

Microsoft to Acquire AdECN, Inc.

Deal furthers Microsoft commitment to provide advertisers and publishers with a comprehensive search and display advertising platform

REDMOND, Wash. — July 26, 2007 — Microsoft Corp. today announced it has agreed to acquire AdECN, Inc., an advertising exchange platform company based near Santa Barbara, Calif. AdECN's technology serves as a hub where advertising networks can come together in a neutral, real-time auction marketplace for buying and selling display advertising. The deal is a key component of Microsoft's strategy to develop a comprehensive search and display advertising platform enabling advertisers and publishers to maximize return on investment (ROI) on their digital advertising investments. Financial terms of the deal were not disclosed.

"Both Microsoft and AdECN have a deep commitment to creating the technologies and platforms that enable advertisers and publishers to maximize their ROI in the digital marketplace," said Kevin Johnson, president, Platforms and Services Division at Microsoft. "We believe the addition of AdECN to the Microsoft portfolio is a perfect fit and will create more efficiency for the industry by forming a more robust marketplace between advertisers and publishers, aggregating more supply and demand. This is good for the whole advertising industry."

Founded in 2003, AdECN brings both key technologies and significant domain expertise to the Microsoft team. Advertisers and publishers will benefit from this deal in the following ways:

- Advertisers will get access to more inventory, enabling more efficient matching of their requirements and increased ROI.
- Publishers will be able to increase yield – earn more money per page view – due to the higher volume of available inventory.
- Both groups will benefit from the exchange's neutrality and transparency, enabling them to make more informed decisions about their bid and ask decisions.

"Joining forces with Microsoft will provide the capital and resources to enable AdECN to scale the exchange at a much faster pace, making it more attractive to the advertising networks and other traffic aggregators looking to better serve their advertisers and publishers," said William Urschel, founder and chief executive officer, AdECN. "All of us here are thrilled to join a team that shares our commitment to neutrality for the exchange and also believes that creating liquidity and intelligently matching supply

and demand will be two of the most important roles for a technology provider to play in this rapidly growing and evolving market.”

The exchange concept is similar to the NASDAQ which serves as the hub for financial brokerages, enabling all parties to come together and have access through a neutral party to a larger pool of supply and demand for their clients. Exchanges are a means by which liquidity is created for advertising networks by bringing together a maximum number of both buyers and sellers. Rather than an ad network, a true ad exchange is the neutral, transparent, automated connection between multiple ad networks. AdECN market advertising networks trade on behalf of their advertisers and publishers. This means that AdECN supports, rather than competes with, the various players in the online advertising industry._

The acquisition is expected to be completed in the first half of Microsoft’s fiscal year 2008. The acquisition is not expected to have a significant impact on the financial guidance previously issued by the Company. AdECN, which has approximately 30 employees, will continue to operate from its headquarters near Santa Barbara, Calif. as part of Microsoft’s Online Services Business.

About AdECN, Inc.

AdECN is the only real-time, auction-based, neutral exchange for buying and selling online display advertising. AdECN, Inc. is a privately held, venture-backed company based in Santa Barbara, California. For more information, visit www.adecdn.com or call 805-566-4908.

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.

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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/msft>.

All information in this release is as of July 26, 2007. 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.