

MUGLIA ROBERT L
Form 3
November 07, 2005

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| * MUGLIA ROBERT L | | (Month/Day/Year) 10/27/2005 | MICROSOFT CORP [MSFT] | |
| (Last) | (First) | (Middle) | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| C/O MICROSOFT CORPORATION, ONE MICROSOFT WAY | | | (Check all applicable) | |
| (Street) | | | <input type="checkbox"/> Director | <input type="checkbox"/> 10% Owner |
| REDMOND, WA 98052-6399 | | | <input checked="" type="checkbox"/> Officer | <input type="checkbox"/> Other |
| (City) | (State) | (Zip) | (give title below) (specify below) | |
| | | | Senior Vice President | |
| | | | 6. Individual or Joint/Group Filing(Check Applicable Line) | |
| | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person | |
| | | | <input type="checkbox"/> Form filed by More than One Reporting Person | |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock | 108,212 ⁽¹⁾ | D | À |
| Common Stock | 63,024 ⁽²⁾ | I | By 401(k) |
| Common Stock | 5,760 | I | By Spouse |
| Common Stock | 19,288 | I | By Spouse 401(k) |
| Common Stock | 7,200 | I | By IRA |
| Common Stock | 14,000 ⁽³⁾ | I | By Family Foundation |

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

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|-----------------|--|----------------------------|--|--|--|
| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | |
| Employee Stock Option (right to buy) #0171066 | 03/06/2005 | 03/06/2010 | Common Stock | 4,444,444 | \$ 40.7813 | D | Â |
| Employee Stock Option (right to buy) #0203526 | 04/24/2005 | 04/24/2010 | Common Stock | 2,222,222 | \$ 29.9813 | D | Â |
| Employee Stock Option (right to buy) #0285244 | 08/20/2005 ⁽⁴⁾ | 02/20/2011 | Common Stock | 2,222,222 | \$ 25.1438 | D | Â |
| Performance Rights | 08/31/2006 ⁽⁵⁾ | 08/31/2008 | Common Stock | 73,333 ⁽⁶⁾ | \$ 0 ⁽⁷⁾ | D | Â |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| MUGLIA ROBERT L C/O MICROSOFT CORPORATION ONE MICROSOFT WAY REDMOND, WA 98052-6399 | Â | Â | Â Senior Vice President | Â |

Signatures

Keith R. Dolliver, Attorney-in-fact for Robert L. Muglia

11/07/2005

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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) Includes an aggregate of 47,113 shares represented by unvested stock awards, of which 3,022 shares will vest on July 31, 2006, 3,023 shares will vest on July 31, 2007, 2,667 shares will vest on each of August 29, 2006, 2007, 2008 and on each of August 31, 2006, 2007, 2008, 2009, 10,200 shares will vest over 5 years at the rate of 20% each year beginning August 31, 2006 and 15,000 shares will vest over 3 years at the rate of 33% each year beginning September 30, 2006.
 - (2) Balance as of October 31, 2005.
 - (3) The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.
 - (4) 1,944,444 shares are vested and immediately exercisable and 277,778 shares vest and become exercisable on February 20, 2006.

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- (5) One-third of the number of shares of common stock ultimately awarded under a shared performance stock award ("SPSA") will be distributed to the reporting person on or about August 31, 2006 (the "initial vest date"), an additional one-third shall vest and be distributed to the reporting person on each of the first and second anniversaries of the initial vest date, provided that the reporting person remains continuously employed through the applicable vesting date.

- (6) Represents the minimum number of shares of common stock issuable under the SPSA for the fiscal 2004-2006 performance period. The number of shares ultimately received depends on the company's performance against specified performance targets. At the end of the performance period, the number of shares of stock and stock awards will be determined by adjusting upward or downward from a target in a range between 33% and 150%. The number reported herein is based on the 33% minimum. The final performance percentage on which the payout will be based, considering company performance metrics established for the performance period, will be determined by the board or a board committee in its sole discretion. Shares of stock are issued at the end of the performance period and as the stock awards vest over the following two years, provided that the reporting person remains continuously employed through the applicable vest date.

- (7) 1-for-1

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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