

KOROLOGOS ANN MCLAUGHLIN

Form 4

January 06, 2005

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

**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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *

KOROLOGOS ANN
MCLAUGHLIN

(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. Date of Earliest Transaction

(Month/Day/Year)

01/04/2005

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director☐ Officer (give title
below)☐ 10% Owner☐ Other (specify
below)6. Individual or Joint/Group Filing(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. 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)
Common Stock	01/04/2005		A	(A) or (D) Amount 4,000 (1)	\$ 0 10,444 (2)	D	

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

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information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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SEC 1474
(9-02)

**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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option (Right to Buy) #0168541	\$ 44.0438 (3)					01/31/2001(4) 01/31/2010	Common Stock 33,333
Stock Option (Right to Buy) #0283210	\$ 27.2532 (5)					01/23/2002(6) 01/23/2008	Common Stock 22,222
Stock Option (Right to Buy) #0316196	\$ 29.007 (7)					01/22/2003(8) 01/22/2012	Common Stock 22,222
Stock Option (Right to Buy) #0372476	\$ 24.174 (9)					02/13/2004(10) 02/13/2013	Common Stock 22,222

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KOROLOGOS ANN MCLAUGHLIN C/O MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052-6399	X			

Signatures

Keith R. Dolliver, Attorney-in-Fact for Ann McLaughlin
Korologos

01/06/2005

__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) Represents stock award which shall vest over 5 years at the rate of 20% on the first anniversary of the date of grant and then at the rate of 20% on each of the following four anniversaries thereafter, subject to continuous service on the Board of Directors.
 - (2) Includes an increase of 444 shares to the 1/5/04 stock award as a result of an adjustment made in connection with the \$3.00 special dividend.

This option was previously reported as an option covering 15,000 shares at an exercise price of \$97.88 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
 - (4) The option vests at the rate of 1/3 on January 31, 2001 and additional 1/3 increments every year thereafter.

This option was previously reported as an option covering 10,000 shares at an exercise price of \$60.56 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
 - (6) The option vests at the rate of 1/8 on January 23, 2002 and additional 1/8 increments every six months thereafter.

This option was previously reported as an option covering 10,000 shares at an exercise price of \$64.46 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
 - (8) The option vests at the rate of 1/8 on January 22, 2003 and additional 1/8 increments every six months thereafter.

This option was previously reported as an option covering 10,000 shares at an exercise price of \$53.72 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
 - (10) The option vests at the rate of 1/4 on February 13, 2004 and additional 1/8 increments every six months thereafter.

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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