

# Microsoft stock plummets 11%

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SAN FRANCISCO — Shares of Microsoft fell sharply Friday, erasing billions of dollars in the software giant's market value, a day after the company announced earnings below Wall Street's expectations.

Microsoft shares fell \$4.04, or 11.4%, to \$31.40 in trading on Friday.

On Thursday, [Microsoft missed financial targets \(http://www.usatoday.com/story/tech/2013/07/18/microsoft-quarterly-earnings/2553649/\)](http://www.usatoday.com/story/tech/2013/07/18/microsoft-quarterly-earnings/2553649/) on both top- and bottom-line results. The company reported net income of \$4.97 billion compared with a loss of \$492 million in the same period a year ago, when the company wrote down \$6 billion for its purchase of digital advertising company aQuantive.

The software behemoth took a \$900 million write-down for slashing the price of its Surface RT tablet amid lackluster demand. That came as a strong signal to investors that Microsoft's mobile plans were coming up short in the face of deteriorating PC sales.

"The PC may have reached its peak in 2011, and Microsoft is still struggling to get traction with tablets and smartphones. The write-down of the Surface RT inventory highlights this point," says BGC analyst Colin Gillis in a note to clients.

Excluding the Surface RT writedown, earnings per share came in at 66 cents, short of the 75 cents per share expected by analysts polled by FactSet. Revenue grew 10% to \$19.9 billion, but that was also shy of the \$20.7 billion expected.