Microsoft Corporation Class Action Lawsuit - MSFT

Microsoft Corporation
NASDAQ: MSFT

Affected BTGO Investor Summary

- **Who:** Microsoft Corporation (NASDAQ: MSFT)
- **What:** Securities fraud class action lawsuit filed
- **Class Period:** May 1, 2025 through January 28, 2026
- **Deadline to Seek Lead Plaintiff Status:** August 11, 2026
- **Key Lawsuit Allegations:** Material statements about the company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times
- **Investor Action:** Contact Kessler Topaz Meltzer & Check, LLP (www.ktmc.com) for recovery options

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The *Microsoft Corporation* class action lawsuit was filed on behalf of those who purchased or otherwise acquired *Microsoft Corporation* ("*Microsoft*") (NASDAQ: MSFT) common stock between May 1, 2025 and January 28, 2026, inclusive (the "Class Period"). Captioned *City of St. Clair Shores Police and Fire Retirement System v. Microsoft Corporation,* No. 26-cv-02071 (W.D.W.A.), the *Microsoft* class action lawsuit alleges that *Microsoft* and/or certain of its officers and/or directors violated federal securities laws by making false or misleading statements and/or omitted to disclose material information.

If you lost money as a result of your Microsoft investment and want to find out more about this action and your rights, fill out the form on this page or contact attorney Jonathan Naji, Esq. of KTMC by calling (484) 270-1453 or via e-mail at info@ktmc.com. Lead plaintiff motions must be filed with the court no later than August 11, 2026.

COMPLAINT ALLEGATION SUMMARY:
Microsoft is one of the largest tech companies in the world, and in recent years much of its growth has been driven by Azure, the company's cloud computing platform. Azure's recent growth is attributed to Microsoft's increased artificial intelligence ("AI") incorporation in the platform's products and services. For years, Microsoft has been expanding its own AI development, as well as investing billions of dollars in companies like OpenAI, the developer of ChatGPT, and committing to investing in Anthropic, the developer of Claude. In 2023, Microsoft unveiled its proprietary generative AI chatbot known as Copilot. Copilot was originally built with integration from only ChatGPT, but has recently integrated Claude's technology.

The Class Period begins on May 1, 2025 following the company's April 30, 2025 after-hours release of its financial results for its third quarter fiscal ended March 31, 2025, wherein the company touted its significant revenue growth driven by Azure and other cloud services. The release quoted CEO Nadella as stating: "'Cloud and AI are the essential inputs for every

business to expand output, reduce costs, and accelerate growth . . . . From AI infra and platforms to apps, we are innovating across the stack to deliver for our customers.'"
Throughout the Class Period, defendants highlighted the purported success of Copilot and Microsoft's foray into AI development, claiming that Copilot offered best-in-class capabilities and enjoyed widespread and growing user adoption Defendants also downplayed concerns about the Company's AI investments and business dealings with LLM providers and other companies, claiming that Microsoft was well positioned to achieve suitable returns on its AI-related investments and emerge a key benefactor from AI technological advancements. As a result of these and similar statements, the price of Microsoft stock reached all-time highs of over $550 per share during the Class Period.

WHY DID MICROSOFT'S STOCK DROP?
On January 28, 2026, Microsoft announced disappointing financial results, revealing, among other things, that Azure's growth had slowed down below expectations. Microsoft went on to reveal that its capital expenditures had increased to $37.5 billion for the quarter, putting the expenditures for just the first six months of its fiscal year to $72.4 billion, compared to the $88.2 billion for the entire fiscal year prior. Finally, Microsoft admitted that there were only 15 million paid seats for Copilot thus far, which was a far cry from the more than 450 million commercial Microsoft 365 users. On this news, the price of Microsoft common stock declined more than 9% per share.

The complaint alleges that, throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material facts about Microsoft's business and operations. Specifically, Defendants misrepresented that Copilot and its related products had experienced significant issues with brand positioning, user experience, usage and data, and operability. Defendants also failed to disclose that Microsoft's proprietary AI model ranked markedly below competitors on certain tests, and that Microsoft needed to divert billions of dollars from Azure and into Copilot to improve its competitive positioning. In truth, the company failed to convert a significant percentage of its commercial Microsoft 365 users to paid Copilot users and as a result of the foregoing, Defendants' statements about the company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE LEAD PLAINTIFF PROCESS:
The Private Securities Litigation Reform Act of 1995 permits any investor who purchased or acquired *Microsoft* common stock during the Class Period to seek appointment as lead plaintiff in the *Microsoft* class action lawsuit. A lead plaintiff is a representative party that acts on behalf of other class members in directing the litigation. In order to be appointed lead plaintiff, the Court must determine that the class member's claim is typical of the claims of other class members, and that the class member will adequately represent the class. Your ability to share in any recovery is not, however, affected by the decision whether or not to serve as a lead plaintiff. Filling out the online form above or communicating with any counsel is not necessary to participate or share in any recovery achieved in this case.

Any member of the purported class may move the court to serve as a lead plaintiff through counsel of his/her choice, or may choose to do nothing and remain an inactive class member.

ABOUT KESSLER TOPAZ MELTZER & CHECK, LLP:
Kessler Topaz Meltzer & Check, LLP (KTMC) is a leading U.S. plaintiff-side law firm focused on securities-fraud class actions and global investor protection. The firm represents individual investors as well as institutions, such as major pension funds, asset managers, and international investors. KTMC has led some of the largest recoveries in securities litigation and has been recognized by peers and the legal media with numerous accolades, including The National Law Journal's Plaintiff's Hot List and Trailblazers in Plaintiffs' Law, BTI Consulting Group's Honor Roll of Most Feared Law Firms, The Legal Intelligencer's Class Action Firm of the Year, Lawdragon's Leading Plaintiff Financial Lawyers, and Law360's Titans of the Plaintiffs Bar. The firm operates globally with offices in Pennsylvania and California. KTMC has recovered over $25 billion for our clients and the classes they represent.