424B2 1 d424b2.htm FINAL PROSPECTUS SUPPLEMENT

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price
2.500% Notes due 2016	$ 750,000,000	99.753%	$748,147,500
4.000% Notes due 2021	$ 500,000,000	99.747%	$498,735,000
5.300% Notes due 2041	$1,000,000,000	99.154%	$991,540,000

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. The total registration fee due for this o
(2) Paid herewith.

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Prospectus Supplement
(To Prospectus dated November 20, 2008)

$2,250,000,000

Microsoft Corporation

$750,000,000 2.500% Notes due 2016
$500,000,000 4.000% Notes due 2021
$1,000,000,000 5.300% Notes due 2041

We are offering $750,000,000 aggregate principal amount of 2.500% notes due 2016, $500,000,000 aggregate principal amo
$1,000,000,000 aggregate principal amount of 5.300% notes due 2041. The 2016 notes will mature on February 8, 2016, the 2021 notes
and the 2041 notes will mature on February 8, 2041. Interest on the notes will accrue from February 8, 2011 and be payable on February
commencing on August 8, 2011.

The notes will be our senior unsecured obligations and will rank equally with our other unsecured and unsubordinated debt f

See "Risk Factors" on page S-7 for a discussion of certain risks that should be considered in connection with an investment i

	Price to Public(1)	Underv Disco
Per 2016 note	99.753%	
Total	$748,147,500	$ 2,6
Per 2021 note	99.747%	
Total	$498,735,000	$ 2,2
Per 2041 note	99.154%	
Total	$991,540,000	$ 8,7

(1) Plus accrued interest, if any, from February 8, 2011.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved o
this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a crim**

The notes will not be listed on any securities exchange. Currently, there is no public trading market for the notes.

We expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company and its
Euroclear Bank and Clearstream, on or about February 8, 2011.

Final Prospectus Supplement

Joint Book-Running Managers

BofA Merrill Lynch
Goldman, Sachs & Co. **HSBC** **Morgan Stanle**

Co-Manager

The Williams Capital Group, L.P.

The date of this prospectus supplement is February 3, 2011

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the n accompanying prospectus dated November 20, 2008, which we refer to as the "accompanying prospectus." The accompanying prospectu securities and gives more general information, some of which may not apply to the notes. The accompanying prospectus also incorporate described under "Incorporation by Reference" in that prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accomp writing prospectus filed by us with the Securities and Exchange Commission. If information in this prospectus supplement is inconsisten prospectus, you should rely on this prospectus supplement. We have not, and the underwriters have not, authorized any other person to p information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the incorporated by reference in this prospectus supplement and the accompanying prospectus or in any such free writing prospectus is accu respective dates thereof. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are not, and the underwriters are not, making an offer of the notes in any jurisdiction where the offer or sale is not permit

References in this prospectus supplement to “Microsoft,” “we,” “us” and “our” and all similar references are to Microsoft Co subsidiaries, unless otherwise stated or the context otherwise requires. However, in the “Description of the Notes” section of this prospec “Description of the Debt Securities” section of the accompanying prospectus, references to “we,” “us” and “our” are to Microsoft Corpor not to any of its subsidiaries.

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SUMMARY

The following summary highlights information contained or incorporated by reference in this prospectus supplement and may not contain all of the information that you should consider before investing in the notes. You should carefully read this entire pro the accompanying prospectus and the documents incorporated by reference that are described in the accompanying prospectus under Information."

Microsoft Corporation

Our mission is to enable people and businesses throughout the world to realize their full potential. Since the company was worked to achieve this mission by creating technology that transforms the way people work, play, and communicate. We develop and hardware, and solutions that we believe deliver new opportunities, greater convenience, and enhanced value to people's lives. We do b and have offices in more than 100 countries.

We generate revenue by developing, manufacturing, licensing, and supporting a wide range of software products and servi computing devices. Our software products and services include operating systems for personal computers, servers, and intelligent dev distributed computing environments; information worker productivity applications; business solutions applications; high-performance software development tools; and video games. We provide consulting and product and solution support services, and we train and cert and developers. We also design and sell hardware including the Xbox 360 gaming and entertainment console and accessories, the Zun entertainment device and accessories, and Microsoft personal computer hardware products. In addition to selling individual products a products and services, including those discussed below and the enterprise client access license suite, which licenses access to Microso

We earn revenues from customers paying a fee to license software; that will continue to be an important part of our busine deliver "cloud-based" computing services. Cloud-based computing involves providing software, services and content over the Interne resources located in centralized data centers. Consumers and business customers access these resources from a variety of devices. Rev usage fees and advertising.

Microsoft's "software plus services" vision reflects our belief that what is most powerful for end users is a computing or c sophisticated software, interacting with cloud-based resources. Examples of consumer-oriented cloud-based computing services we of

- Bing, our Internet search service;
- Windows Live Essentials suite, which allows users to upload and organize photos, make movies, communicate via enhance online safety; and
- Xbox LIVE service, which enables online gaming, social networking, and content access.

Our current cloud-based services for business users include:

- Microsoft Office Web Apps, which are the online companions to Microsoft Word, Excel, PowerPoint, and OneNote
- our Business Productivity Online Suite, offering communications and collaboration solutions with high availability management;

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- Microsoft Dynamics Online family of customer relationship management and enterprise resources planning service
- our Azure family of services, including a scalable operating system with compute, storage, hosting and managemen database, and a platform that helps developers connect applications and services in the cloud or on premise.

We also conduct research and develop advanced technologies for future software products and services. We believe that d innovation and high-value solutions through our integrated software platform is the key to meeting our customers' needs and to our fu will continue to lay the foundation for long-term growth by delivering new products and services, creating new opportunities for partn satisfaction, and improving our internal processes. Our focus is to build on this foundation through ongoing innovation in our integrat delivering compelling value propositions to customers; by responding effectively to customer and partner needs; and by continuing to product excellence, business efficacy, and accountability.

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The Offering

The following is a brief summary of the terms and conditions of this offering. It does not contain all of the information tha your investment decision. To understand all of the terms and conditions of the offering of the notes, you should carefully read this pro the accompanying prospectus and the documents incorporated by reference that are described in the accompanying prospectus under Information."

Issuer	Microsoft Corporation.
Securities offered	$750,000,000 aggregate principal amount of 2.500% notes due 2016; $500,000,000 aggregate principal amount of 4.000% notes due 2021; and $1,000,000,000 aggregate principal amount of 5.300% notes due 2041.
Original issue date	February 8, 2011.
Maturity date	February 8, 2016 for the 2016 notes; February 8, 2021 for the 2021 notes; and February 8, 2041 for the 2041 notes.
Interest rate	2.500% per annum for the 2016 notes; 4.000% per annum for the 2021 notes; and 5.300% per annum for the 2041 notes.
Interest payment dates	Interest on the notes will be paid semi-annually on February 8 and August 8 of eac 2011, and on the maturity date for each series of notes.
Ranking	The notes will be our senior unsecured obligations and will rank equally with our o unsubordinated debt from time to time outstanding.
Further issuances	We may from time to time issue further notes ranking equally and ratably with the the same terms as to status, redemption or otherwise.
Form and denomination	The notes will be issued in the form of one or more fully registered global securiti denominations of $2,000 in principal amount and integral multiples of $1,000 in e securities will be deposited with the trustee as custodian for, and registered in the n Depository Trust Company, or DTC. Except in the limited circumstances describe Debt Securities—Book-Entry; Delivery and Form; Global Securities" in the accom certificated form will not be issued or exchanged for interests in global securities.

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Trading	The notes are new issues of securities with no established trading markets. We do the notes on any securities exchange. The underwriters have advised us that they i series of the notes, but they are not obligated to do so and may discontinue market notice. See “Underwriting” in this prospectus supplement for more information ab the underwriters.
Trustee	The Bank of New York Mellon Trust Company, N.A.

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RISK FACTORS

Investing in the notes involves risks. Before making a decision to invest in the notes, you should carefully consider the risks
Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2010, our Quarterly Report on Form 10-Q for the fiscal q
and our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010, each of which is incorporated by reference in th
well as the risks set forth below. See “Where You Can Find More Information.”

The indenture governing the notes does not contain financial covenants or meaningful restrictions on us or our subsidiaries.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including debt secured
may from time to time incur additional debt and other liabilities. In addition, we are not restricted from paying dividends or making distr
purchasing or redeeming our capital stock under the indenture.

Active trading markets for the notes may not develop.

The notes are new issues of securities with no established trading markets. We do not intend to apply for listing of the notes
cannot assure you trading markets for the notes will develop, or of the ability of holders of the notes to sell their notes or of the prices at
their notes. The underwriters have advised us that they currently intend to make a market in each series of the notes. However, the under
and any market-making with respect to the notes may be discontinued at any time without notice. If no active trading markets develop, y
at any price or at their fair market value.

