

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

REGISTRATION STATEMENT
ON FORM S-8
Under
THE SECURITIES ACT OF 1933

MICROSOFT CORPORATION

(Exact name of registrant as specified in its charter)

WASHINGTON 91-1144442
(State or other jurisdiction (IRS Employer
of incorporation or organization) Identification No.)

ONE MICROSOFT WAY
REDMOND, WASHINGTON 98052-6399
(425) 882-8080

(Address of registrant's Principal Executive Offices)

MICROSOFT CORPORATION 1998 SPECIAL STOCK AWARD PROGRAM
(Full title of the plan)

Robert A. Eshelman
Associate General Counsel
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080

(Name and address of agent for service)

Copies of all communications to:

Mark R. Beatty
Preston Gates & Ellis LLP
5000 Columbia Seafirst Center
701 Fifth Avenue
Seattle, WA 98104
(206) 623-7580

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share*	Proposed maximum aggregate offering price*	Amount of registration fee*
Common shares par value \$.000025	250,000	\$103.19	\$25,797,500	\$7,611

*Estimated pursuant to Rule 457(c) solely for purposes of calculating amount of registration fee, based upon the average of the high and low prices reported on August 11, 1998, as reported on the Nasdaq Stock Market.

The Exhibit Index appears after the Signature Page of this Registration Statement.

PART I. INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information

The documents containing the information specified in Part I of this Registration Statement will be sent or given to eligible employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not required to be and are not filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of this Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

Item 2. Registrant Information and Employee Plan Annual Information.

Upon written or oral request, any of the documents incorporated by reference in Item 3 of Part II of this Registration Statement (which documents are incorporated by reference in this Section 10(a) Prospectus), other documents required to be delivered to eligible employees pursuant to Rule 428(b) or additional information about the Microsoft Corporation 1998 Special Stock Award Program are available without charge by contacting:

Shareholder Services
Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080

PART II. INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Microsoft hereby incorporates by reference into this Registration Statement the documents listed below. In addition, all documents subsequently filed pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents:

(a) Microsoft's latest annual report filed pursuant to Section 13(a) or 15(d) of the Exchange Act, or either the latest prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, that contains audited financial statements for Microsoft's latest fiscal year for which such statements have been filed, or Microsoft's effective Registration Statement on Form 10 filed under the Exchange Act containing audited financial statements for Microsoft's latest fiscal year.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by Microsoft's document referred to in (a) above.

(c) The description of Microsoft's common stock, which is contained in a Registration Statement of the Company filed on Form S-3, dated December 13, 1996, registration number 333-17143.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

The validity of the Shares offered hereby will be passed upon for Microsoft by Preston Gates & Ellis LLP, 5000 Columbia Center, 701 Fifth Avenue, Seattle, Washington 98104. Attorneys who are partners or employed by Preston Gates & Ellis LLP who have provided advice with respect to this matter in the aggregate own less than 500,000 Shares.

Item 6. Indemnification of Directors and Officers.

Article XII of Microsoft's Restated Articles of Incorporation authorizes Microsoft to indemnify any present or former director, officer, employee, or agent of Microsoft, or a person serving in a similar post in another organization at the request of Microsoft, against expenses, judgments, fines, and amounts paid in settlement incurred by him in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to the fullest extent not prohibited by the Washington Business Corporation Act, public policy or other applicable law. Chapter 23B.08.510 and .570 of the Washington Business Corporation Act authorizes a corporation to indemnify its directors, officers, employees, or agents in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including provisions permitting advances for expenses incurred) arising under the 1933 Act.

In addition, Microsoft maintains directors' and officers' liability insurance under which Microsoft's directors and officers are insured against loss (as defined in the policy) as a result of claims brought against them for their wrongful acts in such capacities.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

The Exhibits to this registration statement are listed in the Index to Exhibits on page 7.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Redmond, State of Washington, on this 7th day of August, 1998.

MICROSOFT CORPORATION

/s/ William H. Gates III

William H. Gates III
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William H. Gates III, his or her attorney-in-fact, for him or her in any and all capacities, to sign any amendments to this Registration Statement, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

		Dated -----
/s/ William H. Gates III ----- William H. Gates III	Chairman, Chief Executive Officer, Director (Principal Executive Officer)	August 7, 1998
/s/ Gregory B. Maffei ----- Gregory B. Maffei	Vice President, Finance; Chief Financial Officer (Principal Financial and Accounting Officer)	August 7, 1998
/s/ Paul G. Allen ----- Paul G. Allen	Director	August 7, 1998
/s/ Richard A. Hackborn ----- Richard A. Hackborn	Director	August 7, 1998

/s/ David F. Marquardt Director August 7, 1998

David F. Marquardt

/s/ William G. Reed Director August 7, 1998

William G. Reed, Jr.

