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December 15, 2010

Technical Director Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856-5116

Re: File Reference No. 1870-100

Dear Technical Director:

Microsoft appreciates the opportunity to respond to the Discussion Paper (DP), "Preliminary Views on Insurance Contracts". We are taking this opportunity to respond to one specific question in the DP – Should benefits that an employer provides to its employees that otherwise meet the definition of an insurance contract be within the scope of the proposed guidance? Microsoft does not believe employer-provided benefits, such as health benefits, should be included within the scope of the insurance contracts project.

We see employer-provided health benefits as part of our overall benefits package, which includes numerous other items, such as cash compensation, stock-based compensation, time off, health club membership, employee assistance programs, product discounts, tuition assistance, death benefits and long-term disability benefits. Microsoft views these benefits as a package, not individual one-off incentives, and we continuously examine the mix of benefits in order to maximize employee satisfaction and performance while managing the costs of the benefits. We also believe our employees view these as a package and not individual incentives. Microsoft strongly disagrees with the view that items such as employer-provided health benefits should be considered within the scope of the proposed guidance since the premiums to pay for employer-provided coverage are implicitly deducted from employees' salaries.

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

Sincerely,

Bob Laux Senior Director, Financial Accounting and Reporting