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November 13, 2007

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: File No. S7-20-07

Dear Ms. Morris:

Microsoft appreciates the opportunity to comment on the concept release, "Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards". We believe the Commission should allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB. However, we believe this option should be implemented in a phased approach, with the ultimate goal of all U.S. issuers being required to prepare financial statements in accordance with IFRS.

Microsoft is a strong supporter of a single set of high quality global accounting standards and we believe allowing U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB is another important step in meeting that objective. In our September 24, 2007 response letter, we supported the proposal to accept financial statements from foreign private issuers prepared in accordance with IFRS without reconciliation to U.S. GAAP. Assuming implementation of this proposed rule, we would suggest that U.S. issuers be allowed to prepare financial statements in accordance with IFRS beginning in the 2011/2012 time period. We believe this delay between getting rid of the reconciliation and allowing U.S. issuers the choice to use IFRS will allow investors and other market participants to adjust to financial statements prepared in accordance with IFRS, as well as allow the Commission time to study the effects of that transition.

Furthermore, to reach the goal of a single set of high quality global accounting standards, Microsoft suggests that the phased approach to IFRS implementation should conclude with a mandatory requirement that U.S. issuers prepare financial statements in accordance with IFRS beginning in the 2015 time period. Our responses to the individual questions included in the concept release are attached. We have excluded questions specific to investors or for which we do not have the requisite expertise. If you have any questions, please contact me at (425) 703-6094.

Sincerely,

Bob Laux
Senior Director, Technical Accounting and Reporting

Attachment

Question 1: *Do investors, U.S. issuers, and market participants believe the Commission should allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB?*

Response: Yes, Microsoft believes the Commission should allow U.S. issuers to prepare financial statements in accordance with IFRS as published by the IASB, but under a phased approach. Assuming implementation of the proposed rule to accept financial statements from foreign private issuers prepared in accordance with IFRS without reconciliation to U.S. GAAP, we would suggest that U.S. issuers be allowed to prepare financial statements in accordance with IFRS beginning in the 2011/2012 time period.

We believe this delay between getting rid of the reconciliation and allowing U.S. issuers the choice to use IFRS will allow investors and other market participants to adjust to financial statements prepared in accordance with IFRS, as well as allow the Commission time to study the effects of that transition. Furthermore, to reach the goal of a single set of high quality global accounting standards, Microsoft suggests that the phased approach to IFRS implementation should conclude with a mandatory requirement that U.S. issuers prepare financial statements in accordance with IFRS beginning in the 2015 time period.

Question 2: *What would be the effects on the U.S. public capital market of some U.S. issuers reporting in accordance with IFRS and others in accordance with U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom? For example, would capital formation in the U.S. public capital market be better facilitated? Would the cost of capital be reduced? Would comparative advantages be conferred upon those U.S. issuers who move to IFRS versus those U.S. issuers who do not (or feel they can not)? Would comparative advantages be conferred upon those investors who have the resources to learn two sets of accounting principles (IFRS and U.S. GAAP) as compared to those who do not?*

Response: We do not believe that allowing U.S. issuers the option to report in accordance with either IFRS or U.S. GAAP is sustainable in the long term. However, Microsoft does believe allowing U.S. issuers to prepare financial statements in accordance with IFRS is another important step in meeting the objective of a single set of high quality global accounting standards, and we believe that option should be allowed for a few years prior to a mandatory requirement that U.S. issuers prepare financial statements in accordance with IFRS.

Question 3: *What would be the effects on the U.S. public capital market of not affording the opportunity for U.S. issuers to report in accordance with either IFRS or U.S. GAAP? Specifically, what would be the resulting consequences and opportunities, and for whom? Would capital formation in the U.S. public capital market be better facilitated? Would the cost of capital be reduced? Alternatively, are there certain types of U.S. issuers for which the Commission should not afford this opportunity?*

Response: As indicated above, we believe allowing U.S. issuers to prepare financial statements in accordance with IFRS is another important step in meeting the objective of a single set of high quality global accounting standards.

Question 5: *What immediate, short-term or long-term incentives would a U.S. issuer have to prepare IFRS financial statements? Would the incentives differ by industry segment, geographic location of operations, where capital is raised, other demographic factors, or the aspect of the Commission's filing requirements to which the U.S. issuer is subject?*

Response: Under a phased approach such as we have suggested, Microsoft believes that allowing U.S. issuers the option to prepare financial statements in accordance with IFRS during a few years time period would help facilitate the ultimate requirement that U.S. issuers prepare financial statements in accordance with IFRS.

Question 9: *Would giving U.S. issuers the opportunity to report in accordance with IFRS affect the standard setting role of the FASB? If so, why? If not, why not? What effect might there be on the development of U.S. GAAP?*

Response: We do not see the FASB's standard setting role significantly impacted until there is a mandatory requirement that U.S. issuers prepare financial statements in accordance with IFRS. Until that time, the FASB will continue to play an important role in standard setting, including joint projects with the IASB.

Question 10: *What are investors', issuers' and other market participants' opinions on the effectiveness of the processes of the IASB and the FASB for convergence? Are investors and other market participants satisfied with the convergence progress to date, and the robustness of the ongoing process for convergence?*

Response: Microsoft commends the FASB and IASB on the progress they have made on convergence and believe their 2006 Memorandum of Understanding ensures an ongoing process for convergence.

