

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) July 17, 2006

**Microsoft Corporation**

(Exact Name of Registrant as Specified in Its Charter)

Washington

(State or Other Jurisdiction of Incorporation)

0-14278

(Commission File Number)

91-1144442

(IRS Employer Identification No.)

One Microsoft Way, Redmond, Washington

(Address of Principal Executive Offices)

98052-6399

(Zip Code)

(425) 882-8080

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 7.01. Regulation FD Disclosure

On July 17, 2006, Microsoft Corporation (“the Company”) issued a press release announcing that effective the first quarter of fiscal year 2007, it will report its businesses under five operating segments, reflecting completion of the previously announced changes in the Company’s organizational structure, and how the Company will manage its business beginning in fiscal year 2007. Each of the five segments will be organized under one of the three operating divisions announced earlier in fiscal year 2006:

- Microsoft Platforms and Services Division
- Microsoft Business Division
- Microsoft Entertainment and Devices Division

We are filing this Current Report on Form 8-K to provide the press release and certain other information to help investors better understand these changes.

The five operating segments are described below. The first three of these will compose the Microsoft Platforms and Services Division.

**Client** will include the former Client segment.

**Server and Tools** will include the former Server and Tools segment, excluding the Exchange Server business and certain client access licenses (CALs) related to products residing in the Microsoft Business Division.

**Online Services Group** will include the former MSN segment and Windows Live.

**Microsoft Business Division** will include the former Information Worker and Microsoft Business Solutions segments, as well as the Exchange Server business and certain CALs, formerly reported in the Server and Tools segment.

**Microsoft Entertainment and Devices Division** will include the former Home and Entertainment and Mobile and Embedded Devices segments.

To assist readers of the Company’s financial statements in analyzing these reporting changes and making comparisons of the Company’s financial information, we are voluntarily furnishing a summary of historical financial information previously disclosed in the Management’s Discussion and Analysis Section of our periodic reports, revised to reflect the new operating segment structure, which is attached hereto as Exhibit 99.1. This exhibit includes *Segment Product Revenue/Operating Income (Loss)*, as previously reported and preliminary *Segment Product Revenue/Operating Income (Loss)* tables for the four quarters and fiscal year of fiscal 2005, and the first three quarters of fiscal year 2006, based on the new operating segment structure. The preliminary information in Exhibit 99.1 represents management’s calculations as of the date of this filing, and may change as final organizational changes may continue to take place in early fiscal year 2007.

In our annual report on Form 10-K for fiscal year 2006, the Company will report segment information using the seven operating segments that were in place for that period. The Company expects to include in its fiscal year 2006 Form 10-K a final analysis of both fiscal years 2005 and 2006 on a quarterly basis based on the new operating segment structure.

## Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- |      |   |
|------|---|
| 99.1 | Adjusted Segment Product Revenue/Operating Income (Loss) tables for the four quarters and fiscal year ended June 30, 2005, and the first three quarters of fiscal year 2006 |
| 99.2 | Press release, dated July 17, 2006 issued by Microsoft Corporation  |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION  
(Registrant)

Date: July 17, 2006

/s/ Frank H. Brod

**Frank H. Brod**  
**Corporate Vice President, Finance and Administration and Chief**  
**Accounting Officer**

## Microsoft Corporation

## Adjusted Segment Product Revenue/Operating Income (Loss) tables for the four quarters and fiscal year ended June 30, 2005, and the first three quarters of fiscal year 2006

(In millions)

Previously Reported under Fiscal Year 2006 Operating Segments (unaudited)