If trading markets do develop, changes in our ratings or the financial markets could adversely affect the market prices of the not

The market prices of the notes will depend on many factors, including, among others, the following:

- ratings on our debt securities assigned by rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- our results of operations, financial condition and prospects; and
- the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in th
adverse effect on the market prices of the notes.

Rating agencies continually review the ratings they have assigned to companies and debt securities. Negative changes in the
securities could have an adverse effect on the market prices of the notes.

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USE OF PROCEEDS

The net proceeds from the sale of the notes will be used for general corporate purposes, which may include funding for work
repurchases of our capital stock and acquisitions.

CAPITALIZATION

The following sets forth our capitalization on a consolidated basis as of December 31, 2010. We have presented our capitaliz
adjusted basis to reflect the issuance and sale of the notes offered hereby, but not the application of the net proceeds from the issuance an
Proceeds." You should read the following table along with our financial statements and the accompanying notes to those statements, toge
under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Quarterly Report on Form 10-C
December 31, 2010, which is incorporated by reference in the accompanying prospectus. See "Where You Can Find More Information."

	Actu
Long-term debt:	
Zero coupon convertible notes due on June 15, 2013	$
0.875% Notes due 2013	
2.95% Notes due 2014	
1.625% Notes due 2015	
4.20% Notes due 2019	
3.000% Notes due 2020	
5.20% Notes due 2039	
4.500% Notes due 2040	
2.500% Notes due 2016 offered hereby	
4.000% Notes due 2021 offered hereby	
5.300% Notes due 2041 offered hereby	
Unamortized debt discount	
Total long-term debt	
Total stockholders' equity	
Total capitalization	$

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratio of our earnings to our fixed charges for the periods indicated.

	Six Months

	Ended December 31, 2010	201
Ratio of earnings to fixed charges (1)	110x	122

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings represents earnings from continuing operations before in (losses) from equity method investments plus: (a) fixed charges; and (b) cash distributions from equity method investments. Fixed c expense, whether expensed or capitalized; and (b) the portion of operating rental expense which management believes is representa rent expense.

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DESCRIPTION OF THE NOTES

The following description of the particular terms and conditions of the notes supplements the description of the general term securities set forth under "Description of the Debt Securities" in the accompanying prospectus. Capitalized terms used but not defined i the meanings assigned in the accompanying prospectus or the indenture referred to below.

General

The notes will be issued in three series of debt securities under the indenture, dated as of May 18, 2009, between us and The Company, N.A., as trustee, as supplemented by a supplemental indenture to be dated as of February 8, 2011, between us and the trustee. described in the accompanying prospectus. The following description of the specific terms and conditions of the notes supplements, and replaces, the description of the general terms and conditions of the debt securities set forth in the accompanying prospectus.

The 2016 notes initially will be limited to $750,000,000 aggregate principal amount. The 2021 notes initially will be limited principal amount. The 2041 notes initially will be limited to $1,000,000,000 aggregate principal amount. We may issue additional notes of the holders of that series of notes, but we will not issue such additional notes unless they are fungible for U.S. federal income tax purp notes offered hereby.

The notes will be our senior unsecured obligations and will rank equally with our other unsecured and unsubordinated debt f

The maturity date of the 2016 notes will be February 8, 2016. The maturity date of the 2021 notes will be February 8, 2021. will be February 8, 2041.

The notes will be subject to legal defeasance and covenant defeasance as provided under "Description of the Debt Securities Covenant Defeasance" in the accompanying prospectus.

The notes will be issued in a form of one or more fully registered global securities, without coupons, in denominations of $2, integral multiples of $1,000 in excess thereof.

The notes will not be redeemable prior to maturity and will not benefit from any sinking fund.

Interest and Principal

The notes will bear interest from February 8, 2011 at the annual fixed rates set forth on the cover of this prospectus supplem notes semi-annually on February 8 and August 8 of each year, beginning on August 8, 2011, and on the maturity date for each series of n date"). We will pay interest on the notes to the persons in whose names the notes are registered at the close of business on the February 1 whether or not a business day) immediately preceding the related interest payment date. Interest on the notes will be computed on the bas twelve 30-day months.

We will pay the principal of and interest on each note to the registered holder in U.S. dollars in immediately available funds. presentation of the notes at the office or agency we maintain for this purpose in the Borough of Manhattan, The City of New York, curre 101 Barclay Street, 8W, New York, New York 10286, Attention: Corporate Trust Administration; *provided*, *however*, that payment of in by check mailed to the registered holder on the record date at such address as shall appear in the security register or by wire transfer of in

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available funds to an account specified in writing by such holder to us and the trustee prior to the relevant record date. Notwithstanding a prospectus supplement or the accompanying prospectus, so long as the notes are in book-entry form, we will make payments of principal DTC.

Interest payable on any interest payment date for a series of notes or the maturity date for that series of notes will be the amo including, the next preceding interest payment date for that series of notes in respect of which interest has been paid or duly provided for issue date, if no interest has been paid or duly provided for with respect to the notes of that series) to, but excluding, such interest payme may be. If any interest payment date falls on a day that is not a business day, the interest payment will be made on the next succeeding bu liable for any additional interest as a result of the delay in payment. If a maturity date falls on a day that is not a business day, the related will be made on the next succeeding business day, and no interest will accrue on the amounts so payable for the period from and after su business day.

The term "business day" means any day, other than a Saturday or a Sunday, that is not a day on which banking institutions ar executive order to close in New York City.

Book-Entry; Delivery and Form; Global Securities

Each series of notes will be issued in the form of one or more global securities, in definitive, fully registered form without in refer to as a "global security." Each such global security will be deposited with the trustee as custodian for DTC and registered in the nar York, New York for the accounts of participants in DTC.

We will not issue certificated securities to you for the notes you purchase, except in the limited circumstances described belo issued to DTC, which will keep a computerized record of its participants whose clients have purchased and beneficially own notes of a p will then keep a record of its clients who have purchased and beneficially own notes of a particular series. Unless it is exchanged in whol security, a global security may not be transferred. DTC, its nominee and their successors may, however, transfer a global security as a wh transfers are required to be recorded on our records or a register to be maintained by the trustee.

Additional information concerning book-entry procedures, as well as DTC, Euroclear Bank SA/NV, as operator of the Euroc Clearstream Banking, *société anonyme*, or Clearstream, is set forth under "Description of the Debt Securities—Book-Entry; Delivery and accompanying prospectus.

Beneficial interests in a global security will be shown on, and transfers of beneficial interests in the global securities will be m maintained by DTC and its participants. When you purchase notes through the DTC system, the purchases must be made by or through a receive credit for the notes on DTC's records. When you actually purchase the notes, you will become their beneficial owner. Your owne on the direct or indirect participants' records. DTC will have no knowledge of your individual ownership of the notes. DTC's records wi direct participants and the amount of the notes held by or through them. You will not receive a written confirmation of your purchase or statement directly from DTC. You should instead receive these from your direct or indirect participant. As a result, the direct or indirect keeping accurate account of the holdings of their customers.

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The trustee will wire payments on the notes to DTC's nominee. The trustee and we will treat DTC's nominee as the owner o purposes. Accordingly, the trustee, any paying agent and we will have no direct responsibility or liability to pay amounts due on a global beneficial owners in that global security. Any redemption notices will be sent by us directly to DTC, which will, in turn, inform the direc participants), which will then contact you as a beneficial holder.

It is DTC's current practice, upon receipt of any payment of principal, interest, redemption prices, distributions or liquidation participants' accounts proportionately on the payment date based on their holdings. In addition, it is DTC's current practice to pass throu to such participants by using an omnibus proxy. Those participants will, in turn, make payments to and solicit votes from you, the benefi customary practices. Payments to you will be the responsibility of the participants and not of DTC, the trustee or our company.

Notes of a series represented by global securities will be exchangeable for certificated securities with the same terms in autho circumstances described in "Description of the Debt Securities—Book-Entry; Delivery and Form; Global Securities" in the accompanyin securities are exchanged for certificated securities, the trustee will keep the registration books for the notes at its corporate trust office an procedures regarding those certificated securities.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes sold outside market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures described below in order to facilitate transfers, they perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC w each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When notes are to be transferred from the account of a DT Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive notes against payment. After settlement, Clearstream participant's account. Credit for the notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual proc relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller o to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer notes to a DTC participant, the seller will be required to send Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following da the value date, which would be the preceding day, when settlement occurs in New York. If settlement is not completed on the intended v proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date.

