18, 2011, should not be applied literally to the exclusion of other pertinent facts.

**B. Exclusion of the Proposal Because it Conflicts with a Proposal to be Submitted by Microsoft to the Stockholders at the Same Meeting.**

We believe that there is no direct conflict between the Company's intended proposal to ratify Deloitte & Touche LLP as its independent auditors for fiscal year 2020 and our proposal to reject their appointment because no reasonable shareholder would vote in favor of both proposals. Shareholders may vote "yes", "no", "abstain".

The Letter makes reference to the position of the Commission's Office of Chief Counsel (the "Chief Counsel") regarding a shareholder proposal requesting the immediate disengagement and replacement of the independent auditors of *Huron Consulting Group* ("Huron") (Jan. 4, 2017). The Chief Counsel concluded that the proposal could be excluded from Huron's Proxy Materials on the basis that it conflicted with its proposal for stockholder ratification of its independent auditor. We believe that the Chief Counsel's position unfairly underestimated the ability of reasonable shareholders to cast "yes", "no" or "abstain" votes. Such rationale implies that no shareholder proposal requiring a "yes" vote to change independent auditors will ever be admitted irrespective of its merits, thus denying shareholders the opportunity to consider another relevant proposal.

**C. Exclusion of the Proposal Because it Deals with Matters Relating to Microsoft's Ordinary Business Operations.**

The Letter includes an elaborate definition of the word ordinary whose application would result in mischaracterizing most actions proposed in a shareholder proposal as ordinary and, therefore, inadmissible. An ordinary business operation is an event occurring routinely in the day-to-day core business of an enterprise. The

appointment of auditors, which is the responsibility of the board of directors, is not an everyday event. The appointment and ratification of independent auditors is of paramount importance. Further, the review of the qualification of an auditing firm should include the assessment of its human rights due diligence policies and procedures. The audit of the Company's consolidated financial statements is performed by many members of Deloitte Touche Tohmatsu Limited, a "people business" with approximately 300,000 professionals; this more than warrants an annual assessment of their due diligence procedures to ensure that human rights violations are identified, prevented and mitigated timely and appropriately. The Audit Committee's description of the steps followed to evaluate the qualifications of Deloitte & Touche does not include such assessment.

The Proposal's ultimately objective is to increase respect for human rights, which transcends the concept of "micromanagement", a pejorative term used to describe poor management. Violations of human rights are a significant social concern that go beyond ordinary business matters. Disengaging Deloitte & Touche for ignoring and implicitly consenting to (as evidenced by the text of their letter to the Company, Exhibit B) Deloitte Mexico's reprehensible corporate behavior is a matter of a simple nature and reasonable shareholders are in a position to make an informed judgement.

The conclusions of Dr. Plascencia's 32-page study (Exhibit C), an internationally recognized human rights expert and former President of the Human Rights Commission of Mexico (Exhibit D), which is the basis of our proposal, demonstrate clearly that Deloitte Mexico's policies result in flagrant violations of the human rights of more than sixty retired partners, and, thus, provides key information for a well-informed judgement.

**D. Exclusion of the Proposal Because it Relates to Personal Grievances of the Proponent, it is Designed to further their Personal Interest, which is not Shared by Other Shareholders at Large.**

The Letter's assertion that the Proposal relates to the redress of a personal grievance against Deloitte Mexico is based solely on the letter from Deloitte & Touche (Exhibit B) stating the filiation of the Proponents with one of many retired partners. The letter, which is self-serving, alludes to the Proposal and, therefore, implicitly acknowledges the existence of a grievous and transgressive policy.

We declare that we do not have any personal claims against, and, accordingly, have not sought and will not seek any redress from Deloitte - Mexico. Our proposal is an integral part of our genuine efforts to contribute

to a greater respect for human rights. Our filiation with one of the retired partners cannot diminish, attenuate or nullify the severity of the adverse impact of the human rights violations on many retired partners and their families.

The Proposal relates to a matter that is shared by other shareholders at large. Respect for human rights by business is a responsible conduct expected by society at large. The UN Guiding Principles on Business and Human Rights formalize the standards that should be observed by all business enterprises regardless of their size or location to assure increased respect for human rights.

To advance the argument that the Proposal seeks to further a personal interest is to overlook the fact that an increasing number of individual shareholders and institutional investors view respect for human rights and other social issues as material to their investment decisions. This assertion is corroborated by many published surveys and studies: "Ipsos Human Rights in 2018, A Global Advisors Survey" finds that 83% of US interviewees responded that "...it is important to have a law that protects human rights" and 77% responded that "... human rights are important for creating a fairer society".

Further, we deem offensive and inappropriate the Letter's statement to the effect that our proposal represents an abuse of the shareholder proposal process. As Microsoft shareholders, we have the indisputable right to propose that our Company follow responsible practices in dealing with human rights violations.

### **CONCLUSION**

We respectfully request the Commission to deny Microsoft Corporation's no-action request for the exclusion of our proposal from its 2019 Proxy Materials, because:

- a. Deloitte & Touche, LLP, Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte-Mexico) and Touche, Tohmatsu Limited appear not to have implemented relevant and effective due diligence policies and procedures to prevent violations of internationally recognized human rights. Deloitte & Touche is a key player in the Company's corporate governance; its own corporate governance should be exemplary.
- b. The Proponents submitted adequate and timely proof of the stock ownership requisite. The resubmission of the Proposal should not disqualify such proof.
- c. Reasonable shareholders will be able to discern that they should not vote "yes" on both proposals: to ratify the auditing firm, and to reject its ratification.
- d. The terms ordinary business operations and micromanagement should

- not be ascribed overreaching definitions.
- e. The Proposal relates to a matter that transcends any consideration other than human rights violations.
  - f. The Proposal deals with a subject that concerns society at large and, consequently, the Company's shareholders at large.

Sincerely,

Walter O. Garcia

cc: Ms. Allison C. Handy, Partner Perkins Coie LLP  
Mr. Charles H. Noski, Chair Audit Committee  
Mr. Peter Kraus, Assistant General Counsel and Assistant Secretary

# EXHIBIT A

Wealth Management  
20807 Biscayne Boulevard  
6th Floor  
Aventura, FL 33180

tel 305 932 4250  
fax 305 935 3272  
toll free 800 327 2048

Morgan Stanley

April 15, 2019

Walter O. Garcia,  
Gaby Garcia & María Luis Garcia

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Re: Account \*\*\*

Per your request, this serves to verify that as of April 15, 2019, the above referenced Morgan Stanley account held and has held continuously, for at least one year, the following shares of common stock:

114 shares of Microsoft Corp were purchased as follows:

22 shares on 8/18/14 at \$44.92 total \$988.27

51 shares on 9/12/14 at \$46.91 total \$2,392.41

41 shares on 1/29/15 at \$41.88 total \$1,717.02

Total 114 shares at \$44.72 total \$5,097.70

Please see the Gain/Loss statement attached for verification.

Sincerely,

Lester Kuan  
Complex Risk Officer

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on an annual basis. Strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.

## EXHIBIT B

# Deloitte.

Deloitte & Touche LLP  
925 Fourth Avenue  
Seattle, Washington

July 11, 2019

Peter Kraus  
Assistant General Counsel and Assistant Secretary  
Microsoft Corporation  
One Microsoft Way  
Redmond, Washington 98052-6399

**Re: Shareholder Proposal Submitted by Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia**

Dear Mr. Kraus:

This letter is in reference to a shareholder proposal received by Microsoft Corporation from Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia (collectively, the "Proponents") regarding the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for inclusion in its proxy statement for its 2019 Annual Shareholders Meeting. It is Deloitte & Touche LLP's understanding that the Proponents are children of Mr. Jose Oswaldo Garcia Mata, who is a retired Partner of Galaz, Yamazaki Ruiz Urquiza, S.C., a member firm of Deloitte Touche Tohamatsu Limited.

Sincerely,

*Deloitte + Touche LLP*

July 22, 2019

**VIA EMAIL**

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Email Address: *shareholderproposals@sec.gov*

**Re: Shareholder Proposal Submitted by Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia Pursuant to Rule 14a-8 Under the Securities Exchange Act of 1934, as Amended**

Ladies and Gentlemen:

This letter is to inform you that our client, Microsoft Corporation (the “*Company*” or “*Microsoft*”), intends to omit from its proxy statement and form of proxy for its 2019 Annual Shareholders Meeting (collectively, the “*2019 Proxy Materials*”) a shareholder proposal (the “*Proposal*”) and statements in support thereof received from Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia (collectively, the “*Proponents*”).

