

## Microsoft Law Firm Diversity Program: New Approach for the Future

As we enter the eighth year of Microsoft’s Legal & Corporate Affairs (LCA) Law Firm Diversity Program (LFDP), we are pivoting the program to focus on diversity in law firm leadership. To that end, we are introducing a new set of program rules and metrics. Over the past six years the LFDP has provided an annual bonus to participating firms that increase the overall diversity of their attorney composition or the overall diversity of attorneys who work on Microsoft matters. During this time, diverse representation on Microsoft matters at these firms has risen from 33.6 percent to 48.2 percent. We expect that this progress in these firms will continue, and we believe the time is right to focus Microsoft’s bonus incentives on diversity in law firm leadership.

**Overview:** The Law Firm Diversity Program will provide each of the 15 law firms participating in Microsoft’s Premier Provider Program with the opportunity to earn an annual bonus of up to two percent of the legal fees billed to the company based on their performance in increasing diversity in three aspects of a firm’s leadership:

- 1) Leading the management of the law firm;
- 2) Leading the law firm’s relationship with Microsoft; and
- 3) Leading Microsoft’s legal matters.

**Points and Bonuses:** Success bonuses will be calculated based on points earned from the metrics reported at the end of Microsoft’s 2016 fiscal year (June 30, 2016). Microsoft will pay a bonus to the participating firm equal to a percentage of the firm’s legal fees for services performed for Microsoft during the fiscal year. The bonus is typically paid within 90 days of the fiscal year close, and will be based on the following point structure.

- 2 points = 0.5% bonus
- 4 points = 1.0% bonus
- 6 points = 1.5% bonus
- 8 points = 2.0% bonus

<b>Leading the Firm</b>	Management Committee Composition	2 points for >25% diversity
	Partner Composition	2 points for >30% diversity 3 points for >35% diversity
	Partner Composition Growth: average year-over-year growth (FY15 baseline)	1 point for each 1% growth
<b>Leading the Microsoft Relationship</b>	At least one MS Relationship Partner is diverse.	1 point
<b>Leading Microsoft Matters</b>	Diverse Partner Hours on MS Matters	2 points for >35% diversity
	Diverse Partner Hours on MS Matters Growth: average year-over-year growth (FY15 baseline)	1 point for each 2% growth

**Additional Bonus for the Law Firm that Earns the Most Points:** The firm with the most points earned will receive an additional bonus of 1.0% (for a total possible bonus of 3.0%) of the firm’s legal fees. Should two or more firms tie for highest points earned, the top firms will equally share the additional 1% bonus. The winning firm(s) will also be publicly acknowledged by Microsoft.