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You should be aware that you will only be able to make and receive deliveries, payments and other communications involvin
and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when
institutions are open for business in the United States. In addition, because of time zone differences there may be problems with complet
Clearstream and Euroclear on the same business day as in the United States.

Trustee, Paying Agent and Security Registrar

The Bank of New York Mellon Trust Company, N.A. will be the trustee, paying agent and security registrar with respect to t
relationships with us and our affiliates.

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CERTAIN U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain U.S. federal income and estate tax consequences of the purchase, ownership and dispo hereof. Except where noted, this summary addresses only notes that are held as capital assets by a non-U.S. holder who acquires the note initial offering price (as determined for U.S. federal income tax purposes).

A "non-U.S. holder" means a holder of the notes (other than a partnership) that is not for U.S. federal income tax purposes ar

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized i States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons h substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulation

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, ru the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income and estate tax consequenc summarized below. This summary does not address all aspects of U.S. federal income and estate taxes and does not deal with foreign, sta that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, it does not represent a detailed description o estate tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws (including if you foreign corporation," "passive foreign investment company" or a partnership or other pass-through entity for U.S. federal income tax pur a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the act a partner of a partnership holding the notes, you should consult your tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. minimum and estate tax consequences to you of the ownership of the notes, as well as the consequences to you arising under the l jurisdiction.

U.S. Federal Withholding Tax

The 30% U.S. federal withholding tax will not apply to any payment of interest on the notes under the "portfolio interest rule

- you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voti Code and applicable U.S. Treasury regulations;

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- you are not a controlled foreign corporation that is related to us through stock ownership;
- you are not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code;
- the payment is not effectively connected with your conduct of a U.S. trade or business; and
- either (a) you provide your name and address on an Internal Revenue Service ("IRS") Form W-8BEN (or other applic penalties of perjury, that you are not a U.S. person as defined under the Code or (b) you hold your notes through certa satisfy the certification requirements of applicable U.S. Treasury regulations. Special certification rules apply to non-U entities rather than corporations or individuals.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to the 30% U.S. fed provide us with a properly executed:

- IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the ben treaty; or
- IRS Form W-8ECI (or other applicable form) stating that interest paid on the notes is not subject to withholding tax b with your conduct of a trade or business in the United States (as discussed below under "U.S. Federal Income Tax").

The 30% U.S. federal withholding tax generally will not apply to any payment of principal or gain that you realize on the sal disposition of a note.

U.S. Federal Income Tax

If you are engaged in a trade or business in the United States and interest on the notes is effectively connected with the condu required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), then you will be subject to U.S. federal in income basis (although you will be exempt from the 30% U.S. federal withholding tax; *provided* that the certification requirements discu Withholding Tax" are satisfied) in the same manner as if you were a U.S. person as defined under the Code. In addition, if you are a fore subject to a branch profits tax equal to 30% (or lower applicable income tax treaty rate) of such interest, subject to adjustments.

Any gain realized on the disposition of a note generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an a attributable to a U.S. permanent establishment); or
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, a

U.S. Federal Estate Tax

Your estate will not be subject to U.S. federal estate tax on notes beneficially owned by you at the time of your death; *provid* notes would be eligible for exemption from the 30% U.S. federal withholding tax under the "portfolio interest rule" described above und without regard to the statement requirement described in the fifth bullet point of that section.

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Information Reporting and Backup Withholding

Generally, we must report to the IRS and to you the amount of interest paid to you and the amount of tax, if any, withheld wi
Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities
under the provisions of an applicable income tax treaty.

In general, you will not be subject to backup withholding with respect to payments on the notes that we make to you; *provide*
knowledge or reason to know that you are a U.S. person as defined under the Code, and we have received from you the statement describ
under "U.S. Federal Withholding Tax."

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of notes
conducted through certain U.S.-related financial intermediaries, unless you certify under penalties of perjury that you are a non-U.S. hold
actual knowledge or reason to know that you are a U.S. person as defined under the Code), or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal in
the required information is furnished to the IRS.

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UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement relating to the offer and sale of the notes we have agreed to sell to each underwriter severally, and each underwriter has agreed severally to purchase from us, the principal amoun name of that underwriter below.

Underwriter	Principal Amount of 2016 Notes	Princip Amoun 2021 No
Credit Suisse Securities (USA) LLC.	$ 215,625,000	$ 137,50
Merrill Lynch, Fenner & Smith Incorporated	215,625,000	137,50
Goldman, Sachs & Co.	75,000,000	50,00
HSBC Securities (USA) Inc.	75,000,000	50,00
Morgan Stanley & Co. Incorporated	75,000,000	50,00
RBS Securities Inc.	75,000,000	50,00
The Williams Capital Group, L.P.	18,750,000	25,00
Total	$ 750,000,000	$ 500,00

The underwriting agreement provides that the underwriters are obligated to purchase all of the notes if any are purchased. Th provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of no

The underwriters propose to offer each series of notes directly to the public at the public offering prices described on the cov supplement and to certain dealers at the public offering price less a concession not to exceed 0.200% of the principal amount of the 2016 amount of the 2021 notes and 0.500% of the principal amount of the 2041 notes. The underwriters may allow, and dealers may reallow, a of the principal amount of the 2016 notes, 0.250% of principal amount of the 2021 notes and 0.250% of the principal amount of the 2041 After the initial offering of the notes of each series, the underwriters may change the public offering prices and concessions.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 193 payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to appro counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the unde and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or

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The following tables show the underwriting discounts and commissions that we are to pay to the underwriters in connection

Per 2016 note
Total

Per 2021 note
Total

Per 2041 note
Total

The expenses of the offering, not including underwriting discounts, are estimated to be approximately $2.6 million and will b

New Issue of Notes

There are currently no public trading markets for the notes. We have not applied and do not intend to apply to list the notes o underwriters have advised us that they intend to make a market in each series of the notes. However, they are not obligated to do so and making in the notes at any time in their sole discretion. Therefore, we cannot assure you that liquid trading markets for the notes will dev your notes at a particular time or that the price you receive when you sell will be favorable.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market prices of th bids or purchases to peg, fix or maintain the price of the notes. If an underwriter creates a short position in the notes of a series in connec more notes of that series than are on the cover page of this prospectus supplement), the underwriter may reduce that short position by pur open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher t such purchases.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the have on the prices of the notes. In addition, neither we nor the underwriters make any representation that the underwriters will engage in transactions, once commenced, will not be discontinued without notice.

Sales Outside the United States

The notes may be offered and sold in the United States and certain jurisdictions outside the United States in which such offe

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a " underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in "Relevant Implementation Date"), it has not made and will not make an offer of notes which are the subject of the offering contemplated the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

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(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Direct (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representa by us for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Di preceding sentence, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the com means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or s be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; "Prospectus Direc (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and inc measure in the Relevant Member State; and "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitat investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) receiv issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an o meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securi (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be is any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intend persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, La made thereunder.

Japan

The filing of a securities registration statement under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law solicitation for the purchase of the notes has not been and will not be made, pursuant to an exemption under Article 2, Paragraph 3, Item Instruments and Exchange Law of Japan. Pursuant to the Financial Instruments and Exchange Law of Japan, transfer of the

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notes will be restricted to “qualified institutional investors” (TEKIKAKU-KIKAN-TOSHIKA) as defined under Article 2, Paragraph 3, I and Exchange Law of Japan. The holders of the notes agree not to sell or otherwise dispose of the notes except to another qualified instit the notes sells the notes to another qualified institutional investor, it must provide written notice to such qualified institutional investor st simultaneous with such transfer.

Singapore

This prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus with t Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subje or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Sec 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the condition SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an a (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferred within six months af acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any (1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the tr operation of law.

Other Relationships

Certain underwriters and their affiliates have engaged in, and may in the future engage in commercial and investment bankin hedging services and other commercial dealings in the ordinary course of business.

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LEGAL MATTERS

The validity of the notes will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York, and, with respe
by Keith R. Dolliver, Esq., our Associate General Counsel, Legal and Corporate Affairs, and Assistant Secretary. The validity of the note
underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

Mr. Dolliver beneficially owns, or has the right to acquire, an aggregate of less than 0.01% of the common stock of Microsof

Simpson Thacher & Bartlett LLP performs legal services for us from time to time.

Final Prospectus Supplement

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PROSPECTUS

Microsoft Corporation

Debt Securities

We may, from time to time, offer to sell debt securities in one or more offerings. This prospectus describes some of the gene
apply to these securities. We will provide the specific terms and conditions of these securities in prospectus supplements to this prospect

We may offer and sell these debt securities to or through one or more underwriters, dealers and agents or directly to purchase
basis.

