

KOROLOGOS ANN MCLAUGHLIN  
 Form 4  
 January 06, 2005

**FORM 4**

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

OMB APPROVAL

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**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

(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  10% Owner  
 Officer (give title below)  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. 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 Ownership (Instr. 4)
Common Stock	01/04/2005		A	(A) or (D) Code V Amount Price A 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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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 <u>(3)</u>					01/31/2001 <sup>(4)</sup>	01/31/2010	Common Stock	33,333		
Stock Option (Right to Buy) #0283210	\$ 27.2532 <u>(5)</u>					01/23/2002 <sup>(6)</sup>	01/23/2008	Common Stock	22,222		
Stock Option (Right to Buy) #0316196	\$ 29.007 <u>(7)</u>					01/22/2003 <sup>(8)</sup>	01/22/2012	Common Stock	22,222		
Stock Option (Right to Buy) #0372476	\$ 24.174 <u>(9)</u>					02/13/2004 <sup>(10)</sup>	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.
- (3) 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.
- (5) 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.
- (7) 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.
- (9) 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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