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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
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REGISTRATION STATEMENT
ON FORM S-8
Under
THE SECURITIES ACT OF 1933
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MICROSOFT CORPORATION
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(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation or organization)

91-1144442
(IRS Employer
Identification No.)

One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080
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(Address of registrant's Principal Executive Offices)

MICROSOFT CORPORATION 1999 STOCK OPTION PLAN
FOR NON-EMPLOYEE DIRECTORS
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(Full title of the plan)

Robert A. Eshelman
General Counsel
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080
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(Name and address of agent for service)

Copies of all communications to:
Richard B. Dodd
Preston Gates & Ellis LLP
5000 Columbia Seafirst Center
701 Fifth Avenue
Seattle, WA 98104
(206) 623-7580

Table with 5 columns: TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED, AMOUNT TO BE REGISTERED (1), PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2), PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2), AMOUNT OF REGISTRATION FEE (2). Row 1: COMMON STOCK PAR VALUE \$0.0000125, 2,000,000, \$90.875, \$181,750,000, \$50,526.50

(1) INCLUDES AN INDETERMINATE NUMBER OF ADDITIONAL SHARES THAT MAY BE ISSUED TO ADJUST THE NUMBER OF SHARES ISSUED PURSUANT TO THE NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN DESCRIBED HEREIN AS THE RESULT OF ANY FUTURE STOCK SPLIT, STOCK DIVIDEND OR SIMILAR ADJUSTMENT OF MICROSOFT'S OUTSTANDING COMMON STOCK.

(2) 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 NOVEMBER 24, 1999, AS REPORTED ON THE NASDAQ STOCK MARKET.

The Exhibit Index appears after the Signature Page
of this registration statement.

PART II. INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents are hereby incorporated by reference into this registration statement:

(a) Microsoft's Annual Report on Form 10-K for the fiscal year ended June 30, 1999, filed with the Securities and Exchange Commission (the "Commission") on September 28, 1999, which contains audited consolidated financial statements for the most recent fiscal year for which such statements have been filed.

(b) Microsoft's Proxy Statement dated September 28, 1999.

(c) Microsoft's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, filed with the Commission on November 15, 1999.

(d) The description of Microsoft's common stock, which is contained in a registration statement filed on Form S-3, dated December 2, 1996, registration number 333-17143, as amended.

In addition, all documents subsequently filed pursuant to Sections 13(a), 13(c), 14 and 15(d) of 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.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

The validity of the securities that may be offered under the Microsoft Corporation 1999 Non-Employee Director Stock Option Plan 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 2,000,000 shares of Microsoft's common stock.

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 6.

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 30th day of November, 1999.

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)	November 30, 1999
/s/ Gregory B. Maffei ----- Gregory B. Maffei	Senior Vice President, Finance and Administration; Chief Financial Officer (principal financial and accounting officer)  Director	November 30, 1999
----- Paul Allen		
/s/ Richard A. Hackborn ----- Richard A. Hackborn	Director	November 30, 1999
/s/ David F. Marquardt ----- David F. Marquardt	Director	November 30, 1999
/s/ William G. Reed, Jr. ----- William G. Reed, Jr.	Director	November 30, 1999
/s/ Jon A. Shirley ----- Jon A. Shirley	Director	November 30, 1999

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
5.1	Opinion of Counsel regarding legality
23.1	Consent of Independent Public Accountant
23.2	Consent of Counsel (included in Exhibit 5.1)
24	Power of Attorney (Contained within Signature Page)
99.1	Microsoft Corporation 1999 Non-Employee Director Stock Option Plan

[LETTERHEAD OF PRESTON GATES & ELLIS LLP]

November 29, 1999

Microsoft Corporation  
One Microsoft Way  
Redmond, Washington 98052-6399

Re: Microsoft Corporation 1999 Non-Employee Director Stock Option Plan

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 \$0.0000125 (the "Shares"), which may be issued upon exercise of options granted in connection with the above-referenced plan (the "Plan"). 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 Plan, 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/ Richard B. Dodd  
Richard B. Dodd

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Microsoft Corporation on Form S-8 of our report dated July 19, 1999, included and incorporated by reference in the Annual Report on Form 10-K of Microsoft Corporation for the year ended June 30, 1999.

Deloitte & Touche LLP  
Seattle, Washington  
November 23, 1999



MICROSOFT CORPORATION  
1999 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

1. Purpose  
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The purpose of the Microsoft Corporation 1999 Stock Option Plan for Non-Employee Directors (the "Plan") is to attract and retain the services of experienced and knowledgeable independent directors of Microsoft Corporation (the "Corporation") for the benefit of the Corporation and its stockholders and to provide additional incentive for such directors to continue to work for the best interests of the Corporation and its stockholders through continuing ownership of its common stock.

