

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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| 1. Name and Address of Reporting Person* <u>GATES WILLIAM H III</u> (Last) (First) (Middle) <u>ONE MICROSOFT WAY</u> (Street) <u>REDMOND WA 98052</u> (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>MICROSOFT CORP [MSFT]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>02/28/2007</u> | |
| | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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 | 02/28/2007 | | S | | 10,000 | D | \$28.24 | 918,489,336 | D | |
| Common Stock | 02/28/2007 | | S | | 30,000 | D | \$28.23 | 918,459,336 | D | |
| Common Stock | 02/28/2007 | | S | | 20,000 | D | \$28.22 | 918,439,336 | D | |
| Common Stock | 02/28/2007 | | S | | 27,531 | D | \$28.21 | 918,411,805 | D | |
| Common Stock | 02/28/2007 | | S | | 72,469 | D | \$28.2 | 918,339,336 | D | |
| Common Stock | 02/28/2007 | | S | | 25,000 | D | \$28.19 | 918,314,336 | D | |
| Common Stock | 02/28/2007 | | S | | 120,000 | D | \$28.17 | 918,194,336 | D | |
| Common Stock | 02/28/2007 | | S | | 30,000 | D | \$28.16 | 918,164,336 | D | |
| Common Stock | 02/28/2007 | | S | | 25,000 | D | \$28.15 | 918,139,336 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28.14 | 918,129,336 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28.12 | 918,119,336 | D | |
| Common Stock | 02/28/2007 | | S | | 15,000 | D | \$28.11 | 918,104,336 | D | |
| Common Stock | 02/28/2007 | | S | | 154,295 | D | \$28.1 | 917,950,041 | D | |
| Common Stock | 02/28/2007 | | S | | 123,400 | D | \$28.09 | 917,826,641 | D | |
| Common Stock | 02/28/2007 | | S | | 90,379 | D | \$28.08 | 917,736,262 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28.07 | 917,726,262 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28.06 | 917,716,262 | D | |
| Common Stock | 02/28/2007 | | S | | 108,000 | D | \$28.05 | 917,608,262 | D | |
| Common Stock | 02/28/2007 | | S | | 8,926 | D | \$28.04 | 917,599,336 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28.03 | 917,589,336 | D | |
| Common Stock | 02/28/2007 | | S | | 30,000 | D | \$28.02 | 917,559,336 | D | |
| Common Stock | 02/28/2007 | | S | | 10,000 | D | \$28 | 917,549,336 | D | |
| Common Stock | 02/28/2007 | | S | | 25,000 | D | \$27.99 | 917,524,336 | D | |
| Common Stock | 02/28/2007 | | S | | 5,000 | D | \$27.98 | 917,519,336 | D | |
| Common Stock | 02/28/2007 | | S | | 20,000 | D | \$27.95 | 917,499,336 ⁽¹⁾ | D | |

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) | 4. Deemed Execution Date, if any (e.g., puts/calls, warrants, options, convertible securities) (Month/Day/Year) | 5. Number of 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 Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|---|---|--|--|--|--|---|--|
| <p>Remarks:</p> <p>1. In addition, the reporting person owns 425,066 shares owned by reporting person's spouse. The reporting person disclaims beneficial ownership of these shares, and this report shall be deemed to contain the reporting person is the beneficial owner of the securities for purposes of Section 16 or for other purposes.</p> <p>* Duly authorized under Special Power of Attorney appointing Michael Larson attorney-in-fact, dated February 3, 2006, by and on behalf of William H. Gates III, filed as Exhibit 99.1 to Cascade Investment, L.L.C.'s Amendment No. 2 to Schedule 13G with respect to Arch Capital Group Ltd. on March 7, 2006, SEC File No. 005-45257, and incorporated by reference herein.</p> | | | | | | | | | | |
| | | | | Code V (A) (D) | Date Exercisable | Expiration Date | Amount or Number of Shares | | | |
| | | | | | | William H. Gates III By: /s/ Michael Larson*, Attorney-In-Fact | | 03/02/2007 | | |

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.