

RESIGNATION AGREEMENT AND FULL AND FINAL RELEASE OF CLAIMS

Presentation Date: February ____, 2013; Return to Lisa Brummel by March ____, 2013

1. Transition and Resignation. I, Steven Sinofsky, resigned from my employment with Microsoft Corporation (“Microsoft”), effective November ____, 2012 (“Separation Date”). I wish to receive the consideration described in Paragraph 2 below, to which I would not be otherwise entitled, and in exchange for that consideration I have chosen to sign this Resignation Agreement and Full and Final Release of Claims (“Agreement”). I acknowledge that my execution of this Agreement is knowing and voluntary. I have had a reasonable period of time in which to consider whether to sign this Agreement. No coercion or undue influence has been exerted on me to execute this Agreement.
2. Consideration. In exchange for my compliance with this Agreement and Sections 2, 3 and 6 of the Microsoft Corporation Employee Non-Disclosure Agreement (hereafter “Employee Agreement,” attached hereto as Exhibit A), and honoring the commitments undertaken in this Agreement, on the first anniversary of the Separation Date, Microsoft agrees to pay me a cash lump sum in the amount of ____ Million Dollars (\$ _____) Dollars, less required taxes and withholding. **In addition, the Company acknowledges I have “retired” for purposes of the vesting of my outstanding stock awards. Accordingly, and in exchange for my compliance with the above obligations and commitments, Microsoft agrees to pay me the value of the (i) shares of stock that would have otherwise vested and become payable under my Company stock awards with grant numbers xxxxxx, yyyyyy, etc. and (ii) 50% of the shares of stock that would have otherwise vested and become payable under my Company stock awards with grant numbers ____ (collectively, the “Stock Awards”). Payment will be (A) in cash, (B) made within fifteen (15) days following each vesting date under the applicable Stock Award, and (C) calculated by multiplying the number of shares that vest by the closing price of Microsoft common stock as reported on Nasdaq.com on the last open market trading day preceding the vesting date, and (iv) reduced by required taxes and withholding.** Microsoft agrees that it shall make ~~this payment~~**these payments and provide these benefits** unless I materially breach this Agreement and fail to cure such breach within **ten (10)** days of written notice from Microsoft of such breach.
3. Employee Agreement, Noncompetition and Nonsolicitation. I understand that Sections 2, 3 and 6 of the Employee Agreement remain fully binding and enforceable according to their terms (the “Continuing Obligations”). Microsoft acknowledges and agrees that, other than the Continuing Obligations, the Employee Agreement is terminated and has no further force or effect. In addition to the Continuing Obligations, I agree that I will not: (a) for a period of **twelve (12)** months after the Separation Date, accept direct or indirect employment with Amazon, Apple, EMC, Facebook, Google, Oracle, or VMWare; (b) for a period of **twelve (12)** months after the Separation Date, directly or indirectly communicate with any client or customer of Microsoft or its subsidiaries listed on Exhibit **AC** for the purpose of encouraging such client or customer to cease doing business with Microsoft or (c) for a period of **twelve (12)** months after the Separation Date, intentionally **do any of the following:** encourage, ~~intentionally~~-induce, ~~intentionally~~-attempt to induce or ~~intentionally~~-assist another to induce or attempt to induce any person employed by Microsoft or by one of Microsoft’s subsidiaries to terminate his or her employment with Microsoft or its subsidiary or to work for any entity other than Microsoft or its subsidiary or ~~intentionally~~ interfere with the relationship between Microsoft and any officer thereof.

I have returned to Microsoft my Microsoft cardkey(s), corporate American Express card and phone card, if any, and any other Microsoft Property in my possession or control, including but not limited to hardware, software, source code, patent applications, budgets, personnel files, financial or marketing data, status reports, customer lists, customer contact information, personnel data, and any other proprietary or confidential data, documents and materials in any form or media (collectively, "Microsoft Property"). I also agree to permanently delete all Microsoft Property from any non-Microsoft computer, electronic device, storage device, storage system, or storage service that is in my possession or under my control, including (without limitation) desktop and laptop computers, mobile telephones, tablet devices, memory sticks, disks, and hard drives. I acknowledge and agree that nothing in this Agreement is intended to, nor shall it, relieve me of any obligation I have under Sections 2, 3 and 6 the Employee Agreement. Anything to the contrary notwithstanding, nothing in this Agreement shall prevent me from retaining a home computer and security system, papers and other materials of a personal nature, including personal diaries, calendars and Rolodexes, information relating to my compensation or relating to reimbursement of expenses, agreements relating to my employment, and information that I reasonably believe may be needed for tax purposes, and, I also shall be permitted to retain copies of plans, and programs ~~and agreements~~ relating to my employment.