2. Shares Subject to the Plan  
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The total number of shares of common stock ("Shares"), of the Corporation for which options may be granted under the Plan shall not exceed 2,000,000 in the aggregate, subject to adjustment in accordance with Section 12 hereof. Within the foregoing limitations, Shares for which options have been granted pursuant to the Plan but which options have lapsed or otherwise terminated shall become available for the grant of additional options. There will initially be reserved for issuance upon the exercise of options granted under the Plan 2,000,000 Shares, subject to adjustment in accordance with Section 12 hereof.

3. Administration of Plan  
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The Board of Directors of the Corporation shall administer the Plan. The Board may delegate responsibility for administration of the Plan to a Board committee (the "Committee") composed solely of two or more directors, each of whom is a "Non-Employee Director" (as that term is defined in Rule 16b-3(b) promulgated by the Securities and Exchange Commission pursuant to its authority under the Securities Exchange Act of 1934 (the "Exchange Act")). The Board or the Committee, as the case may be, shall have the power to construe the Plan, to determine all questions arising thereunder, and to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable. References to the "Board" in this Plan shall be deemed to refer to either the Board or the Committee, whichever is appropriate in the context in which the word is used.

4. Discretionary Option Grants  
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Pursuant to this Plan, the Board may grant in its discretion an option to any person who (a) is elected a director of the Corporation, and (b) is not, and has not during the immediately preceding 12 month period been, an employee of the Corporation or any subsidiary of the Corporation. No options under this Section 4 may be granted for more than 10,000 shares in any year, or in the case of a newly elected director for more than 50,000 shares in the year in which the director is first elected. No director shall have any claim or right to be granted an option

under this Plan. Having received an option under this Plan shall not give a director any right to receive any other grant or option under this Plan and the Board may determine that any or all director(s) are not eligible to receive an option under this Plan for an indefinite period or for a specified year or years.

5. Option Agreement  
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Each option granted under the Plan shall be evidenced by an option agreement (the "Agreement") duly executed on behalf of the Corporation and by the director to whom such option is granted, which Agreements may but need not be identical and which shall (a) comply with and be subject to the terms and conditions of the Plan and (b) provide that the director agrees to continue to serve as a director of the Corporation during the term for which he or she was elected. Any Agreement may contain such other terms, provisions, and conditions not inconsistent with the Plan as may be determined by the Board. No option shall be deemed granted within the meaning of the Plan and no purported grant of any option shall be effective, until such Agreement shall have been duly executed on behalf of the Corporation and the director to whom the option is to be granted.

6. Option Exercise Price  
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The Board shall set the option exercise price for an option granted pursuant to Section 4 of the Plan in its discretion.

7. Time and Manner of Exercise of Option  
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(a) The Board shall set the vesting schedule for options granted pursuant to Section 4 of the Plan in its discretion.

(b) To the extent that the right to exercise an option has vested and is in effect, the option may be exercised from time to time, by giving written notice, signed by the person or persons exercising the option, to the Corporation, stating the number of Shares with respect to which the option is being exercised, accompanied by payment in full for such Shares, which payment may be in whole or in part in shares of the common stock of the Corporation already owned by the person or persons exercising the option, valued at fair market value on the date of payment. For purposes hereof, the fair market value of the Shares covered by an option shall be the closing price of the Shares on the applicable date as reported in the National Market List of the National Association of Securities Dealers Inc. Automated Quotation System or on the principal national securities exchange on which the Shares are then listed for trading.

(c) Upon exercise of the option, delivery of a certificate for fully paid and non-assessable Shares shall be made at the principal office of the Corporation in the State of Washington to the person or persons exercising the option as soon as practicable (but in no event more than 30 days) after the date of receipt of the notice of exercise by the Corporation, or at such time, place, and manner as may be agreed upon by the Corporation and the person or persons exercising the option.

8. Term of Options  
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Each option shall expire no more than ten years from the date of the granting thereof, but shall be subject to earlier termination as follows:

(a) In the event of the death of an option holder, the option granted to such person may be exercised to the extent exercisable on the date of death, within the earlier of (i) 180 days after the date of death of such person and (ii) the date on which the option expires by its terms, by the estate of such person, or by any person or persons who acquired the right to exercise such option by will or by the laws of descent and distribution.

(b) In the event that an option holder ceases to be a director of the Corporation, other than by reason of his or her death, an option granted to such person may be exercised, to the extent exercisable on the date such person ceases to be a director, within the earlier of (i) 180 days after the date such person ceases to be a director and (ii) the date on which the option expires by its terms.