Pursuant to Rule 14a-8(j), we have:

- submitted this letter to the Securities and Exchange Commission (the “*Commission*”) no later than eighty (80) calendar days before the Company intends to file its definitive 2019 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and SEC Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“*SLB 14D*”), provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “*Staff*”). Accordingly, the Company is taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

## THE PROPOSAL

The Proposal sets forth the following resolution to be included in Microsoft's 2019 Proxy Materials, to be voted on by shareholders at the Annual Meeting:

RESOLVED, That action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending December 31, 2019 [sic] is hereby rejected.

A copy of the Proposal, as well as related correspondence with the Proponents, is attached to this letter as Exhibit A.

## BACKGROUND

Microsoft received the Proposal by FedEx on December 7, 2018, accompanied by a cover letter dated December 6, 2018 and a client statement from Morgan Stanley for the period November 1-30, 2018. On December 13, 2018, after confirming that the Proponents were not shareholders of record, in accordance with Rule 14a-8(f)(1), Microsoft sent a letter to the Proponents by overnight mail and email (the "**Deficiency Letter**") providing notice of the procedural deficiency, as required by Rule 14a-8(f), that the proof of ownership must be as of December 6, 2018.

The Company received the Proponents' response to the Deficiency Letter on December 22, 2018, which response included a letter from Morgan Stanley dated December 17, 2018, verifying that as of such date the Proponents held 114 shares of Microsoft stock (the "**Broker Letter**"), and a summary of the Proponents' brokerage account with Morgan Stanley dated as of December 14, 2018. In addition, on January 7, 2019, the Company received a letter from the Proponents with a client statement from Morgan Stanley for the period ended December 1-31, 2018. The client statement for November 1-30, 2018, the holdings page for December 14, 2018 and the client statement for December 1-31, 2018 are referred to collectively as the "**Client Statements**." The Proponents' letters did not include verification from Morgan Stanley that the Proponents beneficially owned the requisite number of shares of Microsoft stock continuously for at least one year preceding and including December 6, 2018, the date of submission of the Proposal.

On March 18 and 21, 2019, the Staff issued responses to no-action requests of MetLife, Inc. and BlackRock, Inc., respectively, concluding that each of these companies could exclude virtually identical proposals of the Proponents, because the Proponents had failed to evidence that they had satisfied the minimum ownership requirement for the one-year period required by Rule 14a-8(b).

Subsequently, on April 17, 2019, Microsoft received by FedEx a purported resubmission of the Proposal, accompanied by a cover letter, a letter from Morgan Stanley dated April 15, 2019 verifying that as of such date the Proponents held continuously, for at least one year, 114 shares of Microsoft stock (the "**April Broker Letter**"), and a client statement from Morgan Stanley dated as of April 15, 2019 (collectively, the "**April Correspondence**"). The cover letter noted

that the proposal in the April Correspondence was being submitted in connection with the withdrawal of the shareholder proposal submitted on December 3, 2018. The text of the proposal in the April Correspondence was identical to the Proposal. The April Broker Letter did not include verification from Morgan Stanley that the Proponents beneficially owned the requisite number of shares of Microsoft stock continuously for at least one year preceding and including December 6, 2018, the original date of submission of the Proposal.

Copies of the Proposal, the cover letters, the Deficiency Letter, the Client Statements, the April Correspondence and related correspondence are attached hereto as Exhibit A.

### **BASES FOR EXCLUSION**

The Company respectfully requests that the Staff concur in the Company's view that the Proposal may be excluded from the 2019 Proxy Materials in reliance on the following:

- Rule 14a-8(b)(1) and Rule 14a-8(f)(1) because the Proponents failed to provide proof of the requisite stock ownership after receiving notice of such deficiency;
- Rule 14a-8(i)(9) because the Proposal directly conflicts with one of Microsoft's own proposals to be submitted to shareholders at the same meeting;
- Rule 14a-8(i)(7) because the Proposal deals with a matter relating to Microsoft's ordinary business operations; and
- Rule 14a-8(i)(4) because the Proposal relates to the redress of a personal claim or grievance against Galaz, Yamazaki, Ruiz Urquiza, S.C. ("*Deloitte Mexico*") and is designed to further a personal interest of the Proponents, which is not shared by other shareholders at large.

### **ANALYSIS**

#### **A. Microsoft May Exclude the Proposal Pursuant to Rule 14a-8(f)(1) Because the Proponents Failed to Provide Sufficient Proof of their Eligibility to Submit the Proposal.**

Rule 14a-8(b)(1) provides that, in order to be eligible to submit a proposal, a shareholder must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal for at least one year by the date the proposal is submitted and must continue to hold those securities through the date of the meeting. If the proponent is not a registered holder, he or she must provide a written statement from the record holder of the securities verifying that, at the time the proponent submitted the proposal, the proponent held the securities for at least one year.

In SEC Staff Legal Bulletin No. 14 (July 13, 2001) ("*SLB No. 14*"), the Staff noted that a shareholder's monthly, quarterly or other periodic investment statements do not demonstrate sufficiently continuous ownership of securities. Instead, the shareholder proponent "must submit

an affirmative written statement from the record holder of his or her securities that specifically verifies that the shareholder owned the securities *continuously* for a period of one year as of the time of submitting the proposal.” (emphasis in original). The Staff has on numerous occasions permitted exclusion of proposals on the grounds that the brokerage statement or account statement or a letter showing holdings or transactions submitted in support of a proponent’s ownership was insufficient verification of continuous ownership under Rule 14a-8(b). *See, e.g., FedEx Corp.* (June 28, 2018) (account statement, broker trade confirmation and a list of stock transactions was insufficient verification of continuous ownership); *PepsiCo, Inc.* (Jan. 20, 2016) (year-end account statement showing beneficial ownership was insufficient verification of continuous ownership); *Int’l Business Machines Corp.* (Jan. 31, 2014) (security record and position report showing ownership account names and a quantity of company shares held as of a certain date was insufficient verification of continuous ownership); *Rite Aid Corp.* (Feb. 14, 2013) (account statement from broker verifying ownership of securities as of a certain date was insufficient proof of continuous ownership); *E.I. du Pont de Nemours and Co.* (Jan. 17, 2012) (one-page excerpt from monthly brokerage statement was insufficient proof of continuous ownership); *Verizon Comm. Inc.* (Jan. 25, 2008) (broker letter providing current ownership of shares and original date of purchase was insufficient proof of continuous ownership); *General Motors Corp.* (Apr. 5, 2007) (account summary was insufficient verification of continuous ownership).

Here, the materials submitted by the Proponents do not satisfy the requirements of Rule 14A-8(b)(1). First, the Broker Letter, which is dated December 17, 2018, states only that the Proponents’ “account at Morgan Stanley currently holds 114 shares of Microsoft Corp (MSFT) common stock.” This does not satisfy the requirement that the Proponents show continuous ownership of at least \$2,000 of securities for at least one year, and as of the date of the Proposal’s submission, which was December 6, 2018. Second, the Client Statements are insufficient to demonstrate continuous ownership because they are account summaries, which the Staff has consistently determined to be insufficient proof of ownership.

Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to provide evidence that it meets the eligibility requirements of Rule 14a-8(b), provided that the company notifies the proponent of the deficiency within 14 calendar days of receiving the proposal and the proponent fails to correct the deficiency within 14 calendar days of receiving such notice. The Deficiency Letter was delivered on December 14, 2018, and timely informed the Proponents that they could cure the procedural deficiencies by sending sufficient proof of ownership of the requisite number of Microsoft shares as of December 6, 2018. Therefore, the Proponents were required to provide sufficient proof of ownership by December 28, 2018. The Company received correspondence from the Proponents by letters dated December 21, 2018 and January 6, 2019, but these letters only included a summary of Proponents’ brokerage account with Morgan Stanley as of December 14, 2018 and client statements for the period December 1-31, 2018; as discussed above, both these statements are insufficient proof of ownership.

Further, the April Broker Letter, which is dated April 15, 2019, fails to demonstrate continuous ownership for at least one year as of the original date of the Proposal’s submission, which was

December 6, 2018. The Proponents' resubmission of the exact same proposal on April 15, 2019, with the request to withdraw the original proposal, should be disregarded as an attempt to evade the consequences of their failure to correct the procedural deficiency within 14 days of the Deficiency Letter. As noted in footnote 15 to Staff Legal Bulletin No. 14C (Oct. 18, 2011), the relevant date for proving ownership is the date the proposal was submitted, and "a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date." In line with this guidance, the date of the Proposal is December 6, 2018 and not April 15, 2019, and the April Broker Letter does not properly demonstrate ownership as of such date.

Because the Proponents failed to provide proof of ownership as of the date of the Proposal, the Proponents have not demonstrated their eligibility to submit the Proposal as required by Rule 14A-8(b)(1). Accordingly, Microsoft believes that the Proposal is excludable under Rule 14a-8(f)(1).

