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June 8, 2004

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
H-232, The Capitol
Washington, DC 20515-6501

The Honorable Nancy Pelosi
Minority Leader of the House of Representatives
H-204, The Capitol
Washington, DC 20515-6537

Dear Speaker Hastert and Minority Leader Pelosi:

Microsoft believes the United States should comply with its World Trade Organization obligations by repealing the Extraterritorial Income Exclusion Act of 2000 (ETI) in a WTO consistent manner that does not disadvantage production activity in the United States.

Accordingly, we support H.R. 4520, the American Jobs Creation Act of 2004. The bill would repeal ETI and help alleviate the tax increase on ETI users by providing critical transition relief and a tax reduction for U.S. production activity, including software production. While ETI repeal legislation will subject Microsoft to a net tax increase, we urge the Committee on Ways & Means to favorably report H.R. 4520 and hope the House will pass this important legislation and negotiate a conference agreement with the Senate so the President can sign a bill into law as soon as possible.

We look forward to working with you on this important legislation.

Sincerely,

Jack Krumholtz
Managing Director of Federal Affairs
Associate General Counsel