Revenue	For the three months ended					For the three months ended			For the nine months ended March 31, 2006
	September 30, 2004	December 31, 2004	March 31, 2005	June 30, 2005	Fiscal Year 2005	September 30, 2005	December 31, 2005	March 31, 2006	
Client	\$ 2,980	\$ 3,193	\$ 2,964	\$ 3,014	\$ 12,151	\$ 3,187	\$ 3,459	\$ 3,187	\$ 9,833
Server & Tools	2,241	2,542	2,459	2,696	9,938	2,531	2,907	2,845	8,283
IW	2,595	2,825	2,805	2,944	11,169	2,698	2,979	2,946	8,623
MBS	156	207	179	242	784	181	242	216	639
MSN	559	606	581	598	2,344	564	593	561	1,718
MED	49	72	61	80	262	74	101	89	264
H&E	609	1,373	571	587	3,140	506	1,556	1,056	3,118
Consolidated	\$ 9,189	\$ 10,818	\$ 9,620	\$ 10,161	\$ 39,788	\$ 9,741	\$ 11,837	\$ 10,900	\$ 32,478

  

Operating Income/(Loss)	For the three months ended					For the three months ended			For the nine months ended March 31, 2006
	September 30, 2004	December 31, 2004	March 31, 2005	June 30, 2005	Fiscal Year 2005	September 30, 2005	December 31, 2005	March 31, 2006	
Client	\$ 2,404	\$ 2,531	\$ 2,346	\$ 2,183	\$ 9,464	\$ 2,577	\$ 2,644	\$ 2,478	\$ 7,699
Server & Tools	707	948	822	814	3,291	907	1,099	1,068	3,074
IW	1,921	2,064	2,029	2,011	8,025	1,946	2,102	2,087	6,135
MBS	(31)	(17)	(39)	(84)	(171)	(11)	10	(13)	(14)
MSN	79	130	102	101	412	81	58	(26)	113
MED	(29)	(12)	(9)	(15)	(65)	(2)	20	(14)	4
H&E	(161)	52	(175)	(201)	(485)	(162)	(298)	(388)	(848)
Other	(1,396)	(947)	(1,747)	(1,820)	(5,910)	(1,290)	(978)	(1,304)	(3,572)
Consolidated	\$ 3,494	\$ 4,749	\$ 3,329	\$ 2,989	\$ 14,561	\$ 4,046	\$ 4,657	\$ 3,888	\$ 12,591

Unaudited Pro Forma Results for Fiscal Year 2007 Operational Changes (a)

Revenue	For the three months ended					For the three months ended			For the nine months ended March 31, 2006
	September 30, 2004	December 31, 2004	March 31, 2005	June 30, 2005	Fiscal Year 2005	September 30, 2005	December 31, 2005	March 31, 2006	
<b>Segments</b>									
Client	\$ 2,980	\$ 3,193	\$ 2,964	\$ 3,014	\$ 12,151	\$ 3,187	\$ 3,459	\$ 3,187	\$ 9,833
Server and Tools	1,906	2,161	2,058	2,245	8,370	2,127	2,438	2,398	6,963
Online Services Group	559	606	581	598	2,344	564	594	561	1,719
Microsoft Business Division	3,086	3,413	3,384	3,637	13,520	3,283	3,689	3,608	10,580
Entertainment and Devices	658	1,445	633	667	3,403	580	1,657	1,146	3,383
Total revenue	\$ 9,189	\$ 10,818	\$ 9,620	\$ 10,161	\$ 39,788	\$ 9,741	\$ 11,837	\$ 10,900	\$ 32,478

  

Operating Income / (Loss)	For the three months ended					For the three months ended			For the nine months ended March 31, 2006
	September 30, 2004	December 31, 2004	March 31, 2005	June 30, 2005	Fiscal Year 2005	September 30, 2005	December 31, 2005	March 31, 2006	
<b>Segments</b>									
Client	\$ 2,387	\$ 2,513	\$ 2,331	\$ 2,172	\$ 9,403	\$ 2,569	\$ 2,638	\$ 2,471	\$ 7,678
Server and Tools	455	660	515	479	2,109	606	762	746	2,114
Online Services Group	79	130	101	101	411	81	58	(26)	113
Microsoft Business Division	2,160	2,355	2,316	2,285	9,116	2,251	2,466	2,414	7,131
Entertainment and Devices	(202)	28	(198)	(235)	(607)	(182)	(296)	(422)	(900)
Corporate-Level Activity	(1,385)	(937)	(1,736)	(1,813)	(5,871)	(1,279)	(971)	(1,295)	(3,545)
Total operating income	\$ 3,494	\$ 4,749	\$ 3,329	\$ 2,989	\$ 14,561	\$ 4,046	\$ 4,657	\$ 3,888	\$ 12,591