**Investing in our debt securities involves risks. You should consider the risk factors described in any accompanying pr
documents we incorporate by reference.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved o
the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

This prospectus is dated November 20, 2008

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You should rely only on the information contained or incorporated by reference in this prospectus, in any accompany any free writing prospectus filed by us with the Securities and Exchange Commission, or the SEC. We have not authorized any o different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should no contained or incorporated by reference in this prospectus and any prospectus supplement or in any such free writing prospectus than the respective dates thereof. Our business, financial condition, results of operations and prospects may have changed since t

We are not making an offer to sell these debt securities in any jurisdiction where the offer or sale is not permitted.

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Plan of Distribution
Validity of the Securities
Experts

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC under the Securities Act of 1933, as amended, o "shelf" registration process. Under this shelf registration process, we may, from time to time, sell in one or more offerings any of our deb prospectus.

This prospectus provides you with a general description of the debt securities that we may offer. Each time we sell debt secu supplement that will contain specific information about the terms of that offering, including the specific amounts, prices and terms of the supplement may also add, update or change information contained in this prospectus.

You should carefully read both this prospectus and any prospectus supplement together with additional information describe You Can Find More Information."

References in this prospectus to "Microsoft," "we," "us" and "our" and all similar references are to Microsoft Corporation an unless otherwise stated or the context otherwise requires. However, in the "Description of the Debt Securities" section of this prospectus,

are to Microsoft Corporation (parent company only) and not to any of its subsidiaries.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The public may read and
SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the ope
Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet web site that contains reports, proxy and information
regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file electronically with

We also make available, free of charge, on or through our Internet web site (*http://www.microsoft.com*) our Annual Reports
on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and, if applicable, amendments to those reports filed o
(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after we electronically fi
to, the SEC. Please note, however, that we have not incorporated any other information by reference from our Internet web site, other tha
the heading "Incorporation by Reference." In addition, you may request copies of these filings at no cost through our Investor Relations
Corporation, One Microsoft Way, Redmond, Washington 98052-6399; telephone: 800-285-7772 (U.S.) or (425) 706-4400 (international

We have filed with the SEC a registration statement on Form S-3 relating to the debt securities covered by this prospectus. T
registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospec
of ours, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the
may review a copy of the registration statement and the documents incorporated by reference herein at the SEC's Public Reference Roon
through the SEC's Internet web site listed above.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important in
to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document. A
after the date of this prospectus and before the date that the offering of the debt securities by means of this prospectus is terminated will a
applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We incorporate by reference in this prospectus the documents set forth below that have been previously filed with the SEC; p
incorporating any documents or information deemed to have been furnished rather than filed in accordance with SEC rules:

- our Annual Report on Form 10-K for the fiscal year ended June 30, 2008, as superseded by, to the extent set forth in,
  filed on November 20, 2008;
- our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2008;
- our Current Reports on Form 8-K filed on July 25, 2008, September 22, 2008, September 25, 2008 and November 20,
- any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of
  termination of this offering.

To obtain copies of these filings, see "Where You Can Find More Information."

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FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus, any prospectus supplement and the documents incorporated by reference herein, other
including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions
based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the
the Exchange Act. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "
"future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expression
based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materia
statements. Actual results could differ materially because of, among others, the following factors:

- challenges to Microsoft's business model;
- intense competition in all of Microsoft's markets;
- Microsoft's continued ability to protect its intellectual property rights;
- claims that Microsoft has infringed the intellectual property rights of others;
- the possibility of unauthorized disclosure of significant portions of Microsoft's source code;
- actual or perceived security vulnerabilities in Microsoft products that could reduce revenue or lead to liability;
- government litigation and regulation affecting how Microsoft designs and markets its products;
- Microsoft's ability to attract and retain talented employees;
- delays in product development and related product release schedules;
- significant business investments that may not gain customer acceptance and produce offsetting increases in revenue;
- changes in general economic conditions, such as the current challenging global economic environment, that may affec
  demand for computer hardware or software;
- adverse results in legal disputes;
- unanticipated tax liabilities;
- quality or supply problems in Microsoft's consumer hardware or other vertically integrated hardware and software pro
- impairment of goodwill or amortizable intangible assets causing a charge to earnings;
- exposure to increased economic and regulatory uncertainties from operating a global business;
- geopolitical conditions, natural disaster, cyberattack or other catastrophic events disrupting Microsoft's business;
- acquisitions and joint ventures that adversely affect the business;
- improper disclosure of personal data could result in liability and harm to Microsoft's reputation;
- outages and disruptions of online services if Microsoft fails to maintain an adequate operations infrastructure;
- sales channel disruption, such as the bankruptcy of a major distributor; and

- Microsoft’s ability to implement operating cost structures that align with revenue growth.

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A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially
statements is included in Part I, Item 1A of our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q in the section ent
included from time to time in our reports filed with the SEC.

We undertake no obligation to update to revise publicly any forward-looking statements, whether as a result of new informat
except as required by applicable law.

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OUR COMPANY

Our mission is to enable people and businesses throughout the world to realize their full potential. Since the company was fo
achieve this mission by creating technology that transforms the way people work, play, and communicate. We develop and market softw
solutions that we believe deliver new opportunities, greater convenience, and enhanced value to people's lives. We do business througho
more than 100 countries.

We are a corporation incorporated under the laws of the State of Washington. Our principal executive offices are located at O
Washington 98052-6399, and our main telephone number is (425) 882-8080.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratio of our earnings to our fixed charges for the periods indicated.

	Three Months Ended September 30, 2008	2008	
Ratio of earnings to fixed charges (1)	226.9x	148.2x	6

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings represents earnings from continuing operations be
income (losses) from equity method investments plus: (a) fixed charges; and (b) cash distributions from equity method inves
(a) interest expense, whether expensed or capitalized; and (b) the portion of operating rental expense which management beli
interest component of rent expense.

USE OF PROCEEDS

Except as otherwise set forth in the applicable prospectus supplement, we intend to use the net proceeds from sales of the del
purposes, which may include funding for working capital, capital expenditures, repurchases of our capital stock and acquisitions.

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DESCRIPTION OF THE DEBT SECURITIES

We have summarized below general terms and conditions of the debt securities that we will offer and sell pursuant to this pro particular series of debt securities, we will describe the specific terms and conditions of the series in a prospectus supplement to this pros applicable prospectus supplement whether the general terms and conditions described in this prospectus apply to the series of debt securi conditions of the debt securities of a series may be different in one or more respects from the terms and conditions described below. If so described in the applicable prospectus supplement. We may, but need not, describe any additional or different terms and conditions of su report on Form 10-K, a quarterly report on Form 10-Q or a current report on Form 8-K filed with the SEC, the information in which wou this prospectus and such report will be identified in the applicable prospectus supplement.

We will issue the debt securities in one or more series under an indenture between us and The Bank of New York Mellon Tru following summary of provisions of the indenture does not purport to be complete and is subject to, and qualified in its entirety by refere indenture, including definitions therein of certain terms. This summary may not contain all of the information that you may find useful. T securities of each series will be set forth in those debt securities and in the indenture. For a comprehensive description of any series of de pursuant to this prospectus, you should read both this prospectus and the applicable prospectus supplement.

We have filed the indenture as an exhibit to the registration statement of which this prospectus forms a part. A form of each d terms and provisions of that series of debt securities, will be filed with the SEC in connection with each offering and will be incorporated statement of which this prospectus forms a part. You may obtain a copy of the indenture and any form of debt security that has been filed "Where You Can Find More Information."

Capitalized terms used and not defined in this summary have the meanings specified in the indenture. For purposes of this se to "we," "us" and "our" are to Microsoft Corporation (parent company only) and not to any of its subsidiaries. References to the "applica the prospectus supplement to this prospectus that describes the specific terms and conditions of a series of debt securities.

General

We may offer the debt securities from time to time in as many distinct series as we may determine. All debt securities will be The indenture does not limit the amount of debt securities that we may issue under that indenture. We may, without the consent of the ho series, issue additional debt securities ranking equally with, and otherwise similar in all respects to, the debt securities of the series (exce the issue date) so that those additional debt securities will be consolidated and form a single series with the debt securities of the series pr

The debt securities of each series will be issued in fully registered form without interest coupons. We currently anticipate tha offered and sold pursuant to this prospectus will be issued as global debt securities as described under "—Book-Entry; Delivery and Form in book-entry form only.

Debt securities denominated in U.S. dollars will be issued in denominations of $2,000 and any integral multiple of $1,000 in specified in the applicable prospectus supplement. If the

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debt securities of a series are denominated in a foreign or composite currency, the applicable prospectus supplement will specify the den which those debt securities will be issued.