/s/ Jon A. Shirley Director August 7, 1998

Jon A. Shirley

/s/ Jill E. Barad Director August 7, 1998

Jill E. Barad

INDEX TO EXHIBITS

Exhibit Number	Description
4	Microsoft Corporation 1998 Special Stock Award Program
5	Opinion of Counsel regarding legality
23.1	Consent of Independent Public Accountant
23.2	Consent of Counsel (included in Exhibit 5)
24	Power of Attorney (Contained within Signature Page)

SUMMARY

The Special Stock Award Program (the "Program") is a program by which Microsoft will give shares of Microsoft's stock to key employees of the Company.

PURPOSE

The purpose of the Program is to enable Microsoft to recognize and reward key employees for significant achievements and contributions to the Company's success.

AWARDS

Awards under the Program have two components:

- . STOCK BONUS. The Recipient of an Award will receive registered shares of the Company's stock, without cost to the Recipient. The shares are given to the Recipient outright, without contingency on continued service and without restrictions on transfer.
- . TAX PAYMENT. Microsoft will calculate all of the Recipient's employment taxes associated with this award (e.g., income tax, FICA) and will remit this amount to the appropriate taxing agencies on the employee's behalf.

If the Company determines in its sole discretion that it is illegal or inadvisable for it to grant, or for the Key Employee to receive, an Award or some component thereof, the Company retains the right to modify the Award, to grant fractional Awards, to substitute other legal forms of compensation of equal or unequal value, in part or in combination, or to grant nothing at all, at its sole discretion.

TOTAL SHARES

The total number of shares granted during the life of Program, for all Awards, will not exceed 250,000 shares of Microsoft common stock.

AWARD SIZE

No Award may be for less than one share. No Award may be for more shares than remain to be granted in the Program (i.e., the maximum number of shares set forth in the paragraph above on Total Shares, net any shares previously Awarded under the Program). Within these limits, the size of the award is at the discretion of the Approvers (defined below).

ELIGIBILITY

Key employees of the Company are eligible to receive Awards under the Program. Key Employees are defined loosely as those executives, managers, and individual contributors whose achievements or contributions have been or are expected to have a significant effect on the Company's success.

It is expected that most of the employees who receive Awards under the program will have been identified as Key People in the annual review process. However, being so identified is not a requirement to receive an Award.

PARTICIPATION

It is anticipated that there will be no greater than 100 awards during any fiscal year. However, the number of Awards in a year may exceed 100 so long as the total number of shares granted under all Awards under the Program does not exceed the total number of shares reserved for the Program, as set forth above in the paragraph on Total Shares.

APPROVERS

All Awards under the program will be subject to Executive Committee approval. All Awards will be granted only by action of the Board of Directors or by the Compensation Committee of the Board of Directors ("Compensation Committee").

All awards to Section 16b Executives must be approved by the Compensation Committee prior to giving the Award. Post facto ratification of an Award to a Section 16b Executive is not sufficient.

IMPLEMENTATION DATE

The Program will be implemented effective as of July 1, 1998.

OPINION OF COUNSEL REGARDING LEGALITY AND CONSENT OF COUNSEL

[LETTERHEAD OF PRESTON GATES & ELLIS LLP]

August 18, 1998

Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399

Re: Microsoft Corporation 1998 Special Stock Award Program

Ladies and Gentlemen:

We have acted as counsel to Microsoft Corporation (the "Company") in connection with the registration with the Securities and Exchange Commission on Form S-8 of shares of Microsoft's common stock, par value \$.000025 (the "Shares"), which will be awarded to certain Microsoft employees under the above-referenced program (the "Program"). In connection with that registration, we have reviewed the proceedings of the Board of Directors of Microsoft relating to the registration and proposed issuance of the common stock, the Articles of Incorporation of Microsoft and all amendments thereto, the Bylaws of Microsoft and all amendments thereto, and such other documents and matters as we have deemed necessary to the rendering of the following opinion.

Based upon that review, it is our opinion that the Shares when issued in conformance with the terms and conditions of the Program, will be legally issued, fully paid, and nonassessable under the Washington Business Corporation Act.

We do not find it necessary for the purposes of this opinion to cover, and accordingly we express no opinion as to, the application of the securities or blue sky laws of the various states as to the issuance and sale of the Shares.

We consent to the use of this opinion in the registration statement filed with the Securities and Exchange Commission in connection with the registration of the Shares and to the reference to our firm under the heading "Interests of Named Experts and Counsel" in the registration statement.

Very truly yours,

PRESTON GATES & ELLIS LLP

By /s/ Mark R. Beatty
Mark R. Beatty

INDEPENDENT AUDITORS' CONSENT

Microsoft Corporation:

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Microsoft Corporation of our report dated July 17, 1997, (August 1, 1997, as to Acquisition Note) incorporated by reference in the Annual Report on Form 10-K of Microsoft Corporation for the year ended June 30, 1997.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Seattle, Washington
August 13, 1998