MICROSOFT CORP

Form 4

August 31, 2006

FORM 4

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).

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 [*] TURNER BRIAN KEVIN	2. Issuer Name **and** Ticker or Trading Symbol MICROSOFT CORP [MSFT]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
(Last) (First) (Middle)	3. Date of Earliest Transaction (Month/Day/Year) 08/31/2006	_____ Director _____ 10% Owner __X__ Officer (give title _____ Other (specify below) below) Chief Operating Officer
C/O MICROSOFT CORPORATION, ONE MICROSOFT WAY		
(Street)	4. If Amendment, Date 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 Person
REDMOND, WA 98052-6399		
(City) (State) (Zip)		

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	08/31/2006		A		630,240 (1)	A	$ 0	950,240	D	

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

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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 Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TURNER BRIAN KEVIN C/O MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052-6399			Chief Operating Officer	

Signatures

Keith R. Dolliver, Attorney-in-Fact for Brian Kevin Turner	08/31/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* 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).

(1) Represents shared performance stock award (SPSA) granted in September 2005 for a 2.5-year performance period that ended on June 30, 2006. The number of shares is based on the achievement of pre-defined performance criteria. One-third of the SPSA vested on and was distributed to the reporting person on August 31, 2006, an additional one-third shall vest and be distributed to the reporting person on each of August 31, 2007 and August 31, 2008, provided that the reporting person remains continuously employed through the applicable vesting date.

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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