

GATES WILLIAM H III  
 Form 4  
 August 10, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**GATES WILLIAM H III**

(Last) (First) (Middle)

**ONE MICROSOFT WAY**

(Street)

**REDMOND, WA 98052**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**MICROSOFT CORP [MSFT]**

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**08/08/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

Chairman of the Board

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**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	08/08/2006		S		16,454 D \$ 24.34	958,172,424	D
Common Stock	08/08/2006		S		8,200 D \$ 24.339	958,164,224	D
Common Stock	08/08/2006		S		2,800 D \$ 24.337	958,161,424	D
Common Stock	08/08/2006		S		50,600 D \$ 24.33	958,110,824	D
Common Stock	08/08/2006		S		8,700 D \$ 24.328	958,102,124	D

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Common Stock	08/08/2006	S	58,700	D	\$ 24.32	958,043,424	D
Common Stock	08/08/2006	S	4,800	D	\$ 24.315	958,038,624	D
Common Stock	08/08/2006	S	21,300	D	\$ 24.31	958,017,324	D
Common Stock	08/08/2006	S	5,300	D	\$ 24.303	958,012,024	D
Common Stock	08/08/2006	S	2,500	D	\$ 24.302	958,009,524	D
Common Stock	08/08/2006	S	4,900	D	\$ 24.301	958,004,624	D
Common Stock	08/08/2006	S	7,588	D	\$ 24.3	957,997,036	D
Common Stock	08/08/2006	S	9,000	D	\$ 24.295	957,988,036	D
Common Stock	08/08/2006	S	6,300	D	\$ 24.294	957,981,736	D
Common Stock	08/08/2006	S	8,000	D	\$ 24.293	957,973,736	D
Common Stock	08/08/2006	S	2,100	D	\$ 24.291	957,971,636	D
Common Stock	08/08/2006	S	2,100	D	\$ 24.29	957,969,536	D
Common Stock	08/08/2006	S	4,200	D	\$ 24.281	957,965,336	D
Common Stock	08/08/2006	S	8,000	D	\$ 24.28	957,957,336	D
Common Stock	08/08/2006	S	24,000	D	\$ 24.279	957,933,336	D
Common Stock	08/08/2006	S	21,600	D	\$ 24.274	957,911,736	D
Common Stock	08/08/2006	S	10,400	D	\$ 24.269	957,901,336	D
Common Stock	08/08/2006	S	2,000	D	\$ 24.23	957,899,336	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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