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September 14, 2015

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-13-15

Microsoft's Audit Committee appreciates the opportunity to provide comments on the Securities and Exchange Commission's ("SEC") Concept Release, "Possible Revisions to Audit Committee Disclosures." As members of Microsoft's Audit Committee, we recognize that we have a critical role in the governance and oversight of the independent auditor and company management.

We share the SEC's objective that audit committee reports should result in disclosures about audit committees and their activities that are sufficient to help investors understand and evaluate audit committee performance. However, we believe the focus of the concept release on the audit committee's reporting of its responsibilities with respect to its oversight of the independent auditor fails to holistically consider the many responsibilities of audit committees, including the oversight of the issuer's financial reporting processes, internal controls, the internal audit function and fraud prevention.

While we acknowledge the fact that the majority of the current audit committee disclosure requirements date back to 1999 and there have been significant changes in the role and responsibilities of audit committees, we do not believe that SEC rule making is currently the best path forward in striving to improve audit committee reporting. Rather, we believe the SEC should appoint a Blue Ribbon Committee consisting of investors, audit committee members, independent auditors, company management and governance organizations to develop principles-based best practices without becoming overly prescriptive. Our concern with SEC rule making on this topic at this time is that it could drive a compliance-minded approach that would result in standardized, one-size-fits-all language that fails to effectively communicate how the audit committee fulfills its responsibilities.

We believe the Blue Ribbon Committee could begin its work by leveraging the constructive work of other groups, for example, the Audit Committee Collaboration, which is a collaboration of the National Association of Corporate Directors, NYSE Governance Services, Tapestry Networks, Independent Directors Council, Mutual Fund Directors Forum, Association of Audit Committee Members, Inc., The Directors' Council, and the Center for Audit Quality. In recent years, the Audit Committee Collaboration issued a report titled "Enhancing the Audit Committee Report, A Call to Action."

While not intending to be prescriptive or suggest a mandate, the Audit Committee Collaboration report contains what are believed to be leading disclosure examples that provide benchmarks that other audit committees can use to evaluate how effectively their own disclosures:

- Clarify the scope of the audit committee’s duties
- Clearly define the audit committee’s composition
- Provide relevant information about:
 - Factors considered when selecting or reappointing an audit firm
 - Selection of the lead audit engagement partner
 - Factors considered when determining auditor compensation
 - How the committee oversees the external auditor
 - The evaluation of the external auditor

However, similar to the concept release, we believe the Audit Committee Collaboration report tends to focus more on an audit committee’s reporting of its responsibilities with respect to its oversight of the independent auditor rather than holistically considering the many responsibilities of audit committees. This is why we believe it is important that a Blue Ribbon Committee be appointed to develop principles-based best practices for audit committee disclosures. Best practice audit committee reporting studies are still in an early stage of development and a Blue Ribbon Committee can expedite that development as well as ensure the best practices holistically consider the many responsibilities of audit committees.

The following comments are in response to some of the specific issues raised in the concept release.

Audit Committee’s Oversight of the Auditor

Additional Information Regarding the Communications Between the Audit Committee and the Auditor

We do not agree that the Commission should expand disclosure requirements such that all required communications between the audit committee and the auditor be listed in the audit committee report. Rather than a laundry list of required communications, we believe best practices should be identified for reporting on the significant or relevant topic areas that were addressed in these communications with the independent auditor. For instance, qualitative disclosure could be included in the audit committee report that describes the audit committee’s general practices and objectives in communicating with the auditor.

The Frequency with which the Audit Committee Met with the Auditor

We do not agree there should be additional disclosures required about the number of meetings the audit committee has had with the auditor or the frequency with which it met privately with the auditor, as we believe such additional disclosure requirements would result in standardized compliance language that fails to effectively communicate how the audit committee fulfills its

obligations. We fear that such a disclosure requirement would result in undue focus on the number of the meetings rather than the quality and content of the meetings.

Review of and Discussion About the Auditor's Internal Quality Review and Most Recent Public Company Accounting Oversight Board ("PCAOB") Inspection Report

Certain disclosures about the audit committee's review and discussion of the audit firm's internal quality-control review and most recent PCAOB inspection report could be useful to investors. We believe qualitative disclosures in this area would be much more useful than just a disclosure that such discussions have occurred. However, as noted in the concept release, there is a risk that the confidentiality of nonpublic inspection results could be undermined, so this is an area we would suggest needs more research on best practices for these types of qualitative disclosures.