Unless otherwise specified in the applicable prospectus supplement, we will repay the debt securities of each series at 100% with accrued and unpaid interest thereon at maturity, except if those debt securities have been previously redeemed or purchased and can

Unless otherwise specified in the applicable prospectus supplement, the debt securities of each series will not be listed on an

Provisions of Indenture

The indenture provides that debt securities may be issued under it from time to time in one or more series. For each series of the applicable prospectus supplement will describe the following terms and conditions of that series of debt securities:

- the title of the series;
- the maximum aggregate principal amount, if any, established for debt securities of the series;
- the person to whom any interest on a debt security of the series will be payable, if other than the person in whose nam predecessor debt securities) is registered at the close of business on the regular record date for such interest;
- the date or dates on which the principal of any debt securities of the series will be payable or the method used to deter
- the rate or rates at which any debt securities of the series will bear interest, if any, the date or dates from which any su payment dates on which any such interest will be payable and the regular record date for any such interest payable on
- the place or places where the principal of and premium, if any, and interest on any debt securities of the series will be any payment may be made;
- the period or periods within which, the price or prices at which and the terms and conditions upon which any debt sec redeemed, in whole or in part, at our option and, if other than by a board resolution, the manner in which any election will be evidenced;
- our obligation or right, if any, to redeem or purchase any debt securities of the series pursuant to any sinking fund or a and the period or periods within which, the price or prices at which and the terms and conditions upon which any debt redeemed or purchased, in whole or in part, pursuant to such obligation;
- if other than denominations of $2,000 and any integral multiple of $1,000 in excess thereof, the denominations in whi will be issuable;
- if the amount of principal of or premium, if any, or interest on any debt securities of the series may be determined wit economic measure or index or pursuant to a formula, the manner in which such amounts will be determined;

- if other than U.S. dollars, the currency, currencies or currency units in which the principal of or premium, if any, or in series will be payable and the manner of determining the equivalent thereof in U.S. dollars for any purpose;

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- if the principal of or premium, if any, or interest on any debt securities of the series is to be payable, at our election or in one or more currencies or currency units other than that or those in which such debt securities are stated to be payal currency units in which the principal of or premium, if any, or interest on such debt securities as to which such electio periods within which and the terms and conditions upon which such election is to be made and the amount so payable amount will be determined);

- if other than the entire principal amount thereof, the portion of the principal amount of any debt securities of the series declaration of acceleration of the maturity thereof pursuant to the indenture;

- if the principal amount payable at the stated maturity of any debt securities of the series will not be determinable as of stated maturity, the amount which will be deemed to be the principal amount of such debt securities as of any such da hereunder, including the principal amount thereof which will be due and payable upon any maturity other than the sta deemed to be outstanding as of any date prior to the stated maturity (or, in any such case, the manner in which such ar amount will be determined);

- if other than by a board resolution, the manner in which any election by us to defease any debt securities of the series evidenced; whether any debt securities of the series other than debt securities denominated in U.S. dollars and bearing subject to the defeasance provisions of the indenture; or, in the case of debt securities denominated in U.S. dollars and applicable, that the debt securities of the series, in whole or any specified part, will not be defeasible pursuant to the in

- if applicable, that any debt securities of the series will be issuable in whole or in part in the form of one or more globa respective depositaries for such global securities and the form of any legend or legends which will be borne by any su circumstances in which any such global security may be exchanged in whole or in part for debt securities registered, a security in whole or in part may be registered, in the name or names of persons other than the depositary for such glob

- any addition to, deletion from or change in the events of default applicable to any debt securities of the series and any the requisite holders of such debt securities to declare the principal amount thereof due and payable;

- any addition to, deletion from or change in the covenants applicable to debt securities of the series;

- if the debt securities of the series are to be convertible into or exchangeable for cash and/or any securities or other pro the terms and conditions upon which such debt securities will be so convertible or exchangeable;

- whether the debt securities of the series will be guaranteed by any persons and, if so, the identity of such persons, the such debt securities will be guaranteed and, if applicable, the terms and conditions upon which such guarantees may b indebtedness of the respective guarantors;

- whether the debt securities of the series will be secured by any collateral and, if so, the terms and conditions upon whi secured and, if applicable, upon which such liens may be subordinated to other liens securing other indebtedness of us

- any other terms of the debt securities of the series (which terms will not be inconsistent with the provisions of the inde thereunder).

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Interest and Interest Rates

General

In the applicable prospectus supplement, we will designate the debt securities of a series as being either debt securities bearin or debt securities bearing interest at a floating rate of interest. Each debt security will begin to accrue interest from the date on which it is such debt security will be payable in arrears on the interest payment dates set forth in the applicable prospectus supplement and as otherw maturity or, if earlier, the redemption date described below. Interest will be payable to the holder of record of the debt securities at the cl for each interest payment date, which record dates will be specified in such prospectus supplement.

As used in the indenture, the term "business day" means, with respect to debt securities of a series, any day, other than a Satu on which banking institutions are authorized or obligated by law or executive order to close in the place where the principal of and premi securities of that series are payable.

Fixed Rate Debt Securities

If the debt securities of a series being offered will bear interest at a fixed rate of interest, the debt securities of that series will rate specified on the cover page of the applicable prospectus supplement. Interest on those debt securities will be payable semi-annually dates for those debt securities. If the maturity date, the redemption date or an interest payment date is not a business day, we will pay prin redemption price, if any, and interest on the next succeeding business day, and no interest will accrue from and after the relevant maturity payment date to the date of that payment. Unless otherwise specified in the applicable prospectus supplement, interest on the fixed rate d the basis of a 360-day year of twelve 30-day months.

Floating Rate Debt Securities

If the debt securities of a series being offered will bear interest at a floating rate of interest, the debt securities of that series w relevant interest period at the rate determined as set forth in the applicable prospectus supplement and as otherwise set forth below. Each have an interest rate basis or formula.

Unless otherwise specified in the applicable prospectus supplement, we will base that formula on the London Interbank Offe Currency. The "LIBOR Currency" means the currency specified in the applicable prospectus supplement as to which LIBOR will be calc specified in the applicable prospectus supplement, U.S. dollars. In the applicable prospectus supplement, we will indicate any spread or s the interest rate formula to determine the interest rate applicable in any interest period. Unless otherwise specified in the applicable prosp computed on the basis of the actual number of days during the relevant interest period and a 360-day year.

The floating rate debt securities may have a maximum or minimum rate limitation. In no event, however, will the rate of inte than the maximum rate of interest permitted by New York law as that law may be modified by U.S. laws of general application.

The applicable prospectus supplement will identify the calculation agent for each series of floating rate debt securities, which on the debt securities.

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If any interest payment date for the debt securities of a series bearing interest at a floating rate based on LIBOR (other than t date, if any) would otherwise be a day that is not a business day, then the interest payment date will be postponed to the following date w business day falls in the next succeeding calendar month, in which case the interest payment date will be the immediately preceding busi redemption date, if any, is not a business day, we will pay principal, premium, if any, the redemption price, if any, and interest on the nex interest will accrue from and after the maturity date or the redemption date, if any, to the date of that payment.

The calculation agent will reset the rate of interest on the debt securities of a series bearing interest at a floating rate based or date. If any of the interest reset dates for the debt securities is not a business day, then that interest reset date will be postponed to the nex that day is in the next succeeding calendar month, in which case, the interest reset date will be the immediately preceding business day. T securities on a particular interest reset date will remain in effect during the interest period commencing on that interest reset date. Each in from and including the interest reset date to, but excluding the next interest reset date or until the maturity date or redemption date, if any may be.

The calculation agent will determine the interest rate applicable to the debt securities bearing interest at a floating rate based determination date, which will be the second London banking day immediately preceding the interest reset date. The interest rate determ date will become effective on and as of the next interest reset date. The interest determination date for the interest period commencing on securities will be specified in the applicable prospectus supplement. As used in this prospectus, “London banking day” means any day on LIBOR Currency are transacted in the London interbank market.

If the debt securities bear interest at a floating rate based on LIBOR, the calculation agent will determine LIBOR according t

(a) With respect to any interest determination date, LIBOR will be the rate (expressed as a percentage per annum) a maturity of the Index Maturity commencing on the relevant interest reset date that appears on Reuters Page L time) on that interest determination date. If no such rate appears, LIBOR for that interest determination date wi the following clause (b).

