

GREENHORNE &



O'MARA, INC.

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GENERAL CIVIL  
TRANSPORTATION  
RESOURCE MANAGEMENT  
GEOGRAPHIC SCIENCES

September 24, 2003

Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Letter of Comment No: 20  
File Reference: 1100-LEU  
Date Received: 09/24/03

Attention: Mr. Robert H. Herz, Chairman

Subject: Financial Accounting Standards Board (FASB)  
Statement of Accounting Standards No. 150  
Accounting for Certain Financial Instruments with Characteristics of Both  
Liabilities and Equity

Dear Mr. Herz,

Greenhorne & O'Mara, Inc. (G&O) is a privately owned civil engineering firm employing over 650 professional engineers, scientists and support personnel. We have operations and employees in the states of Maryland, Virginia, Pennsylvania, Florida, North Carolina and Georgia. G&O has been in existence for over 50 years and for the last 40 of those years it has been structured as a privately held corporation owned by its employees. The company has operated successfully and dealt with many complicated financial issues including ownership transition under this structure.

We are writing to express our concerns regarding the severe impact that FASB SAS 150 will have on G&O and other privately held corporations. We are requesting that all possible steps be taken to have FASB reconsider its actions and not make privately held corporations subject to this accounting standard. We appreciate the step recently taken to delay the applicability of FASB SAS 150 to private entities, however, believe that this is only a short term solution to the problems that will be caused by the eventual application of the standard.

The requirements of FASB SAS 150 will wipe out the net worth of entities such as G&O that have agreements in place obligating them to redeem shares when their owners retire or otherwise terminate their employment. This will be done with no tangible benefit to the shareholders of these entities and will create the damage described below.

We clearly understand the reason and importance of such a standard for publicly traded corporations. The very reason FASB SAS 150 is important for shareholders of public companies, that is protecting investors from unknown liabilities when they purchase shares in the public market place, is the reason it should not be applicable to private corporations. Private corporations do not have access to public equity markets and as with G&O employees make up the entire market for their common stock. These employee shareholders are aware of the limited market for the common stock at the time it is purchased. It is the efforts of our shareholder employees to enhance the financial strength of the Company and its shareholder value that

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ensures the Company will have the financial strength to purchase back their shares when they retire or leave the Company.

Firms with publicly traded common stock have the option to eliminate common stock plans that would require FASB SAS 150 adjustments to their financial statements. Privately held firms do not have that option. In addition, by their nature publicly held firms do not have repurchase obligations for the majority of their common stock which requires a FASB SAS 150 adjustment to financial statements as is the case with non public Companies such as Greenhorne & O'Mara, Inc.

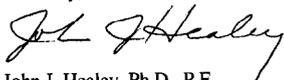
Imposing the requirements of FASB SAS 150 on private corporations such as G&O will have a detrimental impact on the financial statements of the Company and its competitive position. The Company's financial statements are used by clients, both public and private, to evaluate the financial viability of the Company. In some cases they are used to determine if the company meets minimum financial requirements for bidding on and obtaining assignments. The negative impact of the required FASB SAS 150 adjustments on the financial statements of the Company can negatively impact these evaluations.

In addition credit analyses by banks and other providers of short and long term capital required by the Company to maintain and grow its operations and vendors who supply critical materials and services can be negatively impacted by the adjustments required by FASB SAS 150. This will be particularly true when the financial statement of a privately held company is contrasted with generally larger publicly held firms with more flexibility and options in dealing with the issues addressed by FASB SAS 150.

We appreciate the need for FASB SAS 150 when applied to public companies but believe the negative impact on the financial and competitive positions of privately held companies warrants reconsideration of the application of this standard to them. The generally smaller private concerns will be put at a competitive disadvantage with larger public firms with which they must compete as the result of FASB SAS 150.

We thank you for your attention to this matter.

Sincerely,



John J. Healey, Ph.D., P.E.  
Chairman, President and CEO