4. Cooperation. For the ~~two~~three (3) year period following the Separation Date, I agree that, upon reasonable request, I will reasonably cooperate with Microsoft, its subsidiaries and affiliates, and any of their officers, directors, agents, employees, attorneys and advisors in Microsoft's investigation of, preparation for, and prosecution or defense of any matter(s) brought by or against Microsoft or any Released Party with respect to litigation concerning: (a) facts or circumstances about which I have any actual or alleged knowledge or expertise that was obtained during my employment with Microsoft; or (b) any of my acts or omissions, real or alleged, of my employment with Microsoft. I agree that, upon reasonable notice, I will attempt in good faith to appear and provide full and truthful testimony in proceedings associated with the above referenced matters, provided that Microsoft shall reimburse me for all reasonable travel expenses (on a basis consistent with senior executive officers of Microsoft) associated with the giving of testimony and shall work with me as reasonably practicable to schedule the activities contemplated by this paragraph so as not to unreasonably interfere with my other personal or professional commitments. Microsoft agrees to defend, indemnify, and hold me harmless from and against all Claims to the extent that the Claims arise out of or relate to any of my acts or omissions, real or alleged, during my employment with Microsoft or in connection with my services under this Paragraph 4, except as prohibited by law.

5. Release of Claims. I agree, on behalf of myself and my marital community, heirs, executors, successors and assigns, to release (*i.e.*, give up) all known and unknown claims that I currently have against any of the Released Parties. For purposes of this Agreement, the Released Parties means: Microsoft and any of its current and former parents, subsidiaries, affiliates, related companies, joint ventures, their predecessors and successors, and with respect to each such entity, all of its past, present and future officers, directors, agents, shareholders, administrators, representatives, employees, attorneys, insurers, successor or assigns, each in his/her capacity as such. I understand and agree that this release includes, but is not limited to, any and all claims or causes of action arising under:

- (a) Any federal law relating to employment discrimination, termination of employment, benefits, wages, reasonable accommodation, or rights of disabled employees, such as the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 et seq., the Americans with Disabilities Act, the Equal Pay Act, the Fair Labor Standards Act, the Family and Medical Leave

Act, Title VII of the 1964 Civil Rights Act, the Employee Retirement Income Security Act of 1974, and the Worker Adjustment and Retraining Notification Act.

- (b) Any state, local or foreign law relating to employment discrimination, termination of employment, benefits, wages, reasonable accommodation, or rights of disabled employees, including, but not limited to, the Washington Law against Discrimination.
- (c) Any other basis for legal or equitable relief whether based on express or implied contract, tort, statute, regulation, ordinance, common law, or other legal or equitable ground.

I agree that this Agreement is not an admission of guilt or wrongdoing by the Released Parties and I acknowledge that the Released Parties do not believe or admit that they have done anything wrong. I understand that I am not waiving any (i) claims that the law does not permit me to waive, (ii) claims arising from events occurring after the date I sign this Agreement, (iii) claims for indemnification, contribution or for D&O coverage or (iv) claims for accrued benefits or compensation (except for claims pertaining to any awarded but unvested stock awards). I represent that I have not filed or caused to be filed any lawsuit, complaint, or charge against Microsoft or any of the Released Parties with respect to any claim this Agreement purports to waive with any governmental agency or in any court, and that I will not file, cause to file, initiate, or pursue (except as otherwise provided in this Agreement or required by law) any such complaints, charges, or lawsuits at any time hereafter other than to enforce my rights under this Agreement.

Microsoft, on its behalf and on behalf of each Released Party in their capacity as such, hereby releases all known and unknown claims any of them have against me, excluding any claim related to fraud or misappropriation of Microsoft property.