(b) With respect to an interest determination date on which no rate appears on Reuters Page LIBOR01, as specified calculation agent will request the principal London offices of each of four major reference banks in the London include affiliates of underwriters or the trustee), as selected by us, to provide the calculation agent with its offe percentage per annum) for deposits in U.S. dollars for the Index Maturity, commencing on the relevant interest London interbank market at approximately 11:00 a.m. (London time) on that interest determination date and in representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are pr interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are pro determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. (New York City determination date by three major banks in New York City (which may be affiliates of underwriters) selected b leading European banks, having an Index Maturity, commencing on the relevant interest reset date, and in a pri for a single transaction in U.S. dollars in that market at that time.

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If at least two such rates are so provided, LIBOR on the interest determination date will be the arithmetic mean such rates are so provided, LIBOR on the interest determination date will be LIBOR in effect with respect to th determination date.

"Reuters Page LIBOR01" means the display that appears on Reuters (or any successor service) on page LIBOR01 (or any pa such service) for the purpose of displaying London interbank offered rates of major banks for U.S. dollars.

"Index Maturity" means the period to maturity of the debt securities with respect to which the related interest rate basis or fo example, the Index Maturity may be one month, three months, six months or one year.

All percentages resulting from any calculation will be rounded, if necessary, to the nearest one hundred-thousandth of a perc millionths of a percentage point rounded upwards (*e.g.*, 4.876545% (or .04876545) would be rounded to 4.87655% (or .0487655)), and a resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

The calculation agent will promptly notify the trustee of each determination of the interest rate. The calculation agent will als rate, the interest amount, the interest period and the interest payment date related to each interest reset date as soon as such information b make such information available to the holders of the relevant debt securities upon request.

The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period absence of manifest error.

So long as any floating rate debt securities are outstanding, we will at all times maintain a calculation agent. We will appoint banking firm or other financial institution to act as the successor calculation agent in the event that:

- any acting calculation agent is unable or unwilling to act;
- any acting calculation agent fails to duly establish the floating interest rate for a series of floating rate debt securities;
- we propose to remove the calculation agent.

Optional Redemption

Redemption at Our Option

If specified in the applicable prospectus supplement, we may elect to redeem all or part of the outstanding debt securities of a maturity date of the debt securities of that series. Upon such election, we will notify the trustee of the redemption date and the principal a series to be redeemed. If less than all the debt securities of the series are to be redeemed, the particular debt securities of that series to be trustee by such method as the trustee deems fair and appropriate. The applicable prospectus supplement will specify the redemption price redeemed (or the method of calculating such price), in each case in accordance with the terms and conditions of those debt securities.

Notice of redemption will be given to each holder of the debt securities to be redeemed not less than 30 nor more than 60 day redemption. This notice will include the following

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information: the redemption date; the redemption price (or the method of calculating such price); if less than all of the outstanding debt s redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular debt securities to b where such debt securities are to be surrendered for payment of the redemption price; and, if applicable, the CUSIP number of the debt s

By no later than 11:00 a.m. (New York City time) on the redemption date, we will deposit or cause to be deposited with the t we are acting as our own paying agent with respect to the debt securities being redeemed, we will segregate and hold in trust as provided money sufficient to pay the aggregate redemption price of, and (except if the redemption date shall be an interest payment date or the deb otherwise) accrued interest on, all of the debt securities or the part thereof to be redeemed on that date. On the redemption date, the reden payable upon all of the debt securities to be redeemed, and interest, if any, on the debt securities to be redeemed will cease to accrue from surrender of any such debt securities for redemption, we will pay those debt securities surrendered at the redemption price together, if ap the redemption date.

Any debt securities to be redeemed only in part must be surrendered at the office or agency established by us for such purpos trustee will authenticate and deliver to a holder without service charge, new debt securities of the same series and of like tenor, of any au requested by that holder, in a principal amount equal to and in exchange for the unredeemed portion of the debt securities that holder sur

Repayment at Holder's Option

If specified in the applicable prospectus supplement, the holders of the debt securities of a series will have the option to elect by us prior to the stated maturity of the debt securities of that series at time or times and subject to the conditions specified in the applica holders of those debt securities have that option, the applicable prospectus supplement will specify the optional repayment date or dates o repaid and the optional repayment price, or the method by which such price will be determined. The optional repayment price is the price interest to the optional repayment date, the debt security may be repaid at the holder's option on each such optional repayment date.

Any tender of a debt security by the holder for repayment will be irrevocable. Any repayment option of a holder may be exer securities for less than the entire principal amount of the debt security; provided that the principal amount of the debt security remaining an authorized denomination. Upon such partial repayment, the debt securities will be canceled and new debt securities for the remaining the name of the holder of the repaid debt securities.

If debt securities are represented by a global security as described under "—Book-Entry; Delivery and Form; Global Securiti the global security or its nominee will be the holder of the debt security and, therefore, will be the only person that can exercise a right to the depository or its nominee will timely exercise a right to repayment relating to a particular debt security, the beneficial owner of the de or other direct or indirect participant in the depository through which it holds an interest in the debt security to notify the depository of its repayment by the appropriate cut-off time for notifying the participant. Different firms have different cut-off times for accepting instructi Accordingly, you should consult the broker or other direct or indirect participant through which you hold an interest in a debt security in by which such an instruction must be given for timely notice to be delivered to the appropriate depository.

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Payment and Transfer or Exchange

Principal of and premium, if any, and interest on the debt securities of each series will be payable, and the debt securities ma the office or agency maintained by us for such purpose (which initially will be the trustee's office located at 101 Barclay Street, 8W, Ne Attention: Corporate Trust Administration). Payment of principal of and premium, if any, and interest on a global security registered in t nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global securities is no longer represented by a global security, payment of interest on certificated debt securities in definitive form may, at our o directly to holders at their registered addresses. See "—Book-Entry; Delivery and Form; Global Securities."

A holder may transfer or exchange any certificated debt securities in definitive form at the same location given in the preced will be made for any registration of transfer or exchange of debt securities, but we may require payment of a sum sufficient to cover any governmental charge payable in connection therewith.

We are not required to transfer or exchange any debt security selected for redemption for a period of 15 days before mailing debt security to be redeemed.

The registered holder of a debt security will be treated as the owner of it for all purposes.

All amounts of principal of and premium, if any, or interest on the debt securities paid by us that remain unclaimed two years payable will be repaid to us, and the holders of such debt securities will thereafter look solely to us for payment.

Covenants

The indenture sets forth limited covenants, including the covenant described below, that will apply to each series of debt secu unless otherwise specified in the applicable prospectus supplement. However, these covenants do not, among other things:

- limit the amount of indebtedness or lease obligations that may be incurred by us and our subsidiaries;
- limit our ability or that of our subsidiaries to issue, assume or guarantee debt secured by liens; or
- restrict us from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital s

Consolidation, Merger and Sale of Assets

The indenture provides that we may consolidate with or merge with or into any other person, and may sell, transfer, or lease our properties and assets to another person; provided that the following conditions are satisfied:

- we are the continuing entity, or the resulting, surviving or transferee person (the "Successor") is a person organized ar United States of America, any state thereof or the District of Columbia and the Successor (if not us) will expressly ass all of our obligations under the debt securities and the indenture and, for each security that by its terms provides for co convert such security in accordance with its terms;

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- immediately after giving effect to such transaction, no default or event of default under the indenture has occurred and
- if requested, the trustee receives from us, if requested, an officers' certificate and an opinion of counsel that the merge such supplemental indenture, as the case may be, complies with the applicable provisions of the indenture.

If we consolidate or merge with or into any other person or sell, transfer, lease or convey all or substantially all of our proper the indenture, the Successor will be substituted for us in the indenture, with the same effect as if it had been an original party to the inden may exercise our rights and powers under the indenture, and we will be released from all our liabilities and obligations under the indentu

Any substitution of the Successor for us might be deemed for federal income tax purposes to be an exchange of the debt secu resulting in recognition of gain or loss for such purposes and possibly certain other adverse tax consequences to beneficial owners of the consult their own tax advisors regarding the tax consequences of any such substitution.

