

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) July 5, 2007

Microsoft Corporation

(Exact Name of Registrant as Specified in Its Charter)

Washington

(State or Other Jurisdiction of Incorporation)

0-14278

(Commission File Number)

91-1144442

(IRS Employer Identification No.)

One Microsoft Way, Redmond, Washington

(Address of Principal Executive Offices)

98052-6399

(Zip Code)

(425) 882-8080

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

On July 5, 2007, Microsoft Corporation issued a press release announcing expanded Xbox 360 warranty coverage and related financial charges. The press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated July 5, 2007 issued by Microsoft Corporation.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION
(Registrant)

Date: July 5, 2007

/s/ Frank H. Brod

Frank H. Brod
Corporate Vice President, Finance and Administration;
Chief Accounting Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press release dated July 5, 2007.

Microsoft Expands Xbox 360 Warranty Coverage

REDMOND, Wash. — July 5, 2007 —Microsoft Corp. today announced that it will expand its global Xbox 360 warranty coverage. Any Xbox 360 customer who experiences a general hardware failure indicated by three flashing red lights will now be covered by a three year warranty from date of purchase. All other existing Xbox 360 warranty policies remain in place.

As a result of what Microsoft views as an unacceptable number of repairs to Xbox 360 consoles, the company conducted extensive investigations into potential sources of general hardware failures. Having identified a number of factors which can cause general hardware failures indicated by three red flashing lights on the console, Microsoft has made improvements to the console and is enhancing its Xbox 360 warranty policy for existing and new customers.

Microsoft stands behind its products and is taking responsibility to repair or replace any existing Xbox 360 console that experiences the “three flashing red lights” error message within three years from time of purchase free of charge, including shipping costs. Microsoft will take a \$1.05 billion to \$1.15 billion pre-tax charge to earnings for the quarter ended June 30, 2007 for anticipated costs under its current and enhanced Xbox 360 policies.

“The majority of Xbox 360 owners are having a great experience with their console and have from day one. But, this problem has caused frustration for some of our customers and for that, we sincerely apologize,” said Robbie Bach, president of Microsoft’s Entertainment & Devices Division. “We value our community tremendously and look at this as an investment in our customer base. We look forward to great things to come.”

For any customer who has previously paid for repair expenses related to the three flashing lights error message on the Xbox 360 console, Microsoft will retroactively reimburse them.

At 2:30 p.m. PDT today, Microsoft will hold a teleconference for financial analysts and investors with Robbie Bach, president of Entertainment and Devices, Chris Liddell, senior vice president and chief financial officer, and Frank Brod, corporate vice president and chief accounting officer to discuss today's announcement. To participate, U.S. residents can dial +1-888-459-9165, and those outside the United States can dial +1-773-799-3324. The passcode is MSFT. The call will be available for playback beginning approximately one hour after the conclusion of the call through 5pm PDT on Thursday, July 12, 2007. To access the playback, U.S. residents can dial +1-866-363-4143, and those outside the United States can dial +1-203-369-0210. An audio webcast of the conference call will also be made available at the Investor Relations site at <http://www.microsoft.com/msft>.

Xbox 360 customers with questions should visit www.xbox.com.

About Microsoft

Founded in 1975, Microsoft (NASDAQ "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

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For more information, press only:

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Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially. For further information regarding risks and uncertainties associated with Microsoft's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of Microsoft's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Microsoft's Investor Relations department at (800) 285-7772 or at Microsoft's Investor Relations website at <http://www.microsoft.com/msft>.

All information in this release is as of July 5, 2007. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.