

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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>Di Valerio J Scott</u> | | | 2. Date of Event Requiring Statement (Month/Day/Year) 05/23/2005 | | 3. Issuer Name and Ticker or Trading Symbol <u>MICROSOFT CORP [MSFT]</u> | | |
| (Last) (First) (Middle) <u>C/O MICROSOFT CORPORATION</u> <u>O/E MICROSOFT WAY</u> | | | 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chief Accounting Officer</u> | | | 5. If Amendment, Date of Original Filed (Month/Day/Year) | |
| (Street) <u>REDMOND WA 98052-6399</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 | |
| (City) (State) (Zip) | | | | | | | |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|--|---|---|
| <u>Common Stock</u> | <u>51,397⁽¹⁾</u> | <u>D</u> | |

Table II - Derivative Securities Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|-------------------|--|-----------------------------|--|--|---|
| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | |
| <u>Employee Stock Option (right to buy)</u> | <u>10/14/2005⁽²⁾</u> | <u>04/14/2013</u> | <u>Common Stock</u> | <u>83,834</u> | <u>22.275</u> | <u>D</u> | |
| <u>Performance Rights</u> | <u>08/31/2006⁽³⁾</u> | <u>08/31/2008</u> | <u>Common Stock</u> | <u>31,350⁽⁴⁾</u> | <u>0⁽⁵⁾</u> | <u>D</u> | |

Explanation of Responses:

- Includes Stock Award for 3,840 shares, of which 1,280 will vest on each of April 14, 2006, April 14, 2007 and April 14, 2008. Includes Stock Award for 7,200 shares which will vest over 5 years at the rate of 20% each year beginning on August 31, 2005. Includes Stock Award for 40,000 shares which will vest over 3 years at the rate of 33% each year beginning on April 22, 2006.
- 500 shares are vested and immediately exercisable. The remaining shares vest and become exercisable at the rate of 13,889 on each of October 14, 2005, April 14, 2006, October 14, 2006, April 14, 2007, October 14, 2007 and April 14, 2008.
- One-third of the number of shares of common stock ultimately awarded under a shared performance stock award ("SPSA") for the fiscal 2004-2006 performance period will be distributed to the reporting person on or about August 31, 2006 (the "initial vest date"), an additional one-third shall vest and distributed to the reporting person on each of the first and second anniversaries of the initial vest date, provided that the Reporting Person remains continuously employed through the applicable vesting date.
- Represents the minimum number of shares of common stock issuable under the SPSA for the fiscal 2004-2006 performance period. The number of shares ultimately received depends on the company's performance against specified performance targets. At the end of the performance period, the number of shares of stock and stock awards will be determined by adjusting upward or downward from a target in a range between 33% and 150%. The number reported herein is based on the 33% minimum. The final performance percentage on which the payout will be based, considering company performance metrics established for the performance period, will be determined by the board or a board committee in its sole discretion. Shares of stock are issued at the end of the performance period and as the stock awards vest over the following two years, provided that the reporting person remains continuously employed through the applicable vest date.
- 1-for-1

Remarks:

Keith R. Dolliver, Attorney-in-Fact for J. Scott 05/25/2005
Di Valerio

** 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 5 (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.

May 23, 2005

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0001

Re: Microsoft Corporation - Power of Attorney

To whom it may concern:

This will confirm that I have granted each of the individuals listed below the authority to, on my behalf, execute and file the Initial Statement of Beneficial Owner

The individuals who are authorized to act as my Attorney-In-Fact under this Power of Attorney are as follows:

John A. Seethoff
Keith R. Dolliver
Shauna L. Vernal
Ben O. Orndorff
Bradford L. Smith
Christyne Mayberry

This Power of Attorney is effective immediately upon filing with the Securities Exchange Commission and for purposes of my future Form 4 and Form 5 filings relating

Sincerely,

/s/ J. Scott Di Valerio
J. Scott Di Valerio