**B. Microsoft May Exclude the Proposal Pursuant to Rule 14a-8(i)(9) Because the Proposal Directly Conflicts with a Proposal to be Submitted by Microsoft at the Same Meeting.**

Under Rule 14a-8(i)(9), a shareholder proposal may be omitted from a proxy statement "[i]f the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting." To be directly conflicting, the proposals do not need to be "identical in scope or focus." Exchange Act Release No. 34-40018, n. 27 (May 21, 1998) (the "**1998 Release**"). Further, the Staff has clarified that the fundamental question underlying the application of Rule 14a-8(i)(9) is "whether there is a direct conflict between the management and shareholder proposals" such that "a reasonable shareholder could not logically vote in favor of both proposals, *i.e.*, a vote for one proposal is tantamount to a vote against the other proposal." SEC Staff Legal Bulletin 14H (Oct 22, 2015).

The Staff permitted exclusion under Rule 14a-8(i)(9) in *Huron Consulting Group Inc.* (Jan. 4, 2017), where the proposal requested immediate disengagement and replacement of the company's independent auditor, because such proposal conflicted with the company's proposal for stockholder ratification of the selection of the same firm as the independent auditor. *See also Franklin Resources, Inc.* (Dec. 4, 2018) (stockholder proposal to give holders of 15% of the common stock the power to call a special meeting conflicted with the company's proposal for stockholder ratification of the company's existing 25% ownership threshold); *NetApp, Inc.* (Jun. 26, 2018) (shareholder proposal for a 10% ownership threshold conflicted with the company's proposal for stockholder ratification of the existing 25% ownership threshold); *Illumina, Inc.* (Mar. 18, 2016) (shareholder proposal to adopt a simple majority voting standard conflicted with the company's proposal for ratification of the supermajority voting provisions).

Consistent with its prior annual shareholder meetings, the Company intends to include a management proposal ("**Management Proposal**") in the 2019 Proxy Materials seeking shareholder ratification of Deloitte & Touche LLP ("**Deloitte**") as the Company's independent auditor for fiscal year 2020 (Microsoft's fiscal year ends June 30). The Proposal, which calls for

the rejection of “[t]hat action by the [Company’s] Audit Committee appointing Deloitte & Touche LLP as the Company’s independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending December 31, 2019 [sic],” is in direct conflict with the Management Proposal, although the fiscal year end is identified incorrectly. As in *Huron*, *Franklin Resources*, *NetApp* and *Illumina* described above, the Company’s shareholders could not logically vote in favor of the ratification of Deloitte as the Company’s independent auditor and in favor of the Proposal to reject Deloitte’s appointment as the Company’s independent auditor. An affirmative vote on both the Management Proposal and the Proposal would lead to an inconsistent and ambiguous directive from the Company’s shareholders. Accordingly, the Proposal may be excluded from the 2019 Proxy Materials in reliance on Rule 14a-8(i)(9).

**C. Microsoft May Exclude the Proposal Pursuant to Rule 14a-8(i)(7) Because it Deals with Matters Relating to Microsoft’s Ordinary Business Operations.**

Pursuant to Rule 14a-8(i)(7), a shareholder proposal may be excluded if it “deals with a matter relating to the company’s ordinary business operations.” The term “ordinary business” refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the term “is rooted in the corporate law concept [of] providing management with flexibility in directing certain core matters involving the company’s business and operations.” The 1998 Release.

In the 1998 Release, the Commission explained that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting,” and identified two central considerations that underlie this policy. The first is that “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

The Staff has consistently concurred in the exclusion of proposals dealing with the selection of a company’s independent auditor and, more generally, management of the independent auditor engagement, as relating to a company’s ordinary business operations. For example, in *Rite Aid Corp.* (Mar. 31, 2006), the Staff found that a proposal that would require the board of directors to present the appointment of the company’s independent auditors for shareholder ratification at the annual meeting related to the company’s “ordinary business operations (*i.e.*, the method of selecting independent auditors)” and concurred in its exclusion. *See The Charles Schwab Corp.* (Feb. 23, 2005); *Xcel Energy Inc.* (Feb. 23, 2005); *Xcel Energy Inc.* (Jan. 28, 2004) (each permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board take action to allow shareholders to vote on ratification of the company’s independent auditor); *see also, Intel Corp.* (Jan. 21, 2016); *ACE Ltd.* (Jan. 20, 2016); *T. Rowe Price Group, Inc.* (Jan. 19, 2016);

*Norfolk Southern Corp.* (Jan. 15, 2016); *AT&T Inc.* (Jan. 5, 2012); *The Dow Chemical Co.* (Jan. 4, 2012); *Deere & Co.* (Nov. 18, 2011, *recon. denied* Dec. 12, 2011); *J.P. Morgan Chase & Co.* (Mar. 5, 2010); *Masco Corp.* (Jan. 13, 2010) (each permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking to limit the term of engagement of the company's independent auditor to a specific number of years as relating to the ordinary business of "management of the independent auditor's engagement").

The Proposal deals with the selection of Microsoft's independent auditor, seeking to reject the appointment of Deloitte as Microsoft's current independent auditor. Such matters relate to a company's ordinary business operations, as recognized by the Staff on numerous occasions. Accordingly, consistent with the precedent above, Microsoft believes that the Proposal may be excluded pursuant to Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

**D. Microsoft May Exclude the Proposal Pursuant to Rule 14a-8(i)(4) Because the Proposal Relates to the Redress of a Personal Grievance Against Deloitte Mexico and Is Designed to Further a Personal Interest of the Proponents, Which is Not Shared by Other Shareholders at Large.**

Shareholder proposals that relate to the redress of a personal claim or grievance against a company or are designed to further a personal benefit to the proponent, which benefits are not shared by other shareholders at large, may be excluded pursuant to Rule 14a-8(i)(4). In adopting this rule, the Commission stated that it "does not believe that an issuer's proxy materials are a proper forum for airing personal claims or grievances." Exchange Act Release No. 34-12999 (Nov. 22, 1976). The Commission also has stated that Rule 14a-8(i)(4) is intended to "insure that the security holder proposal process [is] not abused by proponents attempting to achieve personal ends that are not necessarily in the common interest of the issuer's shareholders generally." Exchange Act Release No. 34-20091 (Aug. 16, 1983). The Commission also has noted that Rule 14a-8 "is not intended to provide a means for a person to air or remedy some personal claim or grievance or to further some personal interest" and that "such use of the security holder proposal procedures is an abuse of the security holder proposal process, and the cost and time involved in dealing with these situations do a disservice to the interests of the issuer and its security holders at large." Exchange Act Release No. 34-19135 (Oct. 14, 1982).

Here, the Proposal focuses on a policy for retired partners of Deloitte Mexico and seeks to redress a personal grievance and further a personal interest of the Proponents. In a letter to Microsoft, dated July 11, 2019 (the "*Deloitte Letter*"), Deloitte states that "[i]t is Deloitte & Touche LLP's understanding that the Proponents are children of Mr. Jose Oswaldo Garcia Mata, who is a retired Partner of Galaz, Yamazaki Ruiz Urquiza, S.C., a member firm of Deloitte Touche Tohamatsu Limited." The *Deloitte Letter* is attached hereto as Exhibit B.

The Proposal's supporting statement indicates the Proponents' personal grievance with the retirement policies of Deloitte Mexico. The Proponents argue that Deloitte Mexico's policy limiting certain professional activities by retired partners violates certain principles of the Constitution of Mexico and international human rights. Reference to these grievances regarding

Deloitte Mexico's retirement policies demonstrates the personal interest of the Proponents in engagements of Deloitte and Deloitte Mexico by various companies.

The Proposal that shareholders not ratify Deloitte as Microsoft's independent auditor is aimed at furthering a personal interest of the Proponents that is not related to the common interests of Microsoft's shareholders generally. The use of Microsoft's 2019 Proxy Materials for this purpose is an abuse of the shareholder proposal process. Therefore, Microsoft believes that the Proposal is excludable under Rule 14a-8(i)(4).

### CONCLUSION

Based upon the foregoing analysis, Microsoft respectfully requests that the Staff concur that it will take no action if Microsoft excludes the Proposal from its 2019 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to [AHandy@perkinscoie.com](mailto:AHandy@perkinscoie.com). If we can be of any further assistance in this matter, please do not hesitate to call me at (206) 359-3295.

