

Microsoft Corporation Class Action Lawsuit

U.S. Securities Litigation

Microsoft Complaint Overview

The Microsoft class action lawsuit asserts securities fraud claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of investors in Microsoft common stock. The class action is pending in the U.S. District Court for the Western District of Washington. It is captioned *City of St. Clair Shores Police and Fire Retirement System, et al.*, No. 26-cv-02071.

If you lost money on your Microsoft investment, you are encouraged to submit your information using the form on this page. You may also email adam@bfalaw.com or call 212.789.3619.

Why is Microsoft Being Sued for Securities Fraud?

Microsoft has been sued for securities fraud following a significant stock drop resulting from potential violations of the federal securities laws. The decline in Microsoft's stock price caused significant losses to investors.

Microsoft is a multinational technology company that develops software, cloud services, and devices. In recent years, Microsoft's cloud computing platform named Azure has been Microsoft's main growth driver. A key reason for Azure's recent growth is Microsoft's multi-billion-dollar investment into AI, including the development of its own generative AI chatbot named Copilot.

According to the complaint, during the relevant period, Microsoft consistently touted Copilot's best-in-class capabilities, which purportedly drove widespread and growing user adoption. For instance, Microsoft told investors "innovation is driving our momentum," "[a]doption is accelerating rapidly," and that Microsoft's Windows operating system had "best in class AI capabilities." Copilot's apparent success allowed Microsoft to report surging Azure-related revenue.

As alleged, in truth, Copilot suffered from severe functionality issues that caused user adoption to decline and put Microsoft's Azure revenue at risk.

Why did Microsoft's Stock Drop?

On January 28, 2026, Microsoft announced disappointing 2Q 2026 financial results and that Azure growth had slowed suddenly. According to Microsoft, the reason for the slower growth was computational capacity constraints as Microsoft had diverted central processing unit and graphics processing unit capacity to Copilot applications. Microsoft also allegedly revealed for the first time that the number of Microsoft 365 Copilot premium customers totaled only 15 million, materially below analyst estimates.

This news caused the price of Microsoft common stock to decline \$48.13 per share, or 10%, from \$481.63 per share on January 28, 2026, to \$433.50 per share on January 29, 2026.

On February 3, 2026, *The Wall Street Journal* reported in an article titled "Microsoft's Pivotal AI Product Is Running Into Big Problems" that severe challenges and functionality issues had plagued Copilot, causing the application to lose market share. Specifically, *The Wall Street Journal* reported that "[c]onfusing brand positioning and interoperability problems have frustrated users."

Microsoft Corporation (MSFT) Stock Chart



Image Caption: [NASDAQ online chart](#) showing Microsoft Corporation's (MSFT) stock drop following the January 2026 revelations.

What is the Microsoft Leadership Deadline?

You may ask the Court no later than August 11, 2026, to appoint you as Lead Plaintiff through counsel of your choice.

To be a member of the Class, you need not take any action at this time. The ability to share in any potential future recovery is not dependent on serving as Lead Plaintiff.

How Do I Submit My Information?

If you lost money when Microsoft common stock dropped in price, you are encouraged to submit your information using the form on this page to speak with an attorney about your rights.

You can also contact:

Adam McCall
amccall@bfalaw.com
212.789.3619

All representation is on a contingency fee basis; there is no cost to you. Shareholders are not responsible for any court costs or expenses of any class action lawsuit. The firm will seek court approval for any potential fees and expenses.

Why Bleichmar Fonti & Auld LLP?

BFA is a leading international law firm representing plaintiffs in securities class actions and shareholder litigation. It has been named a top plaintiff law firm by *Chambers USA*, *The Legal 500*, and *ISS SCAS*.

BFA attorneys have been named “Elite Trial Lawyers” by the *National Law Journal*, “Litigation Stars” by *Benchmark Litigation*, among the top “500 Leading Plaintiff Financial Lawyers” by *Lawdragon*, “Titans of the Plaintiffs’ Bar” by *Law360*, and “SuperLawyers” by *Thomson Reuters*.

Most recently, *The Legal 500* awarded BFA the most client satisfaction accolades of any plaintiff’s securities litigation law firm, with clients noting: “[t]here is no better service provider in the practice area,” “[t]he interest of the client is always front

and center,” and “[t]here isn’t a better firm in this space.” One testimonial described the firm as “nimble and entrepreneurial,” with a “relentless focus on adding value for clients.”

Among its recent notable successes, BFA recovered over \$900 million in value from Tesla, Inc.’s Board of Directors, as well as \$420 million from Teva Pharmaceutical Ind. Ltd.

Attorney advertising. Past results do not guarantee future outcomes.