Question 11: *How would the convergence work of the IASB and the FASB be affected, if at all, if the Commission were to accept IFRS financial statements from U.S. issuers? If the Commission were to accept IFRS financial statements from U.S. issuers, would market participants still have an incentive to support convergence work?*

Response: Some have argued that allowing U.S. issuers to use IFRS will lead to less convergence in the future, but we believe the opposite will occur and that this option will increase market demand for even greater convergence.

Question 12: *If IFRS financial statements were to be accepted from U.S. issuers and subsequently the IASB and the FASB were to reach substantially different conclusions in the convergence projects, what actions, if any, would the Commission need to take?*

Response: The Commission should continue to encourage standard setters to reach similar conclusions in convergence projects, directly with the FASB through its oversight responsibilities and indirectly with the IASB through IOSCO.

Question 13: *Do investors, issuers and other market participants believe giving U.S. issuers the choice to prepare financial statements in accordance with IFRS as published by the IASB furthers the development of a single set of globally accepted accounting standards? Why or why not, and if so, how?*

Response: Yes, Microsoft believes that allowing U.S. issuers to prepare financial statements in accordance with IFRS is another important step in meeting the objective of a single set of high quality global accounting standards.

Question 14: *Are investors, U.S. issuers and other market participants confident that IFRS have been, and will continue to be, issued through a robust process by a stand-alone standard setter, resulting in high quality accounting standards? Why or why not?*

Response: Yes, we believe that the IASB has a robust process that results in high-quality accounting standards.

Question 15: *Would it make a difference to investors, U.S. issuers and other market participants whether the Commission officially recognized the accounting principles established by the IASB?*

Response: If they are to be used, we believe it is necessary that the Commission officially recognize the accounting principles established by the IASB.

Question 16: *What are investors', U.S. issuers' and other market participants' views on how the nature of our relationship with the IASB, a relationship that is different and less direct than our oversight role with the FASB, affects the Commission's responsibilities under the U.S. securities laws?*

Response: In order to achieve the goal of a single set of high quality global accounting standards, the SEC must recognize and accept that its role is different and less direct than its oversight role with the FASB and that it should act primarily through IOSCO with regards to the IASB.

Question 21: *How do differences between IFRS and U.S. GAAP bear on whether U.S. issuers, including investment companies, should be given the choice of preparing financial statements in accordance with IFRS?*

Response: While additional convergence efforts are still necessary, we believe IFRS have become sufficiently robust to meet the information requirements for investors, even though that information is not the same information as required under U.S. GAAP. Accordingly, we do not believe differences between IFRS and U.S. GAAP should have an impact on whether U.S. issuers should be given the choice of preparing financial statements in accordance with IFRS.

Question 22: *What do issuers believe the cost of converting from U.S. GAAP to IFRS would be? How would one conclude that the benefits of converting justify those costs?*

Response: Infrastructure costs will be incurred in converting from U.S. GAAP to IFRS, but Microsoft believes the benefits of further progress towards the goal of a single set of high quality global accounting standards justify those costs.

Question 27: *Do you think that the information sharing infrastructure among securities regulators through both multilateral and bilateral platforms will improve securities regulators' ability to identify and address inconsistent and inaccurate applications of IFRS?*

Response: Yes, we believe initiatives such as IOSCO's database for cataloguing IFRS interpretations and sharing decisions on application by regulators around the world should help avoid conflicting conclusions regarding the application and enforcement of IFRS.

Question 30: *Who do commenters think should make the decision as to whether a U.S. issuer should switch to reporting in IFRS: a company's management, its board of directors or its shareholders? What, if any, disclosure would be warranted to inform investors of the reasons for and the timing to implement such a decision? If management were to make the decision to switch to IFRS, do investors and market participants have any concerns with respect to management's reasons for that decision?*

Response: Similar to other accounting changes, we believe a company's management should make the decision, based on consultation with its board of directors. A brief disclosure indicating that a company has made the change and why it made that change should be adequate.

Question 32: *Should the Commission establish the timing for when particular U.S. issuers could have the option to switch from preparing U.S. GAAP to IFRS financial statements? Should market forces dictate when a U.S. issuer would make the choice to switch from U.S. GAAP to IFRS financial statement reporting? If the former, what would be the best basis for the Commission's determination about timing?*

Question 33: *Should the opportunity, if any, to switch to IFRS reporting be available to U.S. issuers only for a particular period of time? If so, why and for what period? At the end of that period of time, could commenters foresee a scenario under which it would be appropriate for the Commission to call for all remaining U.S. issuers to move their financial reporting to IFRS?*

Response: As indicated above, assuming implementation of the proposed rule to accept financial statements from foreign private issuers prepared in accordance with IFRS without reconciliation to U.S. GAAP, we would suggest that U.S. issuers be allowed to prepare financial statements in accordance with IFRS beginning in the 2011/2012 time period. We believe this delay between getting rid of the reconciliation and allowing U.S. issuers the choice to use IFRS will allow investors and other market participants to adjust to financial statements prepared in accordance with IFRS, as well as allow the Commission time to study the effects of that transition. Furthermore, to reach the goal of a single set of high quality global accounting standards, Microsoft suggests that the phased approach to IFRS implementation should conclude with a mandatory requirement that U.S. issuers prepare financial statements in accordance with IFRS beginning in the 2015 time period.