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April 1, 2011

Ms. Susan Cospier
Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: File Reference No. 2011-150

Dear Sue:

Microsoft appreciates the opportunity to respond to the Supplementary Document, “Financial Instruments: Impairment”. We support the FASB and IASB’s commitment to seek a common solution to the accounting for the impairment of financial assets. However, we do not believe that commitment to seek a common solution necessarily means there needs to be a single impairment model for all financial assets. In fact, given the differences in the nature of certain financial assets, Microsoft believes it is appropriate that there is more than one impairment model. Additionally, we believe the scope of the Supplementary Document needs more specificity, in particular, what is meant by the term financial assets managed in an “open portfolio” versus “single investments” and “closed portfolios”.

As indicated in the Supplementary Document, although views are sought on whether the proposed approach is suitable for open portfolios, the boards welcome any comments on its suitability for single assets and closed portfolios and also comments on how important it is to have a single impairment approach for all relevant financial assets. To support our business strategy, Microsoft invests in relatively short-term high quality debt securities with minimal price volatility. Given our expected positive cash flows and the existence of these investments, we also invest in debt and equity securities for purposes of long-term capital preservation and investment return. We believe the nature of our investments in debt securities is meaningfully different from investments in debt securities that are within the scope of the Supplementary Document. Furthermore, given the operational challenges of the proposed impairment model, we believe it should only be applied to financial assets measured at amortized cost as proposed by the IASB.

For our investments in debt securities, Microsoft supports an impairment approach where an impairment is recognized if we do not expect to collect all amounts originally expected to be collected at acquisition for our purchased debt securities. Unlike so-called “open portfolios” and the perceived need of reflecting the relationship between the

pricing of financial assets and expected credit losses, the proposed approach in the Supplementary Document would unnecessarily complicate our impairment analysis and would not be an appropriate impairment approach given the nature of our purchased debt securities.

If you have any questions, please contact me at (425) 703-6094.

Sincerely,

Bob Laux
Senior Director, Financial Accounting and Reporting