Sincerely,



Allison C. Handy  
Partner  
Perkins Coie LLP

Enclosures

cc: Peter Kraus, Assistant General Counsel and Assistant Secretary  
Microsoft Corporation

Walter O. Garcia

Exhibit A

**Proposal and Related Correspondence**

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**WALTER O.  
GARCIA**

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**MS. CAROLYN FRANTZ  
SECRETARY  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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December 6, 2018

**RE: Shareholder Proposal for 2019 Annual Meeting**

Dear Ms. Frantz,

I, Walter O. Garcia, and Maria Luisa Garcia and Gaby M. Garcia, shareholders of Microsoft Corporation submit the attached shareowner proposal for inclusion in the proxy statement that Microsoft Corporation plans to circulate to shareowners in anticipation of the 2019 annual meeting. The proposal is being submitted under SEC Rule 14a-8 and relates to a matter contrary to the Company's values, principles and policies.

We have beneficially owned more than \$2,000 worth of Microsoft Corporation stock for longer than one year. Enclosed is a statement of account from Morgan Stanley Smith Barney LLC, showing our ownership. Shareowners intend to continue ownership of at least \$2,000 worth of Microsoft Corporation stock through the date of the 2019 annual meeting, which I will attend.

Enclosed are the conclusions of a 32-page report (available upon request) from Dr. Raúl Plascencia Villaseñor, Doctor of Law, leading human rights expert and former president of Mexico's National Commission on Human Rights, which fully support the affirmations made in our proposal. Also enclosed is a condensed version of Dr. Plascencia's curriculum vitae.

I would be glad to discuss the issue set forth in the enclosed proposal with you. If you require additional information, please let me know.

Very truly yours,

Walter O. Garcia

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**PROPOSED SHAREHOLDER RESOLUTION under SEC rule 14a-8**

The Company's Mexican subsidiaries are audited by Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico). The audit work is referred to this firm by Deloitte & Touche LLP (Deloitte US). Both firms are members of Deloitte Touche Tohamatsu Limited. Deloitte Mexico has implemented a policy establishing that "Retired partners will not carry out any professional activities [with audit and non-audit clients] that require or are related to the profession or skills required when they were active partners of the firm". Violation of this policy results in termination of pension benefit payments (called retired partners share in profits for certain purposes). The policy limits retired partners right to work and is contrary to the principles established in Article Five of the Constitution of Mexico, to articles 6 and 7 of the International Covenant on Economic, Social and Cultural Rights, to Article 23 of the United Nations Declaration of Universal Human Rights and to the recommendations of the United Nations Guiding Principles on Business and Human Rights. Deloitte US' association with Deloitte Mexico is contrary to the Company's values, principles and policies. Therefore, we recommend that shareholders do not ratify the selection of Deloitte & Touche LLC as the Company's independent registered public accounting firm.

***RESOLVED, That action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending December 31, 2019 is hereby rejected.***

November 29, 2018

Mr. Walter O. García

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Dear Mr. García:

At your request, we are pleased to provide the conclusion of my 32-page report on the study and analysis of the Articles of Partnership and internal policies of Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico), made to determine whether it complies with its responsibility to respect domestic and internationally recognized human rights, avoid any discrimination related to age and with the right to work principles established in the Constitution of Mexico.

### **CONCLUSION**

1. Galaz, Yamazaki, Ruiz Urquiza, S.C., (Deloitte México) has the responsibility to respect human rights and to implement a human rights due diligence process to ensure that the rights of all persons with whom it interacts, particularly those who comprise its workforce, are observed, respected and protected.

2. The Articles of Partnership of Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico), especially its Article Fourty Three, and certain internal policies limit retired partners right to work and are contrary to the principles established in Article Five of the Constitution of Mexico, articles 6 and 7 of the International Covenant on Economic, Social and Cultural Rights, to Article 23 of the United Nations Declaration of Universal Human Rights and to the recommendations of the United Nations Guiding Principles on Business and Human Rights.

3. The internal policy implemented by Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte México) terminating pension payments (denominated profit sharing for certain purposes), in case retired partners carry out professional activities employing the skills and experience required while they were active partners, constitutes a discrimination policy and a clear violation of their right to retirement benefits and social safety and is contrary to the principles of the Constitution of Mexico and to the provisions of international pacts subscribed by Mexico. The potential termination of pension payments may affect significantly the



Plascencia Villanueva y Asociados S.C.

retired partners life project which constitutes a flagrant violation of their right to equality and results in their reification.

4. Deloitte Touche Tohmatsu Limited has been omissive by not ensuring that its member firm Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico) has a human rights due diligence process to identify, prevent and mitigate adverse impacts on human rights caused by its operations.



Dr. Raúl Plascencia Villanueva

**Dr. Raúl Plascencia**

Is currently a visiting professor at the ITAM Law School. In 1987 obtained a degree in Law from the Universidad Autónoma de Baja California (Mexico). In 1994 at the Universidad Nacional Autónoma de México (UNAM) completed a Ph. D. in Law.

His professional career has spanned both in academic and the public sector. From 1990 to 2000, worked as a full time professor at the Instituto de Investigaciones Jurídicas, UNAM, and from 1989-2011, as a professor of criminal law and international public law at the UNAM Law Faculty.

Dr. Plascencia have also carried out many courses, presentations at major academic conferences related to criminal law, justice and human rights in more than 30 countries; published 150 academic articles and 6 books: "Los Delitos Contra el Orden Económico (Economic Crimes); La Responsabilidad Penal de la Persona Jurídica (Corporation criminal liability)"; "La Jurisprudencia en México (The Jurisprudence in Mexico ) "; "Teoría del Delito (Theory of Crime)"; "Los Homicidios y Desapariciones de Mujeres en Ciudad Juárez (1993-2009) (Murders and enforced women disappearances in Ciudad Juárez México"; "Compendio de Normas Oficiales Mexicanas en materia de salud (Medical Official Standards)".

In the government, He held for ten years the position of second and first general visitor at the Mexican Ombudsman. In 2009 was elected by the Mexican Senate as the National Ombudsman for the period 2009-2014. Also elected President of the Iberoamerican Federation of Ombudsman (FIO) and President of the World Finance Committee of the National Human Rights Institutions (NHRI's-CIC).

Dr. Plascencia research interest areas are human rights, criminal law, criminal procedure, white collar crimes, criminal compliance, money laundering and criminal justice.

CLIENT STATEMENT | For the Period November 1-30, 2018

STATEMENT FOR:

WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN

TOTAL VALUE OF YOUR ACCOUNT (as of 11/30/18)  
*Includes Accrued Interest*

*Morgan Stanley Smith Barney LLC. Member SIPC.*

Your Financial Advisor

DANNY MILTON  
First Vice President  
Danny.Milton@morganstanley.com  
305 937-6823

Your Branch

20807 BISCAYNE BLVD 5TH&6TH FL  
AVENTURA, FL 33180  
Telephone: 305-932-4250 ; Alt. Phone: 800-327-2048 ; Fax: 305-935-3272

# BWNJGWM

WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN

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Client Service Center (24 Hours a Day; 7 Days a Week): 800-869-3326

Access Your Account Online: [www.morganstanley.com/online](http://www.morganstanley.com/online)

## Account Detail

Select UMA Active Assets Account

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WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN  
Nickname: MANAGED ACCT





VIA OVERNIGHT MAIL  
AND EMAIL –

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December 13, 2018

Mr. Walter O. Garcia

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Dear Mr. Garcia,

Microsoft Corporation has received your proposal dated December 6, 2018 relating to Deloitte & Touche LLP (the "Proposal").

The Proposal contains a procedural deficiency, which Securities and Exchange Commission ("SEC") regulations require us to bring to your attention within a specified period of time. Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that shareholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value, or 1% of a company's shares entitled to vote on the proposal for at least one year *as of the date the shareholder submits the proposal*. Your proposal is dated December 6, 2018, but the accompanying proof of ownership of Microsoft securities from Morgan Stanley is dated November 30, 2018. SEC rules are clear that the date of the proof of ownership must be the same as the date of the proposal.

To remedy this defect, you must submit sufficient proof of your ownership of the requisite number of Microsoft shares *as of December 6, 2018*.

For your reference, I enclose copies of Rule 14a-8 and SEC Staff Legal Bulletin No. 14F ("SLB 14F"), which has further guidance on how to establish proof of ownership under Rule 14a-8. Please see SLB 14F for further details regarding the type of notice or notices that may be required.

Also, please note that SLB 14F provides the following sample language to include in a proof of ownership letter that would satisfy the requirements of Rule 14a-8(b):

As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities].

The SEC's rules require that your response be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please direct any response to me by postal mail or email at:

Mail

One Microsoft Way  
Redmond, WA 98052  
Attn: Peter A. Kraus

Email

[peter.kraus@microsoft.com](mailto:peter.kraus@microsoft.com)

If you have any questions with respect to the foregoing, please contact me at (425) 705-6858 or by email at [peter.kraus@microsoft.com](mailto:peter.kraus@microsoft.com).