For purposes of this covenant, "person" means any individual, corporation, partnership, limited liability company, joint ventu company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

Events of Default

Each of the following events are defined in the indenture as an "event of default" (whatever the reason for such event of defa voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule o or governmental body) with respect to the debt securities of any series:

(1) default in the payment of any installment of interest on any debt securities of that series for 30 days after becoming du

(2) default in the payment of principal of or premium, if any, on any debt securities of that series when it becomes due an upon optional redemption, upon declaration or otherwise;

(3) default in the deposit of any sinking fund payment, when and as due by the terms of any debt securities of that series;

(4) default in the performance, or breach, of any covenant or agreement of ours in the indenture with respect to the debt s as referred to in clause (1), (2) or (3) above), which continues for a period of 90 days after written notice to us by the trustee or to us and 25% in aggregate principal amount of the outstanding debt securities of that series;

(5) we pursuant to or within the meaning of the Bankruptcy Law:

- commence a voluntary case or proceeding;
- consent to the entry of an order for relief against us in an involuntary case or proceeding;
- consent to the appointment of a Custodian of us or for all or substantially all of our property;
- make a general assignment for the benefit of our creditors;

- file a petition in bankruptcy or answer or consent seeking reorganization or relief;

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- consent to the filing of such petition or the appointment of or taking possession by a Custodian; or
- take any comparable action under any foreign laws relating to insolvency;

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

- is for relief against us in an involuntary case, or adjudicates us insolvent or bankrupt;
- appoints a Custodian of us or for all or substantially all of our property; or
- orders the winding-up or liquidation of us (or any similar relief is granted under any foreign laws),

and the order or decree remains unstayed and in effect for 90 days; or

(7) any other event of default provided with respect to debt securities of that series occurs.

"Bankruptcy Law" means Title 11, United States Code or any similar federal or state or foreign law for the relief of debtors.

"Custodian" means any custodian, receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy Law.

If an event of default with respect to debt securities of any series (other than an event of default relating to certain events of b reorganization of us) occurs and is continuing, the trustee by notice to us, or the holders of at least 25% in aggregate principal amount of that series by notice to us and the trustee, may, and the trustee at the request of these holders will, declare the principal of and premium, i interest on all the debt securities of that series to be due and payable. Upon such a declaration, such principal, premium and accrued and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency, or reorganization of us occurs and is con premium, if any, and accrued and unpaid interest on the debt securities of that series will become and be immediately due and payable w on the part of the trustee or any holders.

The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of any series may res and its consequences, if we have deposited certain sums with the trustee and all events of default with respect to the debt securities of tha payment of the principal or interest which have become due solely by such acceleration, have been cured or waived, as provided in the in

An event of default for a particular series of debt securities does not necessarily constitute an event of default for any other s the indenture.

We are required to furnish the trustee annually a statement by certain of our officers to the effect that, to the best of their kno fulfillment of any of our obligations under the indenture or, if there has been a default in the fulfillment of any such obligation, specifyin

No holder of any debt securities of any series will have any right to institute any judicial or other proceeding with respect to appointment of a receiver or trustee, or for any other remedy unless:

(1) an event of default has occurred and is continuing and such holder has given the trustee prior written notice of such c respect to the debt securities of that series;

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(2) the holders of not less than 25% of the aggregate principal amount of the outstanding debt securities of that series hav
proceedings in respect of such event of default;

(3) the trustee has been offered indemnity reasonably satisfactory to it against its costs, expenses and liabilities in comply

(4) the trustee has failed to institute proceedings 60 days after the receipt of such notice, request and offer of indemnity; a

(5) no direction inconsistent with such written request has been given for 60 days by the holders of a majority in aggrega
outstanding debt securities of that series.

The holders of a majority in aggregate principal amount of outstanding debt securities of a series will have the right, subject
time, method and place of conducting any proceeding for any remedy available to the trustee with respect to the debt securities of that se
power conferred to the trustee, and to waive certain defaults. The indenture provides that if an event of default occurs and is continuing,
rights and powers under the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or u
conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or po
request of any of the holders of the debt securities of a series unless they will have offered to the trustee security or indemnity satisfactor
expenses and liabilities which might be incurred by it in compliance with such request.

Notwithstanding the foregoing, the holder of any debt security will have an absolute and unconditional right to receive paym
premium, if any, and interest on that debt security on or after the due dates expressed in that debt security and to institute suit for the enfo

Modification and Waivers

Modification and amendments of the indenture and the debt securities of any series may be made by us and the trustee with t
than a majority in aggregate principal amount of the outstanding debt securities of that series affected thereby; provided, however, that n
may, without the consent of the holder of each outstanding debt security of that series affected thereby:

- change the stated maturity of the principal of, or installment of interest on, any debt security;
- reduce the principal amount of any debt security or reduce the amount of the principal of any debt security which wou
  declaration of acceleration of the maturity thereof or reduce the rate of interest on any debt security;
- reduce any premium payable on the redemption of any debt security or change the date on which any debt security ma
- change the coin or currency in which the principal of or premium, if any, or interest on any debt security is payable;
- impair the right of any holder to institute suit for the enforcement of any payment on or after the stated maturity of an
  redemption, on or after the redemption date);
- reduce the percentage in principal amount of the outstanding debt securities, the consent of whose holders is required
- reduce the requirements for quorum or voting by holders of debt securities in the indenture or the debt security;

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- modify any of the provisions in the indenture regarding the waiver of past defaults and the waiver of certain covenants except to increase any percentage vote required or to provide that certain other provisions of the indenture cannot be m consent of the holder of each debt security affected thereby; or
- make any change that adversely affects the right to convert or exchange any debt security or decreases the conversion conversion price of any convertible or exchangeable debt security, unless such decrease or increase is permitted by the
- modify any of the above provisions.

We and the trustee may, without the consent of any holders, modify or amend the terms of the indenture and the debt securiti following:

- to add to our covenants for the benefit of holders of the debt securities of all or any series or to surrender any right or
- to evidence the succession of another person to, and the assumption by the successor of our covenants, agreements an pursuant to the covenant described under "—Covenants—Consolidation, Merger and Sale of Assets";
- to add any additional events of default for the benefit of holders of the debt securities of all or any series;
- to add one or more guarantees for the benefit of holders of the debt securities;
- to secure the debt securities pursuant to the covenants of the indenture;
- to add or appoint a successor or separate trustee or other agent;
- to provide for the issuance of additional debt securities of any series;
- to establish the form or terms of debt securities of any series as permitted by the indenture;
- to comply with the rules of any applicable securities depository;
- to provide for uncertificated debt securities in addition to or in place of certificated debt securities;
- to add to, change or eliminate any of the provisions of the indenture in respect of one or more series of debt securities change or elimination (a) shall neither (1) apply to any debt security of any series created prior to the execution of suc entitled to the benefit of such provision nor (2) modify the rights of the holder of any such debt security with respect t become effective only when there is no debt security described in clause (1) outstanding;
- to cure any ambiguity, omission, defect or inconsistency; or
- to change any other provision; provided that the change does not adversely affect the interests of the holders of debt s material respect.

The holders of at least a majority in aggregate principal amount of the outstanding debt securities of any series may, on beha
securities of that series, waive compliance by us with certain

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restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of the outstanding debt secu the holders of all debt securities of that series, waive any past default and its consequences under the indenture with respect to the debt se default (1) in the payment of principal or premium, if any, or interest on debt securities of that series or (2) in respect of a covenant or pr be modified or amended without the consent of the holder of each debt security of that series. Upon any such waiver, such default will ce default arising therefrom will be deemed to have been cured, for every purpose of the indenture; however, no such waiver will extend to event of default or impair any rights consequent thereon.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the debt securities of a series that have not already been delivered to the t either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by d funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including the principal and premium, if any, and interest to th securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-

The indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to (except for, among other things, obligations to register the transfer or exchange of the debt securities, to replace temporary or mutilated, securities, to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) ("legal defeasance" obligations to comply with the restrictive covenants under the indenture, and any omission to comply with such obligations will not cons default with respect to the debt securities of a series and clauses (4) and (7) under "—Events of Default" will no longer be applied ("cove defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled paym accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the debt s dates therefor.

If we effect covenant defeasance with respect to the debt securities of any series, the amount in U.S. dollars, or U.S. governm with the trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the d time of the stated maturity but may not be sufficient to pay amounts due on the debt securities of that series at the time of the acceleration default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance will not cause the h debt securities of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Same-Day Settlement and Payment

Unless otherwise provided in the applicable prospectus supplement, the debt securities will trade in the same-day funds settle or until we issue the debt securities in certificated form.

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DTC will therefore require secondary market trading activity in the debt securities to settle in immediately available funds. We can give
of settlement in immediately available funds on trading activity in the debt securities.

Book-Entry; Delivery and Form; Global Securities

Unless otherwise specified in the applicable prospectus supplement, the debt securities of each series will be issued in the fo
securities, in definitive, fully registered form without interest coupons, each of which we refer to as a "global security." Each such global
trustee as custodian for DTC and registered in the name of a nominee of DTC in New York, New York for the accounts of participants i

Investors may hold their interests in a global security directly through DTC if they are DTC participants, or indirectly throug
participants. Except in the limited circumstances described below, holders of debt securities represented by interests in a global security
debt securities in fully registered certificated form.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York Banking Law, a "banki
meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the N
Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securi
accounts with DTC ("participants") and to facilitate the clearance and settlement of securities transactions among its participants in such
entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's partic
U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book
others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through
with a participant, whether directly or indirectly.