6. Confidentiality and Non-Disparagement.

(a) I agree to keep all details of this Agreement **and the details surrounding my separation** in strict confidence except that I may make disclosures as follows: (1) to my immediate family; (2) to my financial and legal advisors who have a reasonable need to know this information; (3) to the extent I am compelled by subpoena or other legal process to disclose such information; or (4) to the extent reasonably required in order to prosecute or defend any action for breach of this Agreement. I agree that if I do share this Agreement or any information in it with any of the aforementioned individuals, I will instruct such person(s) that the information is strictly confidential and that they may not share it with anyone else. The Parties agree that, to the extent that Microsoft discloses the terms of the Agreement in any filing with the Securities & Exchange Commission pursuant to the applicable securities laws and regulations, the foregoing obligation to maintain the confidentiality of the terms of this Agreement ceases **with respect to the information disclosed in the filing.**

(b) Until the first anniversary of the Separation Date, I agree not to make any disparaging remarks about Microsoft, its officers or directors, its products, or the Released Parties, including but not limited to disparaging statements relating to my employment with or separation from Microsoft.

(c) Until the first anniversary of the Separation Date, Microsoft agrees that it and its directors and ~~executive officers~~ **members of the company's Senior Leadership Team (or any successor team thereto)** will not ~~to~~ make any disparaging remarks about me, including but not limited to disparaging statements relating to my employment with or separation from Microsoft.

Notwithstanding the foregoing, nothing in this Paragraph 6 shall prevent any person from :

- (i) responding publicly to any incorrect, disparaging or derogatory public statement to the extent reasonably necessary to correct or refute such public statement, or
- (ii) making any truthful statement to the extent :
 - (x) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, or
 - (y) required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with actual or apparent jurisdiction to order such person to disclose or make accessible such information.

7. No Assistance. I agree not to provide assistance to any current or former Microsoft employee to initiate, pursue, or raise any complaints, concerns, claims, or litigation of any kind against the Released Parties, unless compelled to do so by a valid subpoena or court order. If compelled to testify or otherwise provide evidence in any proceeding, I will provide Microsoft with reasonably prompt notice of receipt of an order or other demand for my participation by giving notice to Brad Smith, General Counsel, Microsoft Corporation, One Microsoft Way, Redmond, WA 98052, in sufficient time for Microsoft to oppose such testimony or participation. To the extent prohibited by law, this paragraph does not prevent me from participating in government investigations.

8. Future Employment. I understand and agree that, as a condition of receiving the consideration described in Paragraph 2, I will not be entitled to any future employment with Microsoft or any subsidiary, joint venture, or affiliate of Microsoft in which Microsoft owns an interest of 50 percent or more (collectively, "Microsoft or its Affiliates"). I further agree that I will not apply for, or otherwise seek future employment by Microsoft or its Affiliates, and that I will not institute or join any action, lawsuit or proceeding against Microsoft or its Affiliates for any failure to employ me.

9. Entire Agreement. Microsoft and I acknowledge and agree that this Agreement contains the entire agreement of Microsoft and me as to matters addressed in it except as set forth in Paragraph 3 and that it merges any and all prior written and oral communications concerning those matters. Other than what is expressly stated in this Agreement, no different or additional promises or representations of any kind have been made to induce me to sign this Agreement, which I sign freely and in the absence of any coercion or duress whatsoever. I understand that the terms of this Agreement may not be modified, amended or superseded except by a subsequent written agreement signed by myself and the undersigned Microsoft representative.

10. Withholding of money owed. Except as would constitute an impermissible offset for purposes of Section 409A of the Internal Revenue Code, I authorize Microsoft to withhold from any monies owed to me by Microsoft as of the Separation Date, via payroll deductions, any and all monies due to Microsoft from me, including without limitation cash and travel advances, amounts due the Company Store, employee benefit plan deductions, other advances and any unpaid credit or phone card charges. I understand that any such payroll deductions are for my convenience and for my full benefit.

11. Governing Law and Dispute Resolution.

(a) The Parties agree that the laws of the State of Washington will govern in any action brought by either myself or Microsoft to interpret or enforce the terms of this Agreement, without regard to

principles of conflicts of laws that would call for the application of the substantive law of any jurisdiction other than the State of Washington.