Sincerely,



Peter A. Kraus  
Assistant General Counsel

Enclosures

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**WALTER O.  
GARCIA**

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**MR. PETER A. KRAUS  
ASSISTANT GENERAL COUNSEL  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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December 21, 2018

**RE: Shareholder Proposal for 2019 Annual Meeting – Notice of  
Deficiency**

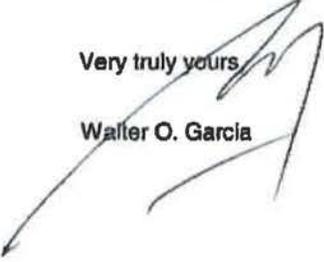
Dear Mr. Kraus,

Thank you for your response to our letter dated December 6<sup>th</sup>, 2018. We are enclosing the information that our broker, Morgan Stanley, is able to provide at this time to prove ownership of Microsoft stock during the required period. Please be aware that our holdings in Microsoft were recently transferred from a managed account to a non-managed one to ensure that shares were retained until the dates required. The Compliance Department at Morgan Stanley has advised that the enclosed documentation is all the they can provide until statements reflecting stock in the non-managed accounts are printed in January 2019.

We will forward you an update as soon as the required broker documentation is available.

Very truly yours,

Walter O. Garcia



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**WALTER O.  
GARCIA**

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**MR. PETER A. KRAUS  
ASSISTANT GENERAL COUNSEL  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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December 21, 2018

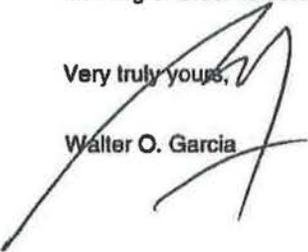
**RE: Intent to hold shares through 2019 Annual Meeting**

Dear Mr. Kraus,

As requested under Rule 14a-8(b), this letter is to confirm that we, Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia, intend to hold at least \$2,000 in Microsoft shares through the date of the 2019 Annual Meeting of Stockholders.

Very truly yours,

Walter O. Garcia



Morgan Stanley

Wealth Management  
20807 Biscayne Boulevard  
Grh Floor  
Aventura, Fl 33180  
tel 305 932 4250  
fax 305 935 3272  
toll free 800 327 2048

December 17, 2018

Walter O. Garcia & Gaby Garcia  
& Maria Luis Garcia

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Re: \*\*\*

Dear Mr. Garcia,

As per your request, we are verifying that your account at Morgan Stanley currently holds 114 shares of Microsoft Corp (MSFT) common stock.

As of the close of business on December 14, 2018 the shares were valued at \$106.03, for a total value of \$12,087.42.

A holdings page is enclosed for your reference.

Sincerely,

  
Lester Kuan  
Complex Risk Officer

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis from Morgan Stanley Smith Barney LLC. Please compare the data on this document carefully with your monthly statements to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.



















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**WALTER O.  
GARCIA**

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**MR. PETER A. KRAUS  
ASSISTANT GENERAL COUNSEL  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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January 6, 2019

**RE: Shareholder Proposal for 2019 Annual Meeting – Notice of  
Deficiency**

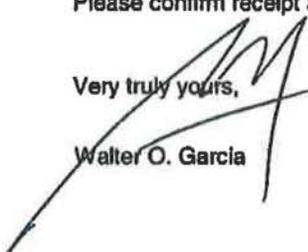
Dear Mr. Kraus,

As per my letter from December 21, 2018, enclosed please find the most recent statement from Morgan Stanley reflecting dates of purchase and cost basis of Microsoft stock for the required period. Also enclosed is the original letter from the Morgan Stanley Compliance Department, dated December 17, 2018, verifying our holdings, as well as our letter of intent to hold at least \$2,000 worth of Microsoft stock through the Annual Shareholders Meeting.

Please confirm receipt at your earliest convenience.

Very truly yours,

Walter O. Garcia



# Morgan Stanley

**CLIENT STATEMENT** | For the Period December 1-31, 2018

**STATEMENT FOR:**

**WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN**

**TOTAL VALUE OF YOUR ACCOUNT** (as of 12/31/18) \*\*\*

*Includes Accrued Interest*

*Morgan Stanley Smith Barney LLC. Member SIPC.*

**Your Financial Advisor**

**DANNY MILTON**

First Vice President

Danny.Milton@morganstanley.com

305 937-6823

**Your Branch**

20807 BISCAYNE BLVD 5TH&6TH FL

AVENTURA, FL 33180

Telephone: 305-932-4250; Alt. Phone: 800-327-2048; Fax: 305-935-3272

#BWNJGWM

**WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN**

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**Client Service Center** (24 Hours a Day; 7 Days a Week): 800-869-3326

**Access Your Account Online:** [www.morganstanley.com/online](http://www.morganstanley.com/online)

442 - 027781 - 024 - 4 - 3

## Research Ratings & GIMA Status Definitions

### MORGAN STANLEY RESEARCH RATINGS

Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks they cover. These ratings, Overweight, Equal-weight, Not-Rated and Underweight, are not the equivalent of Buy, Hold, and Sell, but represent recommended relative weightings. To satisfy regulatory requirements, Morgan Stanley corresponds Overweight, their most positive stock rating, with a Buy recommendation, they correspond Equal-weight and Not Rated to Hold and Underweight to Sell recommendations, respectively. For ease of comparison, Morgan Stanley Smith Barney LLC has normalized these ratings so that (1) corresponds to Buy recommendations, (2) corresponds to Hold recommendations, and (3) corresponds to Sell recommendations. Research ratings are subject to change and may have changed by the time you read this statement. Please refer to a Morgan Stanley research report for a complete description of Morgan Stanley's rating system and Morgan Stanley's actual proprietary rating on any covered company. Morgan Stanley's ratings are described below:

#### MORGAN STANLEY SMITH BARNEY LLC NORMALIZED CODE / MORGAN STANLEY RATING: DEFINITION

**1 / Overweight (O):** The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months

**2 / Equal-weight (E):** The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months

**2 / Not-Rated (NR):** Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months

**3 / Underweight (U):** The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months

NAV, NA or \*\* appearing for Morgan Stanley Research indicates that the ratings for this company are not available because of a Morgan Stanley policy.

### MORNINGSTAR, INC. EQUITY RESEARCH RATINGS

For ease of comparison, Morgan Stanley Smith Barney LLC has normalized Morningstar, Inc.'s proprietary research ratings to a 1 (Buy), 2 (Hold), and 3 (Sell), which differs from Morningstar, Inc.'s rating system. Research ratings are subject to change and may have changed by the time you read this statement. Please refer to a Morningstar, Inc. research report for a complete description of Morningstar, Inc.'s rating system and Morningstar, Inc.'s actual proprietary rating on any covered company. Morningstar, Inc. research ratings displayed are for U.S. exchange-listed securities only. Morningstar, Inc.'s ratings are described below:

#### MORGAN STANLEY SMITH BARNEY LLC NORMALIZED CODE / MORNINGSTAR, INC.'S RATING: DEFINITION

**1 / 5-STARS:** Appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame.

**1 / 4-STARS:** Appreciation beyond a fair risk-adjusted return is likely.

**2 / 3-STARS:** Indicates that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

**3 / 2-STARS:** Investors are likely to receive a less than fair risk-adjusted return.

**3 / 1-STARS:** Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame.

**Relevant benchmarks:** In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

### MOODY'S INVESTORS SERVICE AND STANDARD & POOR'S CREDIT RATINGS

The credit rating from Moody's Investors Service and Standard & Poor's may be shown for certain securities. All credit ratings represent the "opinions" of the provider and are not representations or guarantees of performance. Please contact us if you require further information or assistance in interpreting these credit ratings.

### GIMA STATUS IN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) reviews certain investment products in various advisory programs. For these programs, a GIMA status will apply:

**Focus (FL):** Investment products on the Focus List have been subject to an in-depth review and possess GIMA's highest level of confidence.

**Approved (AL):** Investment products on the Approved List have typically been subject to a less rigorous review process and have been approved for recommendation to investors.

**Not Approved (NL):** Investment products that were previously on the Focus List or Approved List but are no longer on either of those lists. GIMA no longer covers these products.

For more information, please contact us for the applicable Morgan Stanley ADV brochure.

## Expanded Disclosures

Expanded Disclosures, which apply to all statements Morgan Stanley Smith Barney LLC (we/us) sends to you, are provided with your first statement and thereafter twice a year.