Ownership of Beneficial Interests

Upon the issuance of each global security, DTC will credit, on its book-entry registration and transfer system, the respective
beneficial interests represented by the global security to the accounts of participants. Ownership of beneficial interests in each global sec
or persons that may hold interests through participants. Ownership of beneficial interests in each global security will be shown on, and th
interests will be effected only through, records maintained by DTC (with respect to participants' interests) and such participants (with res
interests in the global security other than participants).

So long as DTC or its nominee is the registered holder and owner of a global security, DTC or such nominee, as the case ma
legal owner of the debt security represented by the global security for all purposes under the indenture, the debt securities and applicable
owners of beneficial interests in a global security will not be entitled to receive certificated debt securities and will not be considered to b
securities represented by the global security. We understand that under existing industry practice, in the event an owner of a beneficial in
take any actions that DTC, as the holder of the global security, is entitled to take, DTC would authorize the participants to take such actio
authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of benefic
No beneficial owner of an interest in a global security will be able to transfer such interest except in accordance with DTC's applicable p
provided for under the indenture. Because DTC can only act on behalf of participants, who in turn act on behalf of others, the ability of a
in a global security to pledge that interest to persons that do not participate in the

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DTC system, or otherwise to take actions in respect of that interest, may be impaired by the lack of a physical certificate representing tha

All payments on the debt securities represented by a global security registered in the name of and held by DTC or its nomine nominee, as the case may be, as the registered owner and holder of the global security.

We expect that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of a glo participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the globa of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through by standing instructions and customary practices as is now the case with securities held for accounts for customers registered in the name These payments, however, will be the responsibility of such participants and indirect participants, and neither we, the trustee nor any pay responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in any supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between D relationship between such participants and the owners of beneficial interests in the global security.

Unless and until it is exchanged in whole or in part for certificated debt securities, each global security may not be transferre nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected i with DTC rules and will be settled in same-day funds.

We expect that DTC will take any action permitted to be taken by a holder of debt securities only at the direction of one or m the DTC interests in a global security are credited and only in respect of such portion of the aggregate principal amount of the debt secur participants has or have given such direction. However, if there is an event of default under the debt securities, DTC will exchange each securities, which it will distribute to its participants.

Although we expect that DTC will agree to the foregoing procedures in order to facilitate transfers of interests in each global DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any ti nor the trustee will have any responsibility for the performance or nonperformance by DTC or its participants or indirect participants of t the rules and procedures governing their operations.

The indenture provides that the global securities will be exchanged for debt securities in certificated form of like tenor and o authorized denominations in the following limited circumstances:

(1) DTC notifies us that it is unwilling or unable to continue as depository or if DTC ceases to be eligible under the indenture depository within 90 days;

(2) we determine that the debt securities will no longer be represented by global securities and execute and deliver to the trus

(3) an event of default with respect to the debt securities will have occurred and be continuing.

These certificated debt securities will be registered in such name or names as DTC will instruct the trustee. It is expected tha upon directions received by DTC from participants with respect to ownership of beneficial interests in global securities.

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The information in this section of this prospectus concerning DTC and DTC's book-entry system has been obtained from sou
but we do not take responsibility for this information.

Euroclear and Clearstream

If the depositary for a global security is DTC, you may hold interests in the global security through Clearstream Banking, *soc*
"Clearstream," or Euroclear Bank SA/ NV, as operator of the Euroclear System, which we refer to as "Euroclear," in each case, as a part
Clearstream will hold interests, in each case, on behalf of their participants through customers' securities accounts in the names of Euroc
of their respective depositaries, which in turn will hold such interests in customers' securities in the depositaries' names on DTC's books

Payments, deliveries, transfers, exchanges, notices and other matters relating to the debt securities made through Euroclear o
rules and procedures of those systems. Those systems could change their rules and procedures at any time. We have no control over thos
we take no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on one hand, and other partic
would also be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, not
involving any securities held through those systems only on days when those systems are open for business. Those systems may not be o
banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the debt securities through these syst
to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, may find
effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on
before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream may need to m
any purchase or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than trans

Governing Law

The indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Yo

Regarding The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the indenture.

The trustee is permitted to engage in transactions, including commercial banking and other transactions, with us and our subs
provided that if the trustee acquires any conflicting interest it must eliminate such conflict upon the occurrence of an event of default, or

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PLAN OF DISTRIBUTION

We may sell the debt securities described in this prospectus from time to time in one or more transactions:

- to purchasers directly;
- to underwriters for public offering and sale by them;
- through agents;
- through dealers; or
- through a combination of any of the foregoing methods of sale.

We may sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the respect to any resale of the debt securities. A prospectus supplement will describe the terms of any sale of debt securities we are offering arranged by a securities broker-dealer or other financial intermediary.

The applicable prospectus supplement will name any underwriter involved in a sale of debt securities. Underwriters may offe price or prices, which may be changed, or from time to time at market prices or at negotiated prices. Underwriters may be deemed to hav from sales of debt securities in the form of underwriting discounts or commissions and may also receive commissions from purchasers o act as agent. Underwriters may be involved in any at the market offering of debt securities by or on our behalf.

Underwriters may sell debt securities to or through dealers, and such dealers may receive compensation in the form of discou from the underwriters and/or commissions (which may be changed from time to time) from the purchasers for whom they may act as age

Unless otherwise specified in the applicable prospectus supplement, the obligations of any underwriters to purchase debt sec conditions precedent, and the underwriters will be obligated to purchase all the debt securities if any are purchased.

The applicable prospectus supplement will set forth whether or not underwriters may over-allot or effect transactions that sta the market price of the debt securities at levels above those that might otherwise prevail in the open market, including, for example, by e syndicate covering transactions or imposing penalty bids.

We will name any agent involved in a sale of debt securities, as well as any commissions payable by us to such agent, in the Unless otherwise specified in the applicable prospectus supplement, any such agent will be acting on a reasonable efforts basis for the pe

If we utilize a dealer in the sale of the debt securities being offered pursuant to this prospectus, we will sell the debt securitie dealer may then resell the debt securities to the public at varying prices to be determined by the dealer at the time of resale.

Underwriters, dealers and agents participating in a sale of the debt securities may be deemed to be underwriters as defined in discounts and commissions received by them and any profit realized by them on resale of the debt securities may be deemed to be underw under the Securities Act. We may have agreements with underwriters, dealers and agents to indemnify them against certain civil liabilitie Securities Act, and to reimburse them for certain expenses.

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Underwriters or agents and their affiliates may be customers of, engage in transactions with or perform services for us or our
business.

Unless otherwise specified in the applicable prospectus supplement, we will not list the debt securities on any securities exch
new issue of securities with no established trading market. Any underwriters that purchase the debt securities for public offering and sale
securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We m
of or the trading markets for any debt securities.

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VALIDITY OF THE SECURITIES

The validity of the securities will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York, and, wi
law, by Keith R. Dolliver, Esq., our Associate General Counsel, Legal and Corporate Affairs, and Assistant Secretary, and for any under
in the applicable prospectus supplement.

Mr. Dolliver beneficially owns, or has the right to acquire, an aggregate of less than 0.01% of the common stock of Microsof

EXPERTS

The consolidated financial statements of Microsoft Corporation as of June 30, 2008 and 2007 and for each of the three fiscal
incorporated by reference in this prospectus from Microsoft Corporation's Current Report on Form 8-K filed on November 20, 2008, and
Corporation's internal control over financial reporting as of June 30, 2008, incorporated by reference in this prospectus from Microsoft C
Form 10-K for the fiscal year ended June 30, 2008, have been audited by Deloitte & Touche LLP, an independent registered public accou
reports, which are incorporated by reference herein, and have been so incorporated in reliance upon the reports of such firm given upon t
accounting and auditing.

With respect to the unaudited interim financial information for the fiscal quarters ended September 30, 2008 and 2007, which
herein, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with th
Accounting Oversight Board (United States) for a review of such information. However, as stated in their report included in Microsoft C
Form 10-Q for the quarter ended September 30, 2008, which is incorporated by reference herein, they did not audit and they do not expre
financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited r
applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unauc
because that report is not a "report" or a "part" of the registration statement prepared or certified by an accountant within the meaning of
Act.

Final Prospectus Supplement

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$2,250,000,000

$750,000,000	2.500% Notes due 2016
$500,000,000	4.000% Notes due 2021
$1,000,000,000	5.300% Notes due 2041

Joint Book-Running Managers

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BofA Merrill Lynch

Goldman, Sachs & Co. **HSBC** **Morgan Stanley**

Co-Manager

The Williams Capital Group, L.P.