

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>AYALA ORLANDO</u> (Last) (First) (Middle) (Street) (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>MICROSOFT CORP [MSFT]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Group Vice President</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>05/28/2003</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/28/2003		M		176,000	A	15.6172	191,076 ⁽¹⁾	D	
Common Stock	05/28/2003		M		600,000	A	5.6563	791,076	D	
Common Stock	05/28/2003		S		176,000	D	24.67	615,076	D	
Common Stock	05/28/2003		S		100,000	D	24.71	515,076	D	
Common Stock	05/28/2003		S		100,000	D	24.7	415,076	D	
Common Stock	05/28/2003		S		100,000	D	24.685	315,076	D	
Common Stock	05/28/2003		S		200,000	D	24.66	115,076	D	
Common Stock	05/28/2003		S		100,000	D	24.645	15,076	D	
Common Stock	08/08/1988 ⁽²⁾		J ⁽³⁾		0	A	0	8,356 ⁽⁴⁾	I	By 401(k)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (Right to Buy)	15.6172	05/28/2003		M		176,000		01/01/2003	07/01/2007	Common Stock	176,000	\$0	220,000	D	
Employee Stock Option (Right to Buy)	5.6563	05/28/2003		M		600,000		01/31/2003	07/31/2005	Common Stock	600,000	\$0	0	D	

Explanation of Responses:

- Adjusted to reflect a 2-for-1 stock split effective February 14, 2003
- In the Section 16 Electronic Reporting Frequently Asked Questions released by the SEC on May 1, 2003, the SEC has designated "08/08/1988" as a "dummy date" until the electronic system is modified. This line reports end of period indirect holdings in a 401(k) account as of April 30, 2003, and 08/08/1988 is not a transaction date related to these securities.
- There has been no transaction in the indirect holdings for this reporting person.
- 401(k) balance as of April 30, 2003. Adjusted to reflect a 2-for-1 stock split effective February 14, 2003.

John A. Seethoff, Attorney-in-Fact for Orlando L. Ayala 05/29/2003

** Signature of Reporting Person Date

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

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.