

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



November 23, 2011

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

Re: File Reference No. 2011-240

Dear Sue:

Microsoft appreciates the opportunity to respond to the Exposure Draft (ED), “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05”. We agree that the effective date pertaining to reclassification adjustments should be deferred while the Board considers the operationality of a requirement to present the effects of reclassifications out of accumulated other comprehensive income on the components of net income.

Microsoft believes this ED highlights the need for robust field testing of proposed new accounting guidance prior to the finalization of an Accounting Standard Update (ASU). While field testing will not uncover all the operational issues of proposed new accounting guidance, we do believe it could have revealed the operational difficulties of a requirement to present the effects of reclassifications out of accumulated other comprehensive income on the components of net income. We believe robust field testing should be a standard due process requirement for any significant proposed new accounting guidance in order to better measure the expected costs and benefits of new standards. The time requirements of field testing should be taken into account in planning the timeline for the completion of new accounting guidance.

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

Sincerely,

Bob Laux  
Senior Director, Financial Accounting and Reporting

## Attachment

*Question 1— Do you agree with the deferral? Why or why not?*

Response: Yes, Microsoft agrees that the effective date pertaining to reclassification adjustments should be deferred while the Board considers the operationality of a requirement to present the effects of reclassifications out of accumulated other comprehensive income on the components of net income.

*Question 2— Are there alternatives that the Board should consider for presenting reclassifications out of accumulated other comprehensive income that would be more cost effective than the one required by Update 2011-05?*

Response: We believe the current disclosure requirements for reclassification adjustments should be retained, which allows disclosure in the notes to the financial statements and does not require the disclosure of the effects of reclassifications out of accumulated other comprehensive income on the components of net income.

*Question 3— If you provide an alternative in Question 2 above, please explain how your alternative would better serve the needs of users of financial statements than current requirements.*

Response: Microsoft believes that similar to the option for the presentation of the tax effect of each component of other comprehensive income, companies should be permitted to display reclassification adjustments on the statement of comprehensive income or in the notes to the financial statements. Aside from the operational costs, we believe the presentation of reclassification adjustments as called for by Update 2011-05 does not provide investors with information that is, on balance and taken together with the financial statements and footnotes, more straightforward and decision-useful.