

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB APPROVAL	
OMB Number:	3235-0362
Expires:	January 31, 2014
Estimated average burden hours per response:	1.0

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

Form 3 Holdings Reported.

Form 4 Transactions Reported.

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>RASHID RICHARD F</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>Senior Vice President</u>
	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) <u>06/30/2003</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	07/31/2002		A	9,000 ⁽¹⁾	A	0	24,144 ⁽²⁾⁽³⁾	D	
Common Stock	08/08/1988 ⁽⁴⁾		J ⁽⁵⁾	0	A	0	802 ⁽³⁾	I	By Spouse
Common Stock	08/08/1988 ⁽⁴⁾		J ⁽⁵⁾	0	A	0	5,981 ⁽³⁾	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)
					(A)	(D)	Date Exercisable	Expiration Date					
Employee Stock Option (Right to Buy)	23.99 ⁽⁶⁾	07/31/2002		A	600,000 ⁽⁶⁾		01/31/2004 ⁽⁷⁾	07/31/2012	Common Stock 600,000 ⁽⁶⁾	\$0	600,000 ⁽⁶⁾	D	

Explanation of Responses:

- Represents vesting stock award which shall vest over 5 years at the rate of 20% on the first anniversary of the date of grant and then at the rate of 20% on each of the following four anniversaries thereafter, subject to continued employment. Adjusted to reflect a 2-for-1 stock split effective February 14, 2003.
- Includes 20 shares acquired on March 7, 2003 under the Microsoft dividend reinvestment plan and 844 shares acquired on June 30, 2003 under the Microsoft employee stock purchase plan.
- This total represents shares owned as of June 30, 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 for this reporting person, 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.
- Adjusted to reflect a 2-for-1 stock split effective February 14, 2003.
- The option vests over 5 years at the rate of 12.5% on January 31, 2004 and then at the rate of 12.5% each six months thereafter.

Shauna L. Vernal, Attorney-in-Fact for Richard F. Rashid 07/24/2003

** 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.

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