



April 23, 2012

Microsoft, Facebook Announce Patent Agreement

REDMOND, Wash. and MENLO PARK, Calif. — April 23, 2012 — Microsoft Corp. and Facebook announced today a definitive agreement under which Microsoft will assign to Facebook the right to purchase a portion of the patent portfolio it recently agreed to acquire from AOL Inc. Facebook has agreed to purchase this portion for \$550 million in cash.

In the initial AOL auction, Microsoft secured the ability to own or assign approximately 925 U.S. patents and patent applications plus a license to AOL's remaining patent portfolio, which contains approximately 300 additional patents that were not for sale.

As a result of today's agreement, Facebook will obtain ownership of approximately 650 AOL patents and patent applications, plus a license to the AOL patents and applications that Microsoft will purchase and own.

Upon closing of this transaction with Facebook, Microsoft will retain ownership of approximately 275 AOL patents and applications; a license to the approximately 650 AOL patents and applications that will now be owned by Facebook; and a license to approximately 300 patents that AOL did not sell in its auction.

"Today's agreement with Facebook enables us to recoup over half of our costs while achieving our goals from the AOL auction," said Brad Smith, executive vice president and general counsel, Microsoft. "As we said earlier this month, we had submitted the winning AOL bid in order to obtain a durable license to the full AOL portfolio and ownership of certain patents that complement our existing portfolio."

"Today's agreement with Microsoft represents an important acquisition for Facebook," said Ted Ulyot, general counsel, Facebook. "This is another significant step in our ongoing process of building an intellectual property portfolio to protect Facebook's interests over the long term."

The parties are evaluating the accounting treatment for these transactions. These transactions are also subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

About Facebook

Founded in 2004, Facebook's mission is to make the world more open and connected. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them.

Facebook® is a registered trademark of Facebook Inc. Other names may be trademarks of their respective owners.

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

Forward-Looking Statements

Statements in this release about Microsoft that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors such as:

- execution and competitive risks in transitioning to cloud-based computing;
- challenges to Microsoft's business model;
- intense competition in all of Microsoft's markets;
- Microsoft's continued ability to protect its intellectual property rights;
- claims that Microsoft has infringed the intellectual property rights of others;
- the possibility of unauthorized disclosure of significant portions of Microsoft's source code;
- actual or perceived security vulnerabilities in Microsoft products that could reduce revenue or lead to liability;
- improper disclosure of personal data that could result in liability and harm to Microsoft's reputation;
- outages and disruptions of services provided to customers directly or through third parties if Microsoft fails to maintain an adequate operations infrastructure;
- government litigation and regulation affecting how Microsoft designs and markets its products;

- Microsoft's ability to attract and retain talented employees;
- delays in product development and related product release schedules;
- significant business investments that may not gain customer acceptance and produce offsetting increases in revenue;
- unfavorable changes in general economic conditions, disruption of our partner networks or sales channels, or the availability of credit that affect demand for Microsoft's products and services or the value of our investment portfolio;
- adverse results in legal disputes;
- unanticipated tax liabilities;
- quality or supply problems in Microsoft's consumer hardware or other vertically integrated hardware and software products;
- impairment of goodwill or amortizable intangible assets causing a charge to earnings;
- exposure to increased economic and regulatory uncertainties from operating a global business;
- geopolitical conditions, natural disaster, cyberattack or other catastrophic events disrupting Microsoft's business; and
- acquisitions, joint ventures and strategic alliances that adversely affect the business.

For further information regarding risks and uncertainties associated with Microsoft's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of Microsoft's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Microsoft's Investor Relations department at (800) 285-7772 or at Microsoft's Investor Relations website at <http://www.microsoft.com/investor>.

All information in this release is as of April 23, 2012. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

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