

Unearned Revenue

Unearned revenue as of June 30, 2016 was comprised mainly of unearned revenue from volume licensing programs. Unearned revenue from volume licensing programs represents customer billings for multi-year licensing arrangements paid for either at inception of the agreement or annually at the beginning of each coverage period and accounted for as subscriptions with revenue recognized ratably over the coverage period. Unearned revenue as of June 30, 2016 also included payments for: Windows 10 licenses; post-delivery support and consulting services to be performed in the future; Office 365 subscriptions; Xbox Live subscriptions; Microsoft Dynamics business solutions products; Skype prepaid credits and subscriptions; Bundled Offerings; and other offerings for which we have been paid in advance and earn the revenue when we provide the service or software, or otherwise meet the revenue recognition criteria.

The following table outlines the expected future recognition of unearned revenue as of June 30, 2016:

(In millions)

Three Months Ending, September 30, 2016	\$ 10,194
December 31, 2016	8,348
March 31, 2017	5,868
June 30, 2017	3,058
Thereafter	6,441
Total	<u>\$ 33,909</u>

Share Repurchases

On September 16, 2013, our Board of Directors approved a share repurchase program authorizing up to \$40.0 billion in share repurchases. The share repurchase program became effective on October 1, 2013, has no expiration date, and may be suspended or discontinued at any time without notice. This share repurchase program replaced the share repurchase program that was announced on September 22, 2008 and expired on September 30, 2013. As of June 30, 2016, \$7.1 billion remained of our \$40.0 billion share repurchase program. While the program has no expiration date, we intend to complete it by December 31, 2016. All repurchases were made using cash resources.

During fiscal year 2016, we repurchased 294 million shares of Microsoft common stock for \$14.8 billion under the share repurchase program approved by our Board of Directors on September 16, 2013. During fiscal year 2015, we repurchased 295 million shares of Microsoft common stock for \$13.2 billion under the share repurchase program approved by our Board of Directors on September 16, 2013. During fiscal year 2014, we repurchased 175 million shares for \$6.4 billion; 128 million shares were repurchased for \$4.9 billion under the share repurchase program approved by our Board of Directors on September 16, 2013, and 47 million shares were repurchased for \$1.5 billion under the share repurchase program that was announced on September 22, 2008 and expired September 30, 2013.

Dividends

See Note 18 – Stockholders' Equity of the Notes to Financial Statements for further discussion.

Off-Balance Sheet Arrangements

We provide indemnifications of varying scope and size to certain customers against claims of intellectual property infringement made by third parties arising from the use of our products and certain other matters. Additionally, we have agreed to cover damages resulting from breaches of certain security and privacy commitments in our cloud business. In evaluating estimated losses on these indemnifications, we consider factors such as the degree of probability of an unfavorable outcome and our ability to make a reasonable estimate of the amount of loss. These obligations did not have a material impact on our consolidated financial statements during the periods presented.