Preservation of Shareholder Proposal Access Rights

RESOLVED, shareholders of Microsoft Corporation ("Microsoft" or "Company") request the Board of Directors to adopt a policy committing the Company to include in its annual proxy statement any proposal submitted by a shareholder that satisfies any of the following eligibility thresholds and is otherwise compliant with the procedural and substantive requirements of Rule 14a-8, regardless of any future federal regulation permitting higher ownership or holding-period requirements, and consistent with applicable state law:

(a) shares of the Company's common stock with a market value of at least $2,000 held continuously for at least three years prior to submission; or

(b) shares of the Company's common stock with a market value of at least $15,000 held continuously for at least two years prior to submission; or

(c) *shares of the Company's common stock with a market value of at least $25,000 held continuously for at least one year prior to submission.*

SUPPORTING STATEMENT:

Shareholders own Microsoft. The proxy process is the primary mechanism through which owners oversee the management that serves them. A company is "public" because its shares are available to the public. Public ownership obligates a company to remain publicly accountable.

Microsoft's proxy materials commit the Company to “regular, constructive conversations” with shareholders as a core element of effective corporate governance.[1] The Business Roundtable — of which Microsoft Chairman and Chief Executive Officer Satya Nadella is a member[2] — likewise publicly committed to "transparency and effective engagement with shareholders."[3]

Yet Business Roundtable lobbied the Securities and Exchange Commission to raise shareholder proposal eligibility thresholds beyond even the 2020 increases, calling the $2,000 threshold "outdated and far too low."[4] The organization whose engagement principles Nadella endorses as a member simultaneously works to price out the smallest long-term shareholders from the engagement process entirely.

The stated rationale for higher thresholds is filtering short-term, low-stakes filers. But large hedge funds that accumulate enormous positions, pressure boards for short-term changes, then liquidate once they extract their gains would qualify easily under any new threshold. Higher requirements silence committed long-term owners while leaving large, well-funded hedge fund activists entirely unaffected.

Shareholder proposals represent less than 2% of all proxy voting items[5] — a figure that has only become more favorable to companies as proposal volumes have continued to fall since that statistic was established.[6] The burden on companies is negligible. The benefit to shareholders — accountability — is not.

The SEC's rulemaking agenda targets April 2026 to "modernize" Rule 14a-8 — explicitly to "reduce compliance burdens for registrants."[7] On December 11, 2025, President Trump signed an Executive Order directing the SEC to "consider revising or rescinding" Rule 14a-8 entirely.[8]

Microsoft calls shareholder engagement a cornerstone of its governance while its CEO lends his membership to an organization working to systematically curtail that engagement for those who need it most. We ask the Board to resolve that contradiction.

[1] https://www.sec.gov/Archives/edgar/data/0000789019/000119312525245150/d908201ddef14a.htm
[2] https://www.businessroundtable.org/members/satya-nadella
[3] https://opportunity.businessroundtable.org/ourcommitment
[4] https://www.businessroundtable.org/business-roundtable-public-comments-to-sec-on-procedural-requirements-and-resubmission-thresholds-under-exchange-act-rule-14a-8
[5] https://corpgov.law.harvard.edu/2020/03/03/cii-comment-letter-on-proposed-amendments-to-rule-14a-8/
[6] https://corpgov.law.harvard.edu/2025/11/04/data-and-insights-on-corporate-governance-developments-and-important-trends-in-proxy-voting/
[7] https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202504&RIN=3235-AN47
[8] https://corpgov.law.harvard.edu/2025/12/17/trump-issues-executive-order-targeting-proxy-advisors-and-shareholder-proposals/