

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

- Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
- Form 3 Holdings Reported.
- Form 4 Transactions Reported.

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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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|  |   |  |
|--|---|--|
| <p>1. Name and Address of Reporting Person*</p> <p><u>MATHEW MICH</u></p> <p>(Last) (First) (Middle)</p> <p><u>ONE MICROSOFT WAY</u></p> <p>(Street)</p> <p><u>REDMOND WA 98052-6399</u></p> <p>(City) (State) (Zip)</p> | <p>2. Issuer Name and Ticker or Trading Symbol</p> <p><u>MICROSOFT CORP [ MSFT ]</u></p> <p>3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)</p> <p><u>06/30/2004</u></p> <p>4. If Amendment, Date of Original Filed (Month/Day/Year)</p> | <p>5. Relationship of Reporting Person(s) to Issuer (Check all applicable)</p> <p>Director 10% Owner</p> <p><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)</p> <p><u>Corporate Vice President</u></p> <p>6. Individual or Joint/Group Filing (Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p>Form filed by More than One Reporting Person</p> |
|--|---|--|

**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 at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|---------|--|--|---|
|                                 |                                      |  |                                | Amount  | (A) or (D) | Price   |  |  |   |
| Common Stock                    | 07/31/2003                           |  | F                              | 318   | D          | \$26.41 | 28,664 <sup>(1)</sup>  | D  |   |
| Common Stock                    |                                      |  |                                |   |            |         | 1,289 <sup>(2)</sup>   | I  | By 401(k)   |
| Common Stock                    |                                      |  |                                |   |            |         | 449,201  | I  | By Spouse   |

**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) |           |
|--|--|--------------------------------------|--|--------------------------------|--|---------|--|-----------------|---|--|--|---|--|-----------|
|  |  |                                      |  |                                | (A)  | (D)     | Date Exercisable   | Expiration Date |   |  |  |   |  | Title     |
| Put Option (Right to Sell)                 | \$24.354   | 07/07/2004                           |  | E                              |  | 165,000 | 07/07/2004   | 07/07/2004      | Common Stock  | 165,000                                    | \$0  | 0   | I  | By Spouse |
| Call Option (Obligation to Buy)            | \$29.9067  | 07/07/2004                           | 07/07/2003   | E                              |  | 165,000 | 07/07/2004   | 07/07/2004      | Common Stock  | 165,000                                    | \$0  | 0   | I  | By Spouse |

**Explanation of Responses:**

- 1. Includes 910 shares acquired on June 30, 2004 under the Microsoft employee stock purchase plan.
- 2. 401(k) balance as of June 30, 2004.

**Remarks:**

Keith R. Dolliver, Attorney-in-Fact for Michelle J. Mathews 07/28/2004

\*\* 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.

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