FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

<b>STATEMENT</b>	<b>OF CHANGES</b>	IN BENEFICIAL	<b>OWNERSHIP</b>

## OMB APPROVAL

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

Name and Address of Reporting Person*     GATES WILLIAM H III			2. Issuer Name <b>and</b> Ticker or Trading Symbol  MICROSOFT CORP [ MSFT ]									oplicable) ector	g Person(s) to I	Owner					
(Last) ONE MICE	(Last) (First) (Middle) ONE MICROSOFT WAY						3. Date of Earliest Transaction (Month/Day/Year) 08/08/2006								X Officer (give title Other (specify below) below)  Chairman of the Board				
(Street)	D W	A	98052		4. If Amendment, Date of Original Filed (Month/Day/Year)								6. Individual or Joint/Group Filing (Check Applicable Line)  X Form filed by One Reporting Person Form filed by More than One Reporting						
(City)	(Sta	ate)	(Zip)											son	e than One Kep	Jording			
		Tab	le I - No	n-Deriv	ative \$	Securities	s Ac	quirec	l, Dis	sposed of	, or Be	nefici	ally Owi	ied					
1. Title of Sec	curity (Inst	r. 3)		2. Transaction Date (Month/Day/Year)		ar) if any	3. Transaction Code (Instr. 8)			Acquired (A) or f (D) (Instr. 3, 4 and		Beneficially Owned Following Reported		6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)				
							Code	٧	Amount	(A) or (D)	Price	Trans (Insti	action(s) . 3 and 4)						
Common St	tock			08/08/	2006			S		16,454	D	\$24.	34 95	3,172,424	D				
Common St	tock			08/08/	2006			S		8,200	D	\$24.3	339 95	3,164,224	D				
Common St	tock			08/08/	2006			S		2,800	D	\$24.3	337 95	3,161,424	D				
Common St	tock			08/08/	2006			S		50,600	D	\$24.	33 95	8,110,824	D				
Common St	tock			08/08/	2006			S		8,700	D	\$24.3	328 95	3,102,124	D				
Common St	tock			08/08/	2006			S		58,700	D	\$24.	32 95	3,043,424	D				
Common St	tock			08/08/	2006			S		4,800	D	\$24.3	315 95	3,038,624	D				
Common St	tock			08/08/	2006			S		21,300	D	\$24.	31 95	3,017,324	D				
Common St	tock			08/08/	2006			S		5,300	D	\$24.3	303 95	3,012,024	D				
Common St	tock			08/08/	2006			S		2,500	D	\$24.3	302 95	3,009,524	D				
Common St	tock			08/08/	2006			S		4,900	D	\$24.3	301 95	3,004,624	D				
Common St	tock			08/08/	2006			S		7,588	D	\$24	.3 95	7,997,036	D				
Common Stock		08/08/2006				S		9,000	D	\$24.2	295 95	7,988,036	D						
Common St	tock			08/08/	2006			S		6,300	D	\$24.2	294 95	7,981,736	D				
Common St	tock			08/08/	2006			S		8,000	D	\$24.2	293 95	7,973,736	D				
Common St	tock			08/08/	2006			S		2,100	D	\$24.2	291 95	7,971,636	D				
Common St	tock			08/08/	2006			S		2,100	D	\$24.	29 95	7,969,536	D				
Common St	tock			08/08/	2006			S		4,200	D	\$24.2	281 95	7,965,336	D				
Common St	tock			08/08/	2006			S		8,000	D	\$24.	28 95	7,957,336	D				
Common St	tock			08/08/	2006			S		24,000	D	\$24.2	279 95	7,933,336	D				
Common St	tock			08/08/	2006			S		21,600	D	\$24.2	274 95	7,911,736	D				
Common St	tock			08/08/	2006			S		10,400	D	\$24.2	269 95	7,901,336	D				
Common St	tock			08/08/	2006			S		2,000	D	\$24.	23 957	,899,336(1)	D				
		Т	able II -							osed of, convertible				d		,			
1. Title of 2. 3. Transaction Date Execution Security or Exercise (Month/Day/Year) if any		med	ed 4. Date, Transaction Code (Instr.		nber ative ities red sed	•	Exercion Da	isable and ite ear)	7. Title and Amount of Securities Underlying Derivative Security (Instr. and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (Instr. 4)	Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)					

		Та	ble II - Deriva (e.g., p	ı				options,	convertib		lor t	y Owned			
1. Title of	2.	3. Transaction	3A. Deemed	<b>⊈</b> ode	V	6A)Nu	m( <b>De)</b> r	ExPetisEbler			aSalodares	8. Price of	9. Number of	10.	11. Nature
		e(Month/Day/Year)		Code (			ative	Expiration D (Month/Day/	Year)	Amour Securi	ties	Derivative Security	derivative Securities	Ownership Form:	of Indirect Beneficial
(Instr. 3) 1. In addition	Price of there are 425, Derivative	066 shares owned by	"(Month/Day/Year) reporting person's sp	ouse. T	he repor	Secu Ling pe Acqu	rities Ison dis Irea	claims benefic	ial ownership	"Underl Deriva	<b>ying</b> Securities, ar li <b>ve</b>	(Instr. 5) nd this report	' <b>Beneficially</b> shall not be deem <b>Owned</b>	Direct (D) ed an admissio or indirect	Ownership (Instr. 4)
reporting pers	Security benef	icial owner of the sec	curities for purpose o	f Section I	16 or f	O(A) OI Dispo	other p	urposes. I		Securi	ty (Instr. 3		Following Reported	(I) (Instr. 4)	, , I
Remarks						of (D)	)			and 4)			Transaction(s)		
			ey appointing Michae respect to Arch Capi											.1 to Cascade	Investment,
									W	illiam l	H. Gates l	III By: /s/			
									<u>M</u>	ichael i	Larson*,	Attorney-I	n- 08/10/200	<u>6</u>	
									Fa	<u>ct</u>	Amount				
									** :	signatur	e of Repor	ing Person	Date		
			class of securities						Expiration		of				
: If the form	is filed by mo	le than one reportir	n nerson see Insti	1. KARA .	l Yhiai	(A)	(D)	Exercisable	Date	Title	Shares				l

<sup>\*</sup> If the form is filed by more than one reporting person, see Institute (SRR + Yb)(v) (A) (D) Exercisable Date Title Share

\*\* 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.

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