

MICROSOFT CORP
Form FWP
February 04, 2011

Filed Pursuant to Rule 433

Registration Statement No. 333-155495

Final Term Sheet

February 3, 2011

MICROSOFT CORPORATION

2.500% Notes due 2016

4.000% Notes due 2021

5.300% Notes due 2041

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| Issuer: | Microsoft Corporation |
| Title of Securities: | 2.500% Notes due 2016 (the 2016 Notes) 4.000% Notes due 2021 (the 2021 Notes) 5.300% Notes due 2041 (the 2041 Notes and, together with the 2016 Notes and the 2021 Notes, the Notes) |
| Aggregate Principal Amount Offered: | 2016 Notes: \$750,000,000 2021 Notes: \$500,000,000 2041 Notes: \$1,000,000,000 |
| Price to Public (Issue Price): | 2016 Notes: 99.753% of principal amount 2021 Notes: 99.747% of principal amount 2041 Notes: 99.154% of principal amount |
| Maturity Date: | 2016 Notes: February 8, 2016 2021 Notes: February 8, 2021 2041 Notes: February 8, 2041 |
| Coupon (Interest Rate): | 2016 Notes: 2.500% per annum 2021 Notes: 4.000% per annum 2041 Notes: 5.300% per annum |
| Benchmark Treasury: | 2016 Notes: UST 2.000% due 01/31/2016 2021 Notes: UST 2.625% due 11/15/2020 2041 Notes: UST 3.875% due 08/15/2040 |
| Spread to Benchmark Treasury: | 2016 Notes: 0.38% (38 basis points) 2021 Notes: 0.48% (48 basis points) 2041 Notes: 0.68% (68 basis points) |

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| Benchmark Treasury Price and Yield: | 2016 Notes: 99-06 / 2.173% 2021 Notes: 92-13 / 3.551% 2041 Notes: 87-07+ / 4.677% |
| Yield to Maturity: | 2016 Notes: 2.553% 2021 Notes: 4.031% 2041 Notes: 5.357% |
| Interest Payment Dates: | Semi-annually on February 8 and August 8, beginning on August 8, 2011 |
| Interest Payment Record Dates: | February 1 and August 1 of each year |
| Type of Offering: | SEC registered (No. 333-155495) |
| Net Proceeds to Issuer (before transaction expenses): | 2016 Notes: \$745,522,500 2021 Notes: \$496,485,000 2041 Notes: \$982,790,000 |
| Trade Date: | February 3, 2011 |
| Settlement Date (T+3): | February 8, 2011 |
| Joint Book-Running Managers: | Credit Suisse Securities (USA) LLC Merrill Lynch, Pierce, Fenner & Smith Incorporated Goldman, Sachs & Co. HSBC Securities (USA) Inc. Morgan Stanley & Co. Incorporated RBS Securities Inc. |
| Co-Manager: | The Williams Capital Group, L.P. |
| Listing: | None |
| CUSIP/ISIN: | 2016 Notes: 594918AK0 / US594918AK09 2021 Notes: 594918AL8 / US594918AL81 2041 Notes: 594918AM6 / US594918AM64 |
| Long-Term Debt Ratings: | Moody's, Aaa (stable); S&P, AAA (stable) |

Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Credit Suisse Securities (USA) LLC toll free at 1-800-221-1037 or Merrill Lynch, Pierce, Fenner & Smith Incorporated toll-free at 1-800-294-1322.