### Questions?

Questions regarding your account may be directed to us by using the contact information on the statement cover page, or the Client Service Center at (800) 869-3326.

### Errors and Inquiries

Be sure to review your statement promptly, and immediately address any concerns regarding entries that you do not understand or believe were made in error by contacting the Branch Manager of the office where you maintain your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). Your statement will be deemed correct unless we receive a written inquiry of a suspected error. See your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered. For concerns or complaints, contact our Client Relations Department at (866) 227-2256 or mail to P.O. Box 95002, South Jordan, UT 84095, or contact us at [www.morganstanley.com](http://www.morganstanley.com).

### Senior Investor Helpline

In order to provide Morgan Stanley's senior investor clients a convenient way to communicate with us, we offer a Senior Investor Helpline.

Senior investors or those acting on their behalf may call (800) 280-4534, Monday-Friday 9am-7pm Eastern Time.

### Account Valuation

Account values are computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and/or outside custodians, as applicable for other positions, and by adding any credit or subtracting any debit to your closing Cash, Money Market Funds and/or Deposit balance. Cash, Deposits and Money Market Funds are displayed on a settlement date basis, and other positions are displayed in your account on a trade date basis. The values of fixed income positions in summary displays include accrued interest in the totals. In the "Holdings" section, fixed income market value and accrued interest are also displayed in separate columns. Accrued interest is the interest earned but not yet paid on the bond since its last interest payment. In most cases, it is calculated from the date of the last coupon payment (or "dated date") through the closing date of the statement. Foreign Currency Deposits are reflected in U.S. dollars as of the statement end date. The Annual Percentage Yield (APY) for deposits represents the applicable rate in effect for your deposits at the statement ending date. This APY may be different than

the APY that was in effect during the statement period. For current Bank Deposit or Money Market Fund yields, go to [www.morganstanley.com/wealth-investmentstrategies/ratemonitor.html](http://www.morganstanley.com/wealth-investmentstrategies/ratemonitor.html). **Additional Retirement Account Information**

Tax-qualified account contributions are subject to IRS eligibility rules and regulations. The Contributions information in this statement reflects contributions for a particular account, without reference to any other account. Check with your tax advisor to verify how much you can contribute, if the contribution will be tax deductible, and if other special rules apply (e.g., to conversions/recharacterizations of Traditional to Roth/Roth to Traditional IRAs). Tax reporting is provided for IRA, VIP Basic and 403(b) accounts but not for VIP Plus and RPM accounts. The account value used for your Required Minimum Distribution calculation, if any, is based on the prior December 31st Account Value, including accrued interest. Additionally, for IRAs (1) the "Max. Individual Contributions Allowed (by SSN)" reflects the annual limit on contributions that you can make to Traditional and Roth IRAs under the Internal Revenue Code (this limit applies on a per person basis, not per account; other rules apply to IRAs which are part of employer-sponsored plans); (2) you cannot make an individual contribution to a Traditional IRA for the year in which you reach age 70 1/2 or any later year; and (3) the categorization of any contribution's deductibility is based upon information provided by you. The information included in this statement is not intended to constitute tax, legal or accounting advice. Contact us if any of this information is incorrect.

### Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-3], we may use funds comprising free credit balances carried for customer accounts here, provided that these funds are payable to customers on demand (i.e., are free of a lien or right of set-off in our favor or on behalf of some third party to whom you have given control). A financial statement of this organization is available for your personal inspection at its offices, or a copy will be mailed to you upon your written request.

### Gain/(Loss) Information

Gain/(Loss) is provided for informational purposes. It is not a substitute for Internal Revenue Service (IRS) Form 1099 (on which we report cost basis for covered securities) or any other IRS tax form, and should not be used for tax preparation. Unrealized Gain/(Loss) provided on this statement is an estimate. Contact your own independent legal or tax advisor to determine the appropriate use of the Gain/(Loss) information on this statement. For more information, go to [www.morganstanley.com/wealth/disclosures/disclosures.asp](http://www.morganstanley.com/wealth/disclosures/disclosures.asp), or call Client Service Center.

### Tax Reporting

Under Federal Income Tax law, we are required to report gross proceeds of sales (including entering into short sales) on Form 1099-B by February 15 of the year following the calendar year of the transaction for reportable (i.e. non-retirement) accounts. For sales of certain securities acquired on or after January 1, 2011 (or applicable date for the type of security) we are also required to report cost basis and holding period. Under Internal Revenue Service regulations, if you have not provided us with a certification of either U.S. or foreign status on applicable Form W-9 or W-8, your accounts may be subject to either 28% back-up withholding or 30% nonresident alien withholding on payments made to your accounts.

### Investment Objectives

The following is an explanation of the investment objective alternatives applicable to your account(s): Income - for investors seeking regular income with low to moderate risk to principal; Capital Appreciation - for investors seeking capital appreciation with moderate to high risk to principal; Aggressive Income - for investors seeking higher returns either as growth or as income with greater risk to principal; Speculation - for investors seeking high profits or quick returns with considerable possibility of losing most or all of their investment.

### Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request. Promptly advise us of any material change in your investment objectives or financial situation.

**Important Information if you are a Margin Customer**(not available for certain retirement accounts)

If you have margin privileges, you may borrow money from us in exchange for pledging assets in your accounts as collateral. The amount you may borrow is based on the value of eligible securities in your margin accounts. If a security has eligible shares the number of shares pledged as collateral is indicated below the position. If you have a margin account, as permitted by law, we may use certain securities in your account for, among other things, settling short sales or lending the securities for short sales, for which we may receive compensation.

### Margin Interest Charges

We calculate interest charges on margin loans as follows: (1) multiply the applicable margin interest rate by the daily close of business net settled debit balance, and (2) divide by 360 (days). Margin interest accrues daily throughout the month and is added to your debit balance at month-end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. We add the accrued interest to your debit balance and start a new calculation each time the

CONTINUED

## Expanded Disclosures (CONTINUED)

applicable interest rate changes and at the close of every statement month. For interest rate information, log into your Morgan Stanley account at [morganstanley.com/online](http://morganstanley.com/online). Select your account with a Margin agreement and click Interest Rates for more information. Information regarding Special Memorandum Account

If you have a Margin Account, this is a combined statement of your Margin Account and Special Memorandum Account maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the Special Memorandum Account as required by Regulation T is available for your inspection at your request.

### Money Market Fund (MMF) Pricing

You could lose money in MMFs. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.

### Notice Regarding Global Investment Manager Analysis

Morgan Stanley's Global Investment Manager Analysis team conducts analysis on various mutual funds and exchange-traded funds for clients holding those funds in certain investment advisory programs. If you have invested in any of these funds in another type of account, such as a brokerage account, you will not receive the same materials and status updates on the funds as we provide to investment advisory clients (including instructions on selling fund shares).

### Pricing of Securities

The prices of securities are derived from various sources, and do not necessarily represent the prices at which those securities could have been bought or sold. Although we attempt to use reliable sources of information, we can offer no assurance as to their accuracy, reliability or completeness. Prices are as of the date shown only and are not an offer by us or our affiliates to purchase or sell any instrument or enter into any transaction or a commitment by us or them to make such an offer. Prices of securities not actively traded may not be available, and are indicated by N/A (not available). For additional information on how we price securities, go to

[www.morganstanley.com/wealth/disclosures/disclosures.asp](http://www.morganstanley.com/wealth/disclosures/disclosures.asp). Important Information About Auction Rate Securities

For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated by N/A (not available). There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

### Structured Investments Risks and Considerations

Structured Investments (Structured Products) are complex products and are subject to special risks, which may include, but are not limited to: loss of initial investment; issuer credit risk and price volatility resulting from actual or anticipated changes to issuer's and/or guarantor's credit ratings/spreads; limited or no appreciation and limits on participation in any appreciation of underlying asset(s); risks associated with the underlying asset(s); no periodic payments; call prior to maturity; early redemption fees for market linked deposits; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications; limited or no secondary market; and conflicts of interest due to affiliation, compensation or other factors which could adversely affect market value or payout to investors. Investors also should consider the concentration risk of owning the related security and their total exposure to any underlying asset. Structured Investments, which may appear in various product categories and are identified on the Position Description Details line as "Asset Class: Struct Inv," may not perform in a manner consistent with the product category where they appear, and therefore may not satisfy portfolio asset allocation needs for that category. When displayed, the accrued interest, annual income and yield for structured investments with a contingent income feature (e.g., Range Accrual Notes/Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant observation period and payment in full of all contingent interest. Actual accrued interest, annual income and yield will be dependent upon the performance of the underlying asset(s) and may be significantly lower than estimates shown. For more information on the risks and conflicts of interest related to Structured Investments, log in to Morgan Stanley Online at

[www.morganstanley.com/structuredproductsrisksandconflicts](http://www.morganstanley.com/structuredproductsrisksandconflicts). For information on risks specific to your Structured Investments, contact us.

