RHYTHMS NET CONNECTIONS INC Form SC 13G August 03, 2001

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

> > SCHEDULE 13G

Under the Securities Exchange Act of 1934

Rhythms NetConnections, Inc.

\_\_\_\_\_

(Name of Issuer)

Common Shares

(Title of Class of Securities)

762430205

(CUSIP Number)

August 1, 2001

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(Date of Event which Requires Filing of this Statement)

John Seethoff Deputy General Counsel, Finance and Operations One Microsoft Way Redmond, Washington 98052-6399 (425) 882-8080

> (Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

Check the appropriate box to designate the rule pursuant to which this schedule is filed:

[] Rule 13d-1(b) [X] Rule 13d-1(c) [] Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 762430205
     _____
      _____
  NAMES OF REPORTING PERSON S.S., OR
1 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
  Microsoft Corporation 91-1144442
 _____
                        _____
  CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
2
                                 (a) [_]
                                 (b) [_]
    _____
  SEC USE ONLY
3
         _____
  CITIZENSHIP OR PLACE OF ORGANIZATION
4
  State of Washington
_____
            SOLE VOTING POWER
          5
  NUMBER OF
            5,197,691*
   SHARES -----
              ____
                        _____
             SHARED VOTING POWER
 BENEFICIALLY
          6
  OWNED BY
             -0-
         _____
   EACH
             SOLE DISPOSITIVE POWER
          7
  REPORTING
             5,197,691*
   PERSON
         _____
                         _____
             SHARED DISPOSITIVE POWER
   WITH:
          8
             -0-
_____
  AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
9
  5,197,691*
   _____
  CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
10
                                    [_]
_____
  PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
11
  6.5%
   _____
  TYPE OF REPORTING PERSON
12
```

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	СО		
*Incl	udes	a warra	ant to purchase a total of 720,000 shares of Common Stock.
Item	1.		
	(a)	Name of	f Issuer: Rhythms NetConnections, Inc.
	(b)	Addres	s of principal executive offices of the Issuer:
			East Mineral Circle ewood, CO 80112
Item	2.		
	(a)	Name of Person Filing: Microsoft Corporation, a Washington corporation	
	(b)	Address of Principal Business Office: One Microsoft Way, Redmond, Washington 98052 Attention: Deputy General Counsel, Finance and Operations	
	(c)	Citize	nship: State of Washington.
	(d)	Title (	of Class of Securities: Common Shares
	(e)	CUSIP 1	Number: 762430205
Item	3.	Not Applicable.	
Item	4.	Ownership	
	(a)	which :	beneficially owned: 5,197,691 shares of Common Stock, includes a warrant to purchase a total of 720,000 shares of Stock.
	(b)	Percent	t of class: 6.5%
	(C)	Number	of shares as to which the person has:
		(i)	Sole power to vote or to direct the vote: 5,197,691
		(ii)	Shared power to vote or to direct the vote: 0
		(iii)	Sole power to dispose or to direct the disposition of: 5,197,691
		(iv)	Shared power to dispose or to direct the disposition of: $0$

Item 5. Ownership of Five Percent or Less of a Class: Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person: Not Applicable.

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- Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company: Not Applicable.
- Item 8. Identification and Classification of Members of the Group: Not Applicable.
- Item 9. Notice of Dissolution of a Group: Not Applicable.
- Item 10. Certification: By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

## Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 2, 2001 MICROSOFT CORPORATION By /s/ William H. Neukom William H. Neukom Executive Vice President and Secretary