

Microsoft Corporation One Microsoft Way Redmond, WA 98052-6399 Tel 425 882 8080 Fax 425 936 7329 http://www.microsoft.com

LETTER OF COMMENT NO. 44



April 13, 2007

Ms. Suzanne Bielstein Director of Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856-5116

Re: File Reference No. 1520-100

Dear Sue:

Microsoft appreciates the opportunity to respond to the Invitation to Comment (ITC), "Valuation Guidance for Financial Reporting". Given the increase in the use of fair value measurements for financial reporting, we agree that there needs to be valuation guidance specifically for financial reporting. However, given the FASB's lack of expertise in this area and the need to focus its limited resources on other areas, Microsoft believes a separate organization should be responsible for providing valuation guidance for financial reporting, subject to the oversight of the FASB and SEC. We believe this guidance should be principled in nature, providing an appropriate amount of implementation guidance when necessary.

Our responses to the individual issues raised in the ITC are attached. If you have any questions, please contact me at (425) 703-6094.

Sincerely,

Bob Laux
Director, Technical Accounting and Reporting

Need for Valuation Guidance

Question 1—Is There a Need for Valuation Guidance Specifically for Financial Reporting?

Response: Yes, given the increase in the use of fair value measurements for financial reporting, Microsoft agrees that there needs to be valuation guidance specifically for financial reporting.

Question 1(a)—Should Valuation Guidance Include Conceptual Valuation Guidance, Detailed Implementation Guidance, or a Combination of Both?

Response: The valuation guidance should be principled in nature, providing an appropriate amount of implementation guidance when necessary.

Question 1(b)—What Should Be the Duration of Any Valuation-Guidance-Setting Activities?

Response: It is difficult to answer this question at this time and this issue should be reevaluated once some guidance has been issued and applied in practice.

Level of Participation by Existing Appraisal Organizations

Question 2—What Level of Participation Should Existing Appraisal Organizations Have in Establishing Valuation Guidance for Financial Reporting?

Response: Given their expertise, Microsoft believes that existing appraisal organizations should serve as advisors to the organization that will be responsible for providing valuation guidance for financial reporting.

Process for Issuing Valuation Guidance

Question 3—What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting?

Response: Given the FASB's lack of expertise in this area and the need to focus its limited resources on other areas, Microsoft believes a separate organization should be responsible for providing valuation guidance for financial reporting, subject to the oversight of the FASB and SEC.

International Convergence

Question 4—Should the Process of Valuation Guidance Be on an International or National Level?

Response: While an international approach would be preferable, given the increase in the use of fair value measurements for financial reporting, a national approach may be more appropriate.