(a) All pro forma information presented in this section is preliminary based upon management's present view and is unaudited

**Microsoft Announces Changes to Financial Reporting Structure**

*Financial reporting change further aligns Microsoft along divisional structure*

**REDMOND, Wash. — July 17, 2006** — Microsoft Corporation today announced upcoming changes in its financial reporting structure reflecting completion of previously announced organizational changes. Beginning in fiscal year 2007, the company will report its financial performance based on five operating segments: Client, Server and Tools, Online Services Group, Microsoft Business Division, and Microsoft Entertainment and Devices Division.

Today's news further aligns the company around three operating divisions – Microsoft Platforms and Services Division, Microsoft Business Division, and Microsoft Entertainment and Devices Division – previously created to achieve greater agility in managing future growth and execute on Microsoft's software-based services strategy.

The Microsoft Platforms and Services Division includes the operating segments of Client, Server and Tools, and the Online Services Group. The Online Services Group includes MSN® as well as Windows Live™. The company will continue to report results for each of these three segments, which is consistent with the way they are managed and reported within Microsoft.

The Microsoft Business Division includes the Information Worker and Microsoft Business Solutions businesses. These businesses have been merged and the financial results for these two businesses will be presented as one operating segment.

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The Microsoft Entertainment and Devices Division includes the Home and Entertainment and Mobile and Embedded Devices businesses. These businesses have been merged and the financial results for these two businesses will be presented as one operating segment.

The company also previously announced the formation of the Unified Communications Group within the Microsoft Business Division, which includes the Exchange Server business. Financial results in fiscal year 2007 for the Exchange Server business, as well as certain client access licenses related to products residing in the Microsoft Business Division, will be included as part of the results in the Microsoft Business Division segment. Previously, the financial results for these products and licenses had been included in the Server and Tools segment.

The company will announce financial results for its fiscal fourth quarter on July 20, 2006 for the seven business segments under which the company operated in fiscal year 2006, and will provide fiscal year 2007 guidance under the new operating segment structure.

#### **Financial Information**

Financial segment information for the four quarters and the year for fiscal year 2005 and the first three quarters of fiscal year 2006, as if reported under the new operating segment structure, will be available in our 8-K filing on the company's Web site at [www.microsoft.com/MSFT](http://www.microsoft.com/MSFT).

#### **Webcast Details**

To assist investors in understanding the financial statement impacts of these changes and to answer questions regarding this announcement, Microsoft will hold an audio webcast

at 2:30 p.m. PDT (5:30 p.m. EDT) today with Chris Liddell, chief financial officer, and Frank Brod, corporate vice president and chief accounting officer. Earnings will be announced after market close on July 20, 2006 and discussion of fiscal fourth quarter results and fiscal year 2007 guidance will be deferred until that time.

The session may be accessed at <http://www.microsoft.com/msft>. The webcast will be available for replay through the close of business on July 17, 2007.

### **About Microsoft**

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

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### **For more information, press only:**

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*Note to editors:* If you are interested in viewing additional information on Microsoft, please visit the Microsoft Web page at <http://www.microsoft.com/presspass/> on Microsoft's corporate information pages. Web links, telephone numbers and titles were correct at time of publication, but may since have changed. Shareholder and financial information, as well as today's 2:30 p.m. PDT conference call with investors and analysts, is available at <http://www.microsoft.com/msft>.