

MICROSOFT CORP
 Form 5
 July 08, 2005

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN 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

1. Name and Address of Reporting Person *
RAIKES JEFFREY S

(Last) (First) (Middle)

C/O MICROSOFT CORPORATION, ONE MICROSOFT WAY

(Street)

REDMOND, WA 98052-6399

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
MICROSOFT CORP [MSFT]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
06/30/2005

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 Group Vice President

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock				(A) Amount (D) Price	4,634,722 (1)	D	

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

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

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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 Underlying Securities (Instr. 3 and 4)
					(A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Employee Stock Option (right to buy) #0171067	\$ 40.7813 ⁽²⁾	Â	Â	Â	Â Â	03/06/2005 03/06/2010	Common Stock 4,444.
Employee Stock Option (right to buy) #0203574	\$ 29.9813 ⁽³⁾	Â	Â	Â	Â Â	04/24/2005 04/24/2010	Common Stock 2,222.
Employee Stock Option (right to buy) #0285396	\$ 25.1438 ⁽⁴⁾	Â	Â	Â	Â Â	08/20/2005 ⁽⁵⁾ 02/20/2011	Common Stock 2,222.
Employee Stock Option (right to buy) #0365652	\$ 21.591 ⁽⁶⁾	Â	Â	Â	Â Â	07/31/2005 ⁽⁷⁾ 07/31/2012	Common Stock 1,444.

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RAIKES JEFFREY S C/O MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052-6399	Â	Â	Â Group Vice President	Â

Signatures

Keith R. Dolliver, Attorney-in-fact for Jeffrey S.
Raikes

07/08/2005

__Signature of Reporting Person

Date

Explanation of Responses:

* 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).

(1) Includes 655 shares acquired on March 31, 2005 under the Microsoft employee stock purchase plan. Also includes an increase of 1,067 shares to the existing July 31, 2002 stock award in connection with the \$3.00 special dividend paid to shareholders of record on November 17, 2004.

(2) This option was previously reported as an option covering 2,000,000 shares at an exercise price of \$90.63 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. The option has been further adjusted in connection with the \$3.00 special dividend paid to shareholders of record on November 17, 2004.

(3) This option was previously reported as an option covering 1,000,000 shares at an exercise price of \$66.63 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. The option has been further adjusted in connection with the \$3.00 special dividend paid to shareholders of record on November 17, 2004.

(4) This option was previously reported as an option covering 1,000,000 shares at an exercise price of \$55.88 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. The option has been further adjusted in connection with the \$3.00 special dividend paid to shareholders of record on November 17, 2004.

(5) 1,666,666 shares are vested and immediately exercisable, 277,778 shares vest and become exercisable on each of August 20, 2006 and February 20, 2006.

(6) This option was previously reported as an option covering 1,300,000 shares at an exercise price of \$23.99 per share and has been adjusted in connection with the \$3.00 special dividend paid to shareholders of record on November 17, 2004.

(7) 541,666 shares are vested and immediately exercisable, 180,556 shares vest and become exercisable on July 31, 2005, 180,555 shares vest and become exercisable on January 31, 2006, 180,556 shares vest and become exercisable on July 31, 2006, 180,555 shares vest and become exercisable on January 31, 2007, and 180,556 shares vest and become exercisable on July 31, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.