### Security Measures

This statement features several embedded security elements to safeguard its authenticity. One is a unique blue security rectangle, printed in heat-sensitive ink on the back of every page. When exposed to warmth, the color will disappear, and then reappear.

### SIPC Protection

We are a member of Securities Investor Protection Corporation (SIPC), which protects securities of its customers up to \$500,000 (including \$250,000 for claims for cash). An explanatory brochure is available

upon request or at [www.sipc.org](http://www.sipc.org). Losses due to market fluctuation are not protected by SIPC and assets not held with us may not be covered by SIPC protection. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit [www.sipc.org](http://www.sipc.org).

### Certain Assets Not Held at Morgan Stanley Smith Barney LLC

You may purchase certain assets through us that may be held at another financial institution. Assets not held with us may not be covered by SIPC protection. We may include information about certain assets on this statement solely as a service to you and are not responsible for information provided by external sources. Generally, any financial institution that holds securities is responsible for year-end reporting (1099s) and separate periodic statements, which may vary from our information due to different tax reporting periods. In the case of networked mutual funds, we perform all year-end tax reporting. Under certain circumstances, such as IRA accounts, we perform all tax reporting.

### Total Income

Total income, as used in the income summaries, represents dividends and/or interest on securities we receive on your behalf and credit to your account(s) during the calendar year. We report dividend distributions and taxable bond interest credited to your account to the Internal Revenue Service. The totals we report may differ from those indicated as "This Year" figures on the last statement for the calendar year. In the case of Real Estate Investment Trusts (REITs), Master Limited Partnerships, Regulated Investment Companies and Unit Investment Trusts, some sponsors may reclassify the distribution to a different tax type for year-end reporting.

### Transaction Dates and Conditions

Transactions display trade date and settlement date. Transactions are included on this statement on trade date basis (excluding BDP and MMFs). Trades that have not settled as of statement month end will also be displayed in the "Unsettled Purchases/Sales Activity" section. Upon written request, we will give you the date and time of a transaction and the name of the other party to a transaction. We and/or our affiliates may accept benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

### Tax and Legal Disclosure

Morgan Stanley does not provide legal or tax advice. Please consult your own tax advisor.

Revised 02/2018















## Account Detail

Active Assets Account  
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WALTER O GARCIA & GABY GARCIA &  
MARIA LUISA GARCIA JT TEN

## MESSAGES

### Senior Investor Helpline

For any inquiries or potential concerns, senior investors or someone acting on their behalf may contact our Firm by calling (800) 280-4534.

### FINRA BrokerCheck

FINRA has established the public disclosure program, known as BrokerCheck, to provide certain information regarding the disciplinary history of FINRA members and their associated persons. The BrokerCheck Hotline Number is 1-800-289-9999. The FINRA web site address is [www.finra.org](http://www.finra.org). An investor brochure that includes information describing FINRA BrokerCheck may be obtained from FINRA.





**Morgan Stanley**

Wealth Management  
20807 Biscayne Boulevard  
6th Floor  
Aventura, FL 33180  
tel 305 932 4250  
fax 305 935 3272  
toll free 800 327 2018

December 17, 2018

Walter O. Garcia & Gaby Garcia  
& Maria Luis Garcia

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Re: \*\*\*

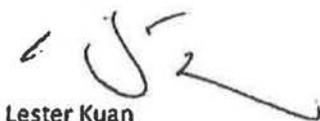
Dear Mr. Garcia,

As per your request, we are verifying that your account at Morgan Stanley currently holds 114 shares of Microsoft Corp (MSFT) common stock.

As of the close of business on December 14, 2018 the shares were valued at \$106.03, for a total value of \$12,087.42.

A holdings page is enclosed for your reference.

Sincerely,



Lester Kuan  
Complex Risk Officer

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis from Morgan Stanley Smith Barney LLC. Please compare the data on this document carefully with your monthly statements to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.



**POSITIONS: Product Type View**  
As of 04:46 PM EST, 12/14/2019

WALTER O GARCIA & GADY GARCIA &  
MARIA LUISA GARCIA JT TEN  
\*\*\* LAA Joint / Tenant Right-Surv

positions reflected above may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding.

**Annuity/Pension Products:** Insurance and Annuity products and values are displayed for informational purposes only. Values reflect in force insurance purchased through Morgan Stanley Smith Barney LLC in conjunction with its account investment agency activities as of date shown as reported by the insurance carrier. Amounts shown may be subject to surrender and other contract charges. Invested premium is defined as either the original purchase price plus additions, minus withdrawals or principal withdrawals. Display of annuities or annuity products on the Morgan Stanley Smith Barney LLC account statement does not confer or imply ownership or beneficial interest on the part of the account holder. All ownership, rights, benefits and payments are controlled by the contract between the insurance company and the contract owner as shown on your policy copy. Annuitized information as provided by the insurance carrier reflects the value of the last payment made as per your instructions and does not imply that the funds were so deposited into a Morgan Stanley Smith Barney LLC account and is provided for informational purposes only. Surrendered or annuitized policies will not appear as assets on this statement.

**Exchange Traded Funds/Stock/Option Pricing:** Current prices are available for Exchange Traded Funds, Stocks, and Options only. All other current pricing reflects the most recently available price for that security. For example, Mutual Fund current prices are the most recent business day's Net Asset Value.

**Risk/Ratings:** Research Ratings may be displayed for certain securities. Neither Morgan Stanley nor Morningstar, Inc. uses the rating system displayed. For ease of comparison, we have normalized their ratings so that (1) = Buy, (2) = Hold, and (3) = Sell. You should not infer the investment risks or profile of any security from these ratings but refer to the research reports for a complete description of the research provider's rating system, rating and views on the security.

**Controlling Group Investment Adviser Horowitz (CG IAI):** Investment products on the Focus List have CG IAI's highest level of confidence. CG IAI believes these investment products have the potential to outperform an appropriate benchmark or peer group over a longer period, typically greater than three years. There can be no guarantee, however, that any Focus List investment product will outperform its benchmark or peer group. Investment products on the Approved List have been evaluated by CG IAI's opinion no longer warrant research coverage due to a specific concern(s) or material event.

**External Assets:** Certain assets listed on this view are based upon information provided by you, your client or other external sources and are not part of accounts that you manage at Morgan Stanley. Assets not held with Morgan Stanley may not be covered by SIPC protection or by additional protection under Morgan Stanley's excess insurance coverage plans. Morgan Stanley may include information about these external assets in this view solely as a service to you, and Morgan Stanley is not responsible for the accuracy of any information provided by external sources, including but not limited to, you, your client or another financial institution. You are responsible for assessing the accuracy of such information. Generally, any financial institution that holds securities is responsible for year-end reporting (Internal Revenue Service (IRS) Form 1099) and separate periodic statements, which may vary from Morgan Stanley's information due to different tax reporting periods.

**Tangible Assets:** Please note that Tangible Assets are not visible in Positions. Unless otherwise indicated, this information is not intended to be a substitute for the official account statements that you receive from us. This information is approximate and subject to adjustment, updating and correction and is for illustrative and general reference purposes only. We are not responsible for any clerical, computational or other inaccuracies, errors or omissions. We obtain market values and other data from various standard quotation services and other sources, which we believe to be reliable. However, we do not warrant or guarantee the accuracy or completeness of any such information. The values that you actually receive in the market for any investment may be higher or lower than the values reflected herein. To the extent there are any discrepancies between your official account statement and this information, you should rely on the official account statement. This information should not be considered as the sole basis for any investment decision.

The Bank Deposit Program (BDP) is a cash sweep feature whereby clients can choose to have their available cash credit balances automatically deposited into interest-bearing, FDIC-insured deposit accounts at up to three banks ("Program Banks"). (1) Morgan Stanley Bank, F.A. and/or Morgan Stanley Private Bank, National Association (together the "Morgan Stanley Banks"), or (2) Citibank, N.A. The Program Banks are FDIC members. Morgan Stanley Smith Barney LLC ("Morgan Stanley") is a registered broker-dealer, not a bank. Morgan Stanley and the Morgan Stanley Banks are affiliates. Unless specifically disclosed to you in writing, other investments and services offered to you through Morgan Stanley are not insured by the FDIC nor deposits or other obligations of, or guaranteed by, the Program Banks and involve investment risks, including possible loss of principal amount invested.

