

RASHID RICHARD F  
 Form 4  
 February 27, 2003

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Filed By  
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1. Name and Address of Reporting Person* <b>Rashid, Richard F.</b> (Last) (First) (Middle)			2. Issuer Name and Ticker or Trading Symbol <b>Microsoft Corporation (MSFT)</b>				6. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>Senior Vice President</b>			
One Microsoft Way  (Street) <b>Redmond, WA 98052-6399</b>			3. I.R.S. Identification Number of Reporting Person, if an entity (voluntary)		4. Statement for Month/Day/Year <b>02/26/03</b>		7. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person			
(City) (State) (Zip)			<b>Table I Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>							
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 & 5)			5. Amount of Securities Beneficially Owned Following Reported Transactions(s) (Instr. 3 & 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/26/03		M		175,000	A	\$2.31			
Common Stock	02/26/03		S		25,000	D	\$24.00			
Common Stock	02/26/03		S		30,000	D	\$24.02			
Common Stock	02/26/03		S		120,000	D	\$24.01	14,280 <sup>(1)</sup>	D	
Common Stock								802 <sup>(1)</sup>	I	By spouse
Common Stock								5,822 <sup>(1)(2)</sup>	I	By 401(k)

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).

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**FORM 4 (continued) 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 & 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 & 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Name of Indirect Beneficial Owner (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
<b>Employee Stock Option (Right to Buy)</b>	<b>\$2.31<sup>(3)</sup></b>	<b>2/26/03</b>		<b>M</b>		<b>175,000<sup>(3)</sup></b>		<b>1/30/98</b>	<b>7/30/04</b>	<b>Common Stock</b>	<b>175,000<sup>(3)</sup></b>	<b>0</b>		

Explanation of Responses:

- (1) Adjusted to reflect a 2-for-1 stock split effective February 14, 2003.
- (2) Includes 30 shares acquired through the Microsoft 401(k) through January 31, 2003. This number is adjusted to reflect a 2-for-1 stock split effective February 14, 2003.
- (3) This option was previously reported as covering 87,500 shares at \$4.625 per share, but is adjusted to reflect a 2-for-1 stock split effective February 14, 2003.

By: /s/ **Shauna L. Vernal, Attorney-in-Fact for**      **02/27/03**  
**Richard F. Rashid**      Date  
 \*\*Signature of Reporting Person

\*\*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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