(b) The Parties further agree that any dispute arising in connection with the execution and/or operation of this Agreement or the Employee Agreement shall be resolved in the following manner unless otherwise agreed to by the Parties.

- (1) The Parties agree to first attempt to resolve all disputes through informal negotiations. The Party contending there is a breach or other issue arising from or related to this Agreement shall provide written notice to the other Party describing with specific the nature of the breach of other issue. Within five (5) days after delivery of the written notice, the other Party shall respond in writing stating its position.
- (2) If the Parties are unable to resolve the dispute through informal negotiations, the Parties agree to resolve all disputes by binding arbitration before a qualified mutually selected arbitrator. The Party initiating the arbitration shall bear the burden of proof of breach and actual damages; provided, however, that no actual damages need to be proven for the arbitrator to award the liquidated damages provided for in this Agreement. The arbitrator shall issue a written decision within fifteen (15) days of the end of the hearing. The decision of the arbitrator shall be final and binding and may be enforced and a judgment entered in any court of competent jurisdiction. The arbitration itself, and all testimony, documents, briefs, and arguments therein, shall be kept confidential, {except to the extent described in the exceptions listed in clauses (1) through (4) of Paragraph 6(a) above.}
- (3) Notwithstanding the foregoing agreements in subparagraphs (1) and (2) of this section, the Parties agree that breach of the confidentiality and non-disparagement provisions set forth in Paragraph 6 could cause irreparable injury to the other party and that such other party will have the right to seek immediate injunctive relief or other equitable relief enjoining any threatened or actual breach in a court in King County or the Western District of Washington.

12. Current Address. Through the ~~first~~**third** anniversary of the Separation Date, I agree to provide Brad Smith, General Counsel, Microsoft Corporation, One Microsoft Way, Redmond, WA 98052, with my current home address and telephone number.

13. Severability. The provisions of this Agreement are severable, and if any part of this Agreement is found to be unenforceable (with the exception of the noncompetition and nonsolicitation obligations set forth in Paragraph 3 and the Release contained in Paragraph 5), the remainder of this Agreement will remain fully valid and enforceable. To the extent any terms of this Agreement are called into question, all provisions shall be interpreted in a manner that would make them consistent with current law.

14. Consideration Period. In compliance with the terms of the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, I expressly acknowledge that I have been given twenty-one (21) days to review this Agreement before signing it. I also understand that I may revoke this Agreement for a period of seven (7) days following my signature of it and will send such revocation in

writing postmarked within the seven-day period to Lisa Brummel, and that it is not effective or enforceable until that seven-day revocation period has expired. I understand that I may sign this Agreement before the end of the 21-day consideration period but may not be required to do so. I understand that if I sign this Agreement prior to expiration of the 21-day consideration period, I will be waiving my right to the remainder of the 21-day consideration period. I understand that I am advised to seek legal counsel prior to signing this Agreement. The Effective Date of this Agreement shall be the day following expiration of the seven-day revocation period.

I ACKNOWLEDGE THAT I HAVE CAREFULLY READ AND HAVE VOLUNTARILY SIGNED THIS AGREEMENT AND RELEASE, THAT I FULLY UNDERSTAND ITS FINAL AND BINDING EFFECT, THAT BY SIGNING I INTENDED TO FULLY AND FINALLY RELEASE ANY AND ALL CLAIMS I MAY HAVE AGAINST MICROSOFT AND THE OTHER RELEASED PARTIES DESCRIBED IN PARAGRAPH 5 ABOVE, AND THAT, PRIOR TO SIGNING THIS AGREEMENT AND RELEASE, I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT, AND HAVE BEEN GIVEN ADEQUATE TIME TO REVIEW MY LEGAL RIGHTS WITH AN ATTORNEY OF MY CHOICE.

EMPLOYEE:

Steven Sinofsky

Date

MICROSOFT CORPORATION:

By _____
Lisa Brummel, Chief People Officer

Date

Exhibits: A – Microsoft Corporation Employee Non-Disclosure Agreement

B – Form of Certification

C – Client/Customer List