How Treasury regulations require that we report your adjusted cost basis and classify the gain or loss as either long term or short-term on the sale of covered securities acquired on or after January 1, 2011. These regulations also require that we make basis adjustments due to wash sales. Certain corporate actions and transfers by gift or inheritance, which will be reflected on your Form 1099-D. This section may not reflect all of the basis adjustments we are required to make for tax reporting purposes. The information in this section is provided for informational purposes only and should not be used in the preparation of your income tax returns.

**GUIDE TO MORGAN STANLEY & CO. LLC (MORGAN STANLEY) AND Morningstar, Inc. RATINGS**

**Morgan Stanley Research Ratings**  
Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks they cover. Morgan Stanley's ratings, Overweight, Equal-weight, Not-Rated and Underweight, are not the equivalent of Buy, Hold, and Sell, but represent recommended relative weightings. To satisfy regulatory requirements, Morgan Stanley corresponds Overweight, the most positive stock rating, with a Buy recommendation, Buy corresponds Equal-weight and Not-Rated to Hold and Underweight to Sell recommendations, respectively. For ease of comparison, we have normalized these ratings so that (1) corresponds to Buy recommendations, (2) corresponds to Hold recommendations, and (3) corresponds to Sell recommendations. Please refer to a Morgan Stanley research report for a complete description of Morgan Stanley's rating system and Morgan Stanley's actual proprietary rating on any covered company.

Morgan Stanley's ratings are described below.  
Morgan Stanley Wealth Management Normalized Code / Morgan Stanley Rating Definition  
1 / Overweight (O): The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.  
2 / Equal-weight (E): The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.  
3 / Not-Rated (NR): Generally the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.  
2 / Underweight (U): The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

**Morningstar, Inc. Ratings**  
For ease of comparison, we have normalized Morningstar, Inc. proprietary research ratings to a 1 (Buy), 2 (Hold), and 3 (Sell), which differs from Morningstar, Inc. rating system. Please refer to a Morningstar, Inc. research report for a complete description of Morningstar, Inc. rating system and Morningstar, Inc. actual proprietary rating on any covered company. Morningstar, Inc. ratings are described below.  
Morgan Stanley Wealth Management Normalized Code / Morningstar, Inc. Rating Definition  
1 / 5-Stars (BUY - Significantly Undervalued): Appreciation beyond a fair risk-adjusted return is highly probable over a multiyear time frame.  
1 / 4-Stars (BUY - Undervalued): Appreciation beyond a fair risk-adjusted return is probable.  
2 / 3-Stars (HOLD - Fairly valued): Indicates that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).  
3 / 2-Stars (SELL - Overvalued): Investors are likely to receive a loss than fair risk-adjusted return and should consider directing their capital elsewhere.  
3 / 1-Star (SELL - Significantly Overvalued): Indicates a high probability of underperforming risk-adjusted returns from the current market price over a multiyear time frame.  
Relevant benchmarks, in North America the relevant benchmark is the S&P 500 index, in Europe and J















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**WALTER O.  
GARCIA**

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**MR. PETER A. KRAUS  
ASSISTANT GENERAL COUNSEL  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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December 21, 2018

**RE: Intent to hold shares through 2019 Annual Meeting**

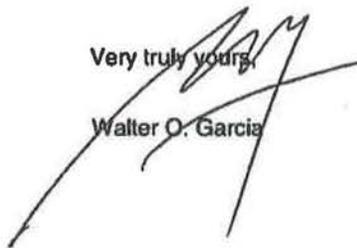
Dear Mr. Kraus,

As requested under Rule 14a-8(b), this letter is to confirm that we, Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia, intend to hold at least \$2,000 in Microsoft shares through the date of the 2019 Annual Meeting of Stockholders.

Very truly yours,

Walter O. Garcia

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**WALTER O.  
GARCIA**

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**MS. CAROLYN FRANTZ  
SECRETARY  
MICROSOFT CORPORATION  
ONE WAY MICROSOFT WAY  
REDMONT, WA 98052**

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April 15, 2019

**RE: Substitution of Shareholder Proposal submitted on  
December 3, 2018**

Dear MS. CAROLYN FRANTZ,

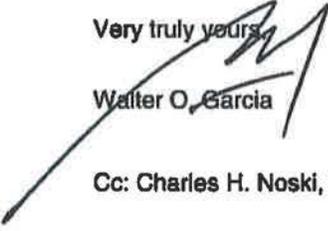
I, Walter O. Garcia, and Maria Luisa Garcia and Gaby M. Garcia, shareholders of Microsoft Corporation would like to withdraw our shareholder proposal submitted on December 3 2018 and submit the enclosed proposal for inclusion in the proxy statement that Microsoft Corporation plans to circulate to shareowners in anticipation of the 2019 annual meeting. The proposal is being submitted under SEC Rule 14a-8 and relates to a matter contrary to the Company's values, principles and policies.

We have beneficially owned more than \$2,000 worth of Microsoft Corporation stock for longer than one year. Enclosed is a letter from Morgan Stanley Smith Barney LLC, confirming that ownership and the related holding periods. We intend to continue ownership of at least \$2,000 worth of Microsoft Corporation stock through the date of the 2019 annual meeting, which I will attend.

We also enclose the report from Dr. Raúl Plascencia Villanueva supporting the assertions made in the proposal.

I would be glad to discuss the issue set forth in the enclosed proposal with you. If you require additional information, please let me know.

Very truly yours,

  
Walter O. Garcia

Cc: Charles H. Noski, Chair Audit Committee

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**PROPOSED SHAREHOLDER RESOLUTION under SEC rule 14a-8**

The Company's Mexican subsidiaries are audited by Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte Mexico). The audit work is referred to this firm by Deloitte & Touche LLP (Deloitte US). Both firms are members of Deloitte Touche Tohamatsu Limited. Deloitte Mexico has implemented a policy establishing that "Retired partners will not carry out any professional activities [with audit and non-audit clients] that require or are related to the profession or skills required when they were active partners of the firm". Violation of this policy results in termination of pension benefit payments (called retired partners share in profits for certain purposes). The policy limits retired partners right to work and is contrary to the principles established in Article Five of the Constitution of Mexico, to articles 6 and 7 of the International Covenant on Economic, Social and Cultural Rights, to Article 23 of the United Nations Declaration of Universal Human Rights and to the recommendations of the United Nations Guiding Principles on Business and Human Rights. Deloitte US' association with Deloitte Mexico is contrary to the Company's values, principles and policies. Therefore, we recommend that shareholders do not ratify the selection of Deloitte & Touche LLC as the Company's independent registered public accounting firm.

***RESOLVED, That action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending December 31, 2019 is hereby rejected.***

# Morgan Stanley

Wealth Management  
20807 Biscayne Boulevard  
6th Floor  
Aventura, FL 33180  
tel 305 932 4250  
fax 305 935 3272  
toll free 800 327 2048

April 15, 2019

Walter O. Garcia,  
Gaby Garcia & Maria Luis Garcia

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Re: Account \*\*\*

Per your request, this serves to verify that as of April 15, 2019, the above referenced Morgan Stanley account held and has held continuously, for at least one year, the following shares of common stock:

114 shares of Microsoft Corp were purchased as follows:

22 shares on 8/18/14 at \$44.92 total \$988.27

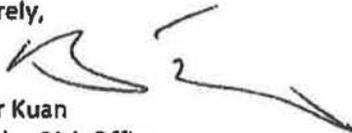
51 shares on 9/12/14 at \$46.91 total \$2,392.41

41 shares on 1/29/15 at \$41.88 total \$1,717.02

Total 114 shares at \$44.72 total \$5,097.70

Please see the Gain/Loss statement attached for verification.

Sincerely,



Lester Kuan  
Complex Risk Officer

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis from Morgan Stanley Smith Barney LLC. Please compare the data on this document carefully with your monthly statements to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.







**Exhibit B**

**Deloitte Letter**



Deloitte & Touche LLP  
925 Fourth Avenue  
Seattle, Washington

July 11, 2019

Peter Kraus  
Assistant General Counsel and Assistant Secretary  
Microsoft Corporation  
One Microsoft Way  
Redmond, Washington 98052-6399

**Re: Shareholder Proposal Submitted by Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia**

Dear Mr. Kraus:

This letter is in reference to a shareholder proposal received by Microsoft Corporation from Walter O. Garcia, Maria Luisa Garcia and Gaby M. Garcia (collectively, the "Proponents") regarding the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for inclusion in its proxy statement for its 2019 Annual Shareholders Meeting. It is Deloitte & Touche LLP's understanding that the Proponents are children of Mr. Jose Oswaldo Garcia Mata, who is a retired Partner of Galaz, Yamazaki Ruiz Urquiza, S.C., a member firm of Deloitte Touche Tohamatsu Limited.

Sincerely,

*Deloitte + Touche LLP*