

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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)
November 8, 2004

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)

Registrant's telephone number, including area code
(425) 882-8080

(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:

- 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))
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Item 2.02. Results of Operations and Financial Condition

On November 8, 2004, Microsoft Corporation issued a press release announcing that it had reached an agreement with Novell, Inc. to resolve certain antitrust claims. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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: November 8, 2004

/s/ John A. Seethoff

John A. Seethoff
Assistant Secretary

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated November 8, 2004, issued by Microsoft Corporation

Novell and Microsoft Reach Settlement on Antitrust Claims**Novell Releases Antitrust Claims for Netware and Agrees to Withdraw From European Commission Case**

REDMOND, Wash. — Nov. 8, 2004 — Microsoft Corporation today announced that it has reached an agreement with Novell, Inc. to resolve all antitrust claims as of today relating to Novell's NetWare product and all of the other products and businesses which it currently owns. The agreement results from a private mediation between the two companies.

As part of this agreement, Novell will release its antitrust claims under U.S. and all other national and state laws concerning these products. Novell will also withdraw from participation in the European Commission's case with Microsoft and will no longer participate as an intervener on behalf of the European Commission in Microsoft's appeal of the Commission's March 24 ruling. Microsoft will pay Novell \$536 million under the agreement, and Microsoft will also release its compulsory counterclaims to those antitrust claims regarding NetWare. The agreement does not obligate Microsoft to license or otherwise share any of its technology or intellectual property rights with Novell, nor does it include any admission of wrongdoing by Microsoft.

While the parties were able to resolve all antitrust claims related to Novell's current businesses, including NetWare, they have not been able to reach agreement concerning Novell's antitrust claims related to its ownership of WordPerfect between June 1994 and March 1996. Novell retains the right to pursue those claims. In addition, both parties retain the right to pursue past or future patent claims.

"Over the past two years, we have made a sustained effort to build more constructive relationships with our industry partners and competitors," said Brad Smith, senior vice president and general counsel for Microsoft. "Today's Netware settlement is a product of that effort and reflects an open dialogue the companies established to address and ultimately resolve this matter. We could not resolve claims related to WordPerfect in any manner we thought appropriate, and we are prepared to turn to the courts to resolve it."

Due to the nature and timing of the settlement, the first quarter financial results that were previously released on October 21, 2004 will be updated to include the impact of the settlement. Net income and earnings per share for the quarter were \$2.53 billion and \$0.23 respectively, including \$359 million (\$536 million pre-tax) or \$0.03 per share relating to the settlement.

In light of recent progress in addressing antitrust litigation and claims that have been made against Microsoft, including the recent developments with Novell, the company believes that it can now estimate the additional antitrust exposure that it is reasonably possible it will incur. The company estimates that it is reasonably possible it will incur additional exposure of up to \$950 million for remaining antitrust claims, including \$200 million above the amount previously described in its most recent 10-K filing with the SEC related to resolving remaining class action overcharge cases.

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.

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 “Issues and Uncertainties” 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> .

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