9. Merger, Consolidation, Sale of Assets, etc., Resulting in a Change in  
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Control  
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(a) In the event of a Change in Control (as hereinafter defined), notwithstanding the vesting provisions contained in the Agreement granting an option to a director pursuant to this Plan, such option shall become fully exercisable if, within one year of such Change in Control, such director shall cease for any reason to be a member of the Board. For purposes hereof, a Change in Control of the Corporation shall be deemed to have occurred if (i) there shall be consummated (x) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the common stock of the Corporation would be converted into cash, securities, or other property, other than a merger of the Corporation in which the holders of the common stock of the Corporation immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Corporation; or (ii) the stockholders of the Corporation approve any plan or proposal for the liquidation or dissolution of the Corporation; or (iii) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than William H. Gates III, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 30% or more of the Corporation's outstanding common stock; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire Board of Directors shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Corporation's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(b) Any exercise of an option permitted pursuant to this Section 9 shall be made within 180 days of the related director's termination as a director of the Corporation.

10. Options Not Transferable  
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An option granted pursuant to the Plan may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the option holder, only by the option holder; provided that the Board may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability.

11. No Rights as Stockholder Until Exercise  
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Neither the recipient of an option under the Plan nor his successors in interest shall have any rights as a stockholder of the Corporation with respect to any Shares subject to an option granted to such person until such person becomes a holder of record of such Shares.

12. Adjustments Upon Changes in Capitalization or Merger  
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Subject to any required action by the stockholders of the Corporation, the number of shares of common stock covered by each outstanding option, and the number of shares of common stock which have been authorized for issuance under the Plan but as to which no options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an option, as well as the price per share of common stock covered by each outstanding option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the common stock, or any other increase or decrease in the number of issued shares of common stock effected without receipt of consideration by the Corporation; provided, however, that conversion of any convertible securities of the Corporation shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Except as expressly provided herein, no issuance by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of common stock subject to an option.

In the event of the proposed dissolution or liquidation of the Corporation, an outstanding option will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that any option shall terminate as of a date fixed by the Board and give each option holder the right to exercise an option as to all or any part of the stock covered by such option, including Shares as to which the option would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Corporation, or the merger of the Corporation with or into another corporation, each option shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless such successor corporation does not agree to assume each option or to substitute an equivalent option, in which case the Board shall, in lieu of such assumption or

substitution, provide for the option holder to have the right to exercise such option as to all of the stock covered by such option, including Shares as to which such option would not otherwise be exercisable. If the Board makes an option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the option holder that the option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the option will terminate upon the expiration of such period.

#### 13. Restrictions on Issue of Shares

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Notwithstanding anything in this Plan to the contrary, the Corporation may delay the issuance of Shares covered by the exercise of any option and the delivery of a certificate for such Shares until one of the following conditions shall be satisfied:

(a) the Shares with respect to which an option has been exercised are at the time of the issue or transfer of such Shares effectively registered under applicable federal securities laws now in force or hereafter amended; or

(b) counsel for the Corporation shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that such Shares are exempt from registration under applicable federal securities laws now in force or hereafter amended.

It is intended that all exercises of options shall be effective. Accordingly, the Corporation shall use its best efforts to bring about compliance with the above conditions within a reasonable time, except that the Corporation shall be under no obligation to cause a registration statement or a post-effective amendment to any registration statement to be prepared at its expense solely for the purpose of covering the issuance or transfer from the Corporation's treasury of Shares in respect of which any option may be exercised.

#### 14. Purchase for Investment

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Unless the Shares to be issued upon exercise of an option granted under the Plan have been effectively registered under the Securities Act of 1933 as now in force or hereafter amended, the Corporation shall be under no obligation to issue or transfer any Shares covered by any option unless the person or persons who exercise such option, in whole or in part, shall give a written representation and undertaking to the Corporation, which is satisfactory in form and scope to counsel to the Corporation and upon which, in the opinion of such counsel, the Corporation may reasonably rely, that he or she is acquiring the shares issued or transferred to him or her for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution for any such Shares, and that he or she will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the Securities Act of 1933, or any other applicable law, and that if Shares are issued or transferred without such registration a legend to this effect may be placed upon the certificates representing the Shares.

15. Effective Date

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The effective date (the "Effective Date") of this Plan shall be the date on which the Plan is approved by stockholders of the Corporation.

16. Expenses of the Plan

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All costs and expenses of the adoption and administration of the Plan shall be borne by the Corporation and none of such expenses shall be charged to any director.

17. Termination and Amendment of Plan

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Unless sooner terminated as herein provided, the Plan shall terminate ten years from the Effective Date. The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable; provided, however, that stockholder approval will be required for any amendment that will (a) increase the total number of shares as to which options may be granted under the Plan, (b) modify the class of persons eligible to receive options, or (c) otherwise require stockholder approval under any applicable law or regulation. In addition, the Board shall not amend the provisions in the Plan regarding the amount, pricing, and timing for grants pursuant to this Plan more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder. Termination or any modification or amendment of the Plan shall not, without the consent of an option holder, affect his or her rights under an option previously granted to him or her.