

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

OMB APPROVAL	
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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>MATHEW MICH</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>Corporate Vice President</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>07/07/2003</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 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	08/08/1988 <sup>(1)</sup>		J <sup>(2)</sup>		0	A	0	19,808 <sup>(3)</sup>	D	
Common Stock	08/08/1988 <sup>(1)</sup>		J <sup>(2)</sup>		0	A	0	982	I	By 401(k)
Common Stock	08/08/1988 <sup>(1)</sup>		J <sup>(2)</sup>		0	D	0	1,699,201	I	By Spouse

**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
Call Option (obligation to sell)	29.9067	07/07/2003		J <sup>(4)</sup>			0 <sup>(4)</sup>	07/07/2004	07/07/2004	Common Stock	165,000	\$0 <sup>(5)</sup>	0 <sup>(4)</sup>	I	By Spouse
Put Option (right to sell)	24.354	07/07/2003		P <sup>(4)</sup>			0 <sup>(4)</sup>	07/07/2004	07/07/2004	Common Stock	165,000	\$0 <sup>(5)</sup>	165,000 <sup>(4)</sup>	I	By Spouse
Call Option (obligation to sell)	32.5721	07/07/2003		J <sup>(4)</sup>			0 <sup>(4)</sup>	07/07/2006	07/07/2006	Common Stock	165,000	\$0 <sup>(5)</sup>	0 <sup>(4)</sup>	I	By Spouse
Put Option (right to sell)	24.354	07/07/2003		P <sup>(4)</sup>			0 <sup>(4)</sup>	07/07/2006	07/07/2006	Common Stock	165,000	\$0 <sup>(5)</sup>	165,000 <sup>(4)</sup>	I	By Spouse

**Explanation of Responses:**

- 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 direct or indirect holdings for this reporting person.
- Includes vesting stock award of 6,000 shares, 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.
- The reporting person's spouse has entered into a "zero-cost collar" arrangement pursuant to which he wrote a covered call option and purchased a put option. Only one of the options can be in the money on the expiration date, at which time the in-the-money option will be exercised (and settled in stock or cash), and the other option will expire. If neither option is in the money on the expiration date, both options will expire. These transactions were triggered automatically as part of a previously established trading program.
- The premium in the case of each respective put and call for each respective transaction was offsetting with the effect that no premium was due on the transaction.

David Menz, Attorney-in-Fact 07/09/2003  
for Michelle J. Mathews

\*\* 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.