

**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	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <b>CASH JAMES I</b>  (Last) (First) (Middle) <b>C/O MICROSOFT CORPORATION</b> <b>ONE MICROSOFT WAY</b>  (Street) <b>REDMOND WA 98052-6399</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>MICROSOFT CORP [ MSFT ]</b>	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) <b>01/04/2005</b>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

**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	01/04/2005		A		4,000 <sup>(1)</sup>	A	\$0	22,444 <sup>(2)</sup>	D	
Common Stock								200	I	By son's UGTMA account
Common Stock								200 <sup>(3)</sup>	I	By nephew's UGTMA account

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative 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 Securities Underlying Derivative 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)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Stock Option (Right to Buy) #0296991	\$31.851 <sup>(4)</sup>							06/04/2002 <sup>(5)</sup>	06/04/2008	Common Stock 22,222		22,222 <sup>(4)</sup>	D	
Stock Option (Right to Buy) #0316193	\$29.007 <sup>(6)</sup>							01/22/2003 <sup>(7)</sup>	01/22/2012	Common Stock 22,222		22,222 <sup>(6)</sup>	D	
Stock Option (Right to Buy) #0372473	\$24.174 <sup>(8)</sup>							02/13/2004 <sup>(9)</sup>	02/13/2013	Common Stock 22,222		22,222 <sup>(8)</sup>	D	

**Explanation of Responses:**

- Represents stock award which shall vest over 5 years at the rate of 20% on the first anniversary of the date of grant and then at the rate of 20% on each of the following four anniversaries thereafter, subject to continuous service on the Board of Directors.
- Includes an increase of 444 shares to the existing 1/5/04 stock award in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
- The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission or that the reporting person is the beneficial owner of the securities for purposes of Section 16 or for any other purpose.
- This option was previously reported as an option covering 10,000 shares at an exercise price of \$70.78 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
- The option vests at the rate of 1/8 on June 4, 2002 and additional 1/8 increments every six months thereafter.
- This option was previously reported as an option covering 10,000 shares at an exercise price of \$64.46 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
- The option vests at the rate of 1/8 on January 22, 2003 and additional 1/8 increments every six months thereafter.
- This option was previously reported as an option covering 10,000 shares at an exercise price of \$53.72 per share, and has been adjusted as a result of a 2-for-1 stock split on February 14, 2003. This option has been further adjusted in connection with the \$3.00 special dividend payable to shareholders of record on November 17, 2004.
- The option vests at the rate of 1/8 on February 13, 2004 and additional 1/8 increments every six months thereafter.

**Remarks:**

Keith R. Dolliver, Attorney-in-  
Fact for James I. Cash, Jr.

01/06/2005

\*\* 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.**