

May 30, 2008



LETTER OF COMMENT NO. 39

Technical Director - File Reference 1550-100 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: Financial Instruments with Characteristics of Equity - Preliminary Views.

Dear Director:

We thank you for the opportunity to comment on the Financial Accounting Standards Board's ("FASB") Preliminary Views on distinguishing between equity and liabilities or assets. support the basic ownership approach described in paragraphs 16 and 17 of the Preliminary Views as that approach simplifies the accounting requirements. We have concerns, however, regarding the definition of basic ownership instruments provided in paragraphs 18 - 21. In particular, the provisions of paragraphs 20 and 21 may cause companies that issue only redeemable stock, like Peter Kiewit Sons', Inc. ("PKS"), to present balance sheets that have no equity. We believe that this is an unintended consequence of those paragraphs, and we therefore believe that these paragraphs need to be reconsidered. Additionally, we feel a more flexible presentation model for entities that have issued only redeemable instruments would provide more useful information to financial statement readers.

PKS is one of the largest construction contractors in North America, tracing its history to a construction enterprise begun in 1884. PKS has one class of common stock ("Common Stock").

PKS sells shares of Common Stock at a formula price that is based upon the book value of PKS as of the end of the prior fiscal year. The formula price is determined once annually, and equals total assets (excluding property, plant and equipment used in construction activities) less total liabilities and minority interest all as of the end of the prior fiscal year. This value is then divided by the number of shares of Common Stock outstanding as of the end of the prior fiscal year. This quotient is rounded to the nearest \$0.05 and is then reduced by the per share amount of any dividends declared on the Common Stock since the prior fiscal year end to determine formula price per share.

The Common Stock is mandatorily redeemable as defined by Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". It cannot be traded on any established securities market or otherwise, and may only be transferred back to PKS for cash at the formula price per share in effect as of the disposition date.

Holders of the Common Stock may choose to sell some or all of their shares back to PKS at the formula price per share, and, generally, PKS must purchase the tendered shares.

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termination of employment for any reason, all shares of Common Stock are required to be sold back to PKS at the formula price per share.

We believe that the Common Stock has both of the characteristics of paragraph 18 of the Preliminary Views. Since the Common Stock is redeemable, however, the characteristics of paragraphs 20 and 21 also must be considered. In order for a redeemable instrument to be a basic ownership instrument, paragraph 20a adds, "The redemption amount is the same as the share of the issuer's net assets to which the holder would be entitled if it were to liquidate on the classification date." We have two concerns with paragraph 20a. First, since the formula price of the Common Stock is reduced by the book value of property, plant and equipment used in construction activities, formula price is not the same as the amount a holder would be entitled to receive if PKS were to liquidate. As a result, the Common Stock would not meet the criteria to be considered a basic ownership instrument. Since the Common Stock is the only instrument that meets the criteria of paragraph 18, no instruments would be considered basic ownership instruments, and PKS would therefore have no equity.

Second, it is not clear to us whether paragraph 20a requires that the redemption amount be measured at every classification date. The formula price of PKS' Common Stock is measured once annually. If paragraph 20a implies that only monthly or quarterly measurement of the redemption amount would satisfy this requirement, then, again, the Common Stock would not be a basic ownership instrument, and PKS would have no equity.

In addition to the requirements of paragraph 20, paragraph 21 requires that, for an instrument with a redemption formula based on book value to qualify as a basic ownership instrument, the redemption formula must be designed to approximate fair value of the instrument or share of assets to which the holder would be entitled. It is not clear to us whether our formula price would meet the requirement of paragraph 21a given that the formula price per share of PKS' Common Stock is reduced by the book value of property, plant and equipment used in construction activities. If the Common Stock does not meet the requirements of the paragraph, then, again, PKS would have no basic ownership instruments and no equity.

We don't believe it was the intent of the Preliminary Views document to suggest a model that could result in entities with no equity. We believe that the outcome of paragraphs 20 and 21 are an unintended consequence given the statements made in paragraphs 16a and 19 as follows:

16a. The most residual claim is classified as equity. The holders of this class of instruments are viewed as the owners of the entity. Claims that reduce (or enhance) the net assets available to the owners of the entity are classified as liabilities (or assets).

19. A share of stock with the lowest priority claim of all instruments the entity has issued is an example of a basic ownership instrument.

PKS' Common Stock is the most residual claim, and is stock with the lowest priority. The holders of the Common Stock are the only owners of PKS. We therefore believe that the Common Stock should be considered equity.

Given what is said in paragraphs 16a and 19, it appears to us that the intention of paragraphs 20 and 21 was to help identify basic ownership instruments when an entity has multiple classes of instruments meeting the criteria of paragraph 18. As a result, we believe that paragraphs 20 and 21 either should be effective only for entities that have both redeemable and non-redeemable classes of stock, or should be reconsidered to allow entities with only redeemable instruments to

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present equity. Also, we believe the meaning of "designed to approximate fair value" should be clarified.

In addition to our concerns about paragraphs 20 and 21, we also would like to comment on the presentation of redeemable instruments included in equity. According to paragraph 32 and the example following paragraph 33, redeemable instruments are to be presented within equity at the current redemption value, and increases in the redemption value are deducted from retained earnings. Although we understand why this presentation would be effective for entities with multiple instruments (both redeemable and non-redeemable) that qualify as basic ownership instruments, we believe such a presentation would be less useful in a situation similar to PKS'. We suggest that the presentation model provide for some flexibility to allow entities with only redeemable instruments in equity to present a traditional equity section with separate captions, under the heading "redeemable equity", for common stock at par, additional paid in capital, retained earnings and accumulated other comprehensive income. The redemption value of the redeemable instruments would be disclosed parenthetically on the face of the balance sheet.

We believe this presentation would provide readers with more information as the components of the redeemable equity would be presented on the face of the balance sheet along with the redemption amount. The components of redeemable equity would not be presented on the face of the balance sheet in the example following paragraph 33.

Additionally, a traditional presentation eliminates the confusion that is caused when only redeemable equity exists and there is a difference between the amount of total equity and the redemption amount. In PKS' case, since equity exceeds formula price by the book value of the book value of property, plant and equipment used in construction activities, there is a difference that would need to be described using the current example shown in paragraph 33. As we discovered when we implemented SFAS No. 150, presenting this difference as a separate item on the face of the balance sheet is very confusing for readers. Presenting a traditional equity section with the disclosure of the redemption value on the face of the balance sheet eliminates this confusion while still being clear about the redeemable nature of the instruments.

In assessing the impact of the Preliminary Views we have consulted with KPMG. More specifically, we discussed these issues with Dan Koraleski, local Engagement Partner, Carmen Bailey, Department of Professional Practice Partner, and Hillary Larson, Senior Manager at the Department of Professional Practice.

Thank you for your consideration.

Sincerely,

/s/ Michael J. Piechoski Michael J. Piechoski Senior Vice President and Chief Financial Officer

/s/ Michael J. Whetstine Michael J. Whetstine Controller and Assistant Secretary