Whether and How the Audit Committee Assesses, Promotes and Reinforces the Auditor's Objectivity and Professional Skepticism

We believe it would be difficult for the Commission to develop specific types of disclosures requirements on how the audit committee assesses, promotes, and reinforces the auditor's objectivity and professional skepticism. Rather, we believe this could be better addressed with a robust discussion of the process for evaluating, appointing or retaining the auditor.

Audit Committee's Process for Appointing or Retaining the Auditor

How the Audit Committee Assessed the Auditor, Including the Auditor's Independence, Objectivity and Audit Quality, and the Audit Committee's Rationale for Selecting or Retaining the Auditor

We agree that audit committee reports could be improved with a more robust discussion about the factors an audit committee considers when making its determination about engaging an audit firm. For instance, the report could include the qualitative factors the audit committee considered when discussing the quality and qualifications of the firm, such as the talent and experience of the audit firm and the quality and candor of the auditor's communications with the audit committee. This could be integrated with the discussion of the audit firm's internal quality-control review and most recent PCAOB inspection report.

If the Audit Committee Sought Requests for Proposal for the Independent Audit, the Process the Committee Undertook to Seek Such Proposals and the Factors They Considered in Selecting the Auditor

We do not agree that there should be a separate disclosure requirement with respect to an audit committee's requests for proposals for the independent audit. Rather, this should be covered by a robust discussion about the factors an audit committee considered when making its determination about engaging an audit firm.

The Board of Directors' Policy, if any, for an Annual Shareholder Vote on the Selection of the Auditor, and the Audit Committee's Consideration of the Voting Results in its Evaluation and Selection of the Audit Firm

We support audit committees disclosing information on the annual shareholder vote on the selection of the auditor and the audit committee's consideration of the voting results in evaluating and selecting the audit firm.

Qualification of the Audit Firm and Certain Members of the Engagement Team Selected By the Audit Committee

Disclosures of Certain Individuals on the Engagement Team

We do not believe that disclosure of the name of the engagement partner would be useful and reject the notion that disclosing the engagement partner's name would increase their accountability. There is currently a high level of accountability for engagement partners given the level of PCAOB oversight, internal firm quality reviews and the possibility of civil litigation. Rather than disclose the name of the engagement partner, we believe the audit committee report should include more effective disclosures about the audit committee's process for and involvement in the selection of the lead engagement partner.

Audit Committee Input in Selecting the Engagement Partner

As indicated above, we believe the audit committee report should include more effective disclosures about the audit committee's process and involvement in the selection of the lead engagement partner. This could include a discussion of the individual's qualifications, industry and multinational experience, and the audit committee's assessment of the individual's independence and objectivity.

The Number of Years the Auditor has Audited the Company

We are quite skeptical that the disclosure of the number of years the auditor has audited a company would be a useful disclosure. For instance, is a long tenure good or bad? Requiring specific disclosures such as this risks putting prominence on items that have no evidential link to audit quality or independence. Rather than disclosing the number of years the auditor has audited the company, we believe a more useful disclosure would be the factors the audit committee considered when evaluating the quality and qualifications of the firm. This could include a discussion of why the audit committee believes that the retention of the incumbent audit firm was in the best interest of the company and its shareholders.

Other Firms Involved in the Audit

If material to the overall audit (which we do not believe is the case for most companies), the audit committee report should include a discussion of the factors the audit committee considered

when allowing other firms to be a material part of an audit, and how the work of those firms was supervised by the company's principal independent auditor.

Location of Audit Committee Disclosures in Commission Filings

We believe the audit committee report should remain in the annual proxy statement.

Additional Comments

As previously mentioned, we believe the focus of the concept release on the audit committee's reporting of its responsibilities with respect to its oversight of the independent auditor fails to consider holistically the many responsibilities of audit committees, including the oversight of the issuer's accounting and financial reporting processes. An audit committee report should clarify the scope of its duties and as a starting point, a clear link should be made to the audit committee charter. Additionally, we believe the report should also explain the scope of the audit committee's duties with respect to matters such as internal controls, risk management, legal and compliance, governance of information technology and oversight of the internal audit function. We believe many investors do not associate these duties as core audit committee responsibilities.

We appreciate you considering our views and would welcome the opportunity to discuss our views or respond to any questions you may have.

Sincerely,

The Audit Committee of the Board of Directors of Microsoft Corporation



Charles H. Noski, Chairman



Teri L. List Stoll



G. Mason Morfit



Dr. Helmut Panke