GILMARTIN RAYMOND V
Form 4
January 06, 2005

FORM 4

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

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

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
GILMARTIN RAYMOND V

(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)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/04/2005		A		4,000 (1)	A	$ 0	12,444 (2)	D	
Common Stock								1,200 (3)	I	By spouse

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)

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) #0294735	$ 30.4875 (4)							04/30/2002(5)	04/30/2008	Common Stock	22,222
Stock Option (Right to Buy) #0316195	$ 29.007 (6)							01/22/2003(7)	01/22/2012	Common Stock	22,222
Stock Option (Right to Buy) #0372474	$ 24.174 (8)							02/13/2004(9)	02/13/2013	Common Stock	22,222

Reporting Owners

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

Signatures

Keith R. Dolliver, Attorney-in-Fact for Raymond V. Gilmartin	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 existing 1/5/04 stock award in connection with the $3.00 special dividend payable to shareholders of record on November 17, 2004.

(3) 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 purposes of Section 16 or for any other purpose.

(4) This option was previously reported as an option covering 10,000 shares at an exercise price of $67.75 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.

(5) The option vests at the rate of 1/8 on April 30, 2002 and additional 1/8 increments every six months thereafter.

(6) 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.

(7) The option vests at the rate of 1/8 on January 22, 2003 and additional 1/8 increments every six months thereafter.

(8) 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.

(9) The option vests at the rate of 1/8 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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