

MICROSOFT CORP
Form 3
May 25, 2005

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0104
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
* ^ Di Valerio J Scott		(Month/Day/Year) 05/23/2005	MICROSOFT CORP [MSFT]	
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
C/O MICROSOFT CORPORATION,^ ONE MICROSOFT WAY			(Check all applicable)	
(Street)			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
REDMOND,^ WA^ 98052-6399			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
(City)	(State)	(Zip)	(give title below) (specify below)	
			Chief Accounting Officer	
			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	

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	51,397 ⁽¹⁾	D	^

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

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
Employee Stock Option (right to buy)	10/14/2005 ⁽²⁾	04/14/2013	Common Stock	83,834	\$ 22.275	D	Â
Performance Rights	08/31/2006 ⁽³⁾	08/31/2008	Common Stock	31,350 ⁽⁴⁾	\$ 0 ⁽⁵⁾	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Di Valerio J Scott C/O MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052-6399	Â	Â	Â Chief Accounting Officer	Â

Signatures

Keith R. Dolliver, Attorney-in-Fact for J. Scott Di Valerio 05/25/2005

Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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).
- (1) Includes Stock Award for 3,840 shares, of which 1,280 will vest on each of April 14, 2006, April 14, 2007 and April 14, 2008. Includes Stock Award for 7,200 shares which will vest over 5 years at the rate of 20% each year beginning on August 31, 2005. Includes Stock Award for 40,000 shares which will vest over 3 years at the rate of 33% each year beginning on April 22, 2006.
- (2) 500 shares are vested and immediately exercisable. The remaining shares vest and become exercisable at the rate of 13,889 on each of October 14, 2005, April 14, 2006, October 14, 2006, April 14, 2007, October 14, 2007 and April 14, 2008.
- (3) One-third of the number of shares of common stock ultimately awarded under a shared performance stock award ("SPSA") for the fiscal 2004-2006 performance period will be distributed to the reporting person on or about August 31, 2006 (the "initial vest date"), an additional one-third shall vest and distributed to the reporting person on each of the first and second anniversaries of the initial vest date, provided that the Reporting Person remains continuously employed through the applicable vesting date.
- (4) Represents the minimum number of shares of common stock issuable under the SPSA for the fiscal 2004-2006 performance period. The number of shares ultimately received depends on the company's performance against specified performance targets. At the end of the performance period, the number of shares of stock and stock awards will be determined by adjusting upward or downward from a target in a range between 33% and 150%. The number reported herein is based on the 33% minimum. The final performance percentage on which the payout will be based, considering company performance metrics established for the performance period, will be determined by the board or a board committee in its sole discretion. Shares of stock are issued at the end of the performance period and as the stock awards vest over the following two years, provided that the reporting person remains continuously employed through the applicable vest date.
- (5) 1-for-1

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.