

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-08-03** | Period of Report: **2006-08-01**
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ISSUER

MICROSOFT CORP

CIK: **789019** | IRS No.: **911144442** | State of Incorporation: **WA** | Fiscal Year End: **0630**
SIC: **7372** Prepackaged software

Mailing Address
*ONE MICROSOFT WAY -
BLDG 8
NORTH OFFICE 2211
REDMOND WA 98052-6399*

Business Address
*ONE MICROSOFT WAY
#BLDG 8
NORTH OFFICE 2211
REDMOND WA 98052
4258828080*

REPORTING OWNER

GATES WILLIAM H III

CIK: **902012**
Type: **4** | Act: **34** | File No.: **000-14278** | Film No.: **061002780**

Mailing Address
*ONE MICROSOFT WAY
REDMOND WA 98052*

Business Address
4258828080

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person GATES WILLIAM H III			2. Issuer Name and Ticker or Trading Symbol MICROSOFT CORP [MSFT]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Chairman of the Board		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 08/01/2006					
ONE MICROSOFT WAY			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street)								
REDMOND, WA 98052								
(City)	(State)	(Zip)						

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/01/2006		S		25,000	D	\$24.18	970,474,336	D	
Common Stock	08/01/2006		S		25,000	D	\$24.16	970,449,336	D	
Common Stock	08/01/2006		S		53,400	D	\$24.14	970,395,936	D	
Common Stock	08/01/2006		S		49,815	D	\$24.13	970,346,121	D	
Common Stock	08/01/2006		S		29,600	D	\$24.12	970,316,521	D	
Common Stock	08/01/2006		S		8,700	D	\$24.11	970,307,821	D	
Common Stock	08/01/2006		S		16,257	D	\$24.1	970,291,564	D	
Common Stock	08/01/2006		S		26,385	D	\$24.09	970,265,179	D	
Common Stock	08/01/2006		S		136,500	D	\$24.08	970,128,679	D	
Common Stock	08/01/2006		S		134,043	D	\$24.07	969,994,636	D	
Common Stock	08/01/2006		S		139,700	D	\$24.06	969,854,936	D	
Common Stock	08/01/2006		S		115,600	D	\$24.05	969,739,336	D	
Common Stock	08/01/2006		S		29,200	D	\$24.04	969,710,136	D	
Common Stock	08/01/2006		S		99,468	D	\$24.03	969,610,668	D	
Common Stock	08/01/2006		S		103,672	D	\$24.02	969,506,996	D	
Common Stock	08/01/2006		S		84,628	D	\$24.01	969,422,368	D	

Common Stock	08/01/2006		<u>S</u>		142,300	D	\$24	969,280,068	D	
Common Stock	08/01/2006		<u>S</u>		160,232	D	\$23.99	969,119,836	D	
Common Stock	08/01/2006		<u>S</u>		83,200	D	\$23.98	969,036,636	D	
Common Stock	08/01/2006		<u>S</u>		61,600	D	\$23.97	968,975,036	D	
Common Stock	08/01/2006		<u>S</u>		73,200	D	\$23.96	968,901,836	D	
Common Stock	08/01/2006		<u>S</u>		86,429	D	\$23.95	968,815,407	D	
Common Stock	08/01/2006		<u>S</u>		50,471	D	\$23.94	968,764,936	D	
Common Stock	08/01/2006		<u>S</u>		57,800	D	\$23.93	968,707,136	D	
Common Stock	08/01/2006		<u>S</u>		86,000	D	\$23.92	968,621,136	D	
Common Stock	08/01/2006		<u>S</u>		48,300	D	\$23.91	968,572,836	D	
Common Stock	08/01/2006		<u>S</u>		56,500	D	\$23.9	968,516,336	D	
Common Stock	08/01/2006		<u>S</u>		7,000	D	\$23.89	968,509,336	D	
Common Stock	08/01/2006		<u>S</u>		10,000	D	\$23.88	968,499,336 ⁽¹⁾	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

1. In addition, there are 425,066 shares owned by reporting person's spouse. The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of the securities for purpose of Section 16 or for any other purposes.

Remarks:

* Duly authorized under Special Power of Attorney appointing Michael Larson attorney-in-fact, dated February 3, 2006, by and on behalf of William H. Gates III, filed as Exhibit 99.1 to Cascade Investment, L.L.C.'s Amendment No. 2 to Schedule 13G with respect to Arch Capital Group Ltd. on March 7, 2006, SEC File No. 005-45257, and incorporated by reference herein.

Signatures

William H. Gates III By: /s/ Michael Larson*, Attorney-In-Fact

** Signature of Reporting Person

08/03/2006

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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