



January 28, 2011

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Technical Director – File Reference No. 1890-100
Financial Accounting Standards Board
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Ladies and Gentlemen:

We thank you for the opportunity to comment on the Discussion Paper (“DP”) regarding “Effective Dates and Transition Methods.” We previously submitted comment letters on the Exposure Drafts (“ED”) regarding “Leases” and “Revenue from Contracts with Customers”. We refer to those letters a number of times in this letter. For your reference, they are comment letter number 246 and 231, respectively, on the FASB website.

Our comments assume that the proposed standards will be finalized largely in their current form. We believe that if that is the case, then the Boards should provide several years between the issuance of the final standards and their effective dates. If, however, the standards are simplified and revised as we have described below, then the time between issuance and the effective dates can be significantly reduced.

Question 1 (paraphrased) – Please describe the entity responding to this Discussion Paper:

Peter Kiewit Sons’, Inc. (“Kiewit”) is one of the largest construction contractors in North America, and is also engaged in the coal mining business. Annual revenues are approximately \$10 billion. We are one of the largest employee-owned companies in the United States. We do not have registered securities.

We are a preparer of financial statements in accordance with U.S. GAAP. Many of our customers and our partners are international companies which have begun to request statements prepared in accordance with IFRS. International expansion has also created the need to prepare statements in accordance with IFRS. Audited financial statements are prepared for Peter Kiewit Sons’, Inc. as well as over 30 subsidiaries and partnerships. These statements are prepared for a

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number of reasons, but primarily are prepared to demonstrate to our customers our financial ability to complete projects. These subsidiaries vary in size, and therefore the materiality of transactions to these entities also varies.

We also extensively use financial statements prepared by our customers, vendors and partners in order to assess their financial ability to meet their commitments to us.

We do not anticipate that the ED regarding “Comprehensive Income” will have a significant impact as it primarily addresses presentation matters. Our stock price is determined using a formula value that is based on equity, so the proposed changes will not affect stock price. We also do not anticipate that the ED regarding “Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities” will have a significant impact on our financial reporting.

The EDs regarding “Leases” and “Revenue from Contracts with Customers” would have enormous impacts on the functioning of our business and our financial statements. We have thousands of leases that are currently accounted for as operating leases. Most of these leases are month to month, and the proposed treatment of options to extend lease terms would have a profound impact on our need to accumulate information on these leases. Similarly, we have hundreds of long-term contracts with customers. The proposed revenue recognition model is significantly different than current practice for long-term contracts. We will expand on the impacts of these proposals in the response to the next question.

Question 2 – Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition and leases):

- a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each new standard?**
- b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?**

Leases:

As we described in more detail in our comment letter on the ED on Leases, engineering and construction (“E&C”) contracts are by their nature non-recurring. A contractor constructs a project in a particular location for a period of time, and then moves on to another project in another location. Sometimes the next location is reasonably near the last location, but normally it is not. As a result, a contractor may not own necessary resources, primarily equipment, at the location of the work.

Further, projects are composed of multiple different processes and operations that occur at different times and require different resources. The result of this is that certain pieces of

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equipment will be used for a very short time period. They may be needed again later in the project, or they may not.

Lastly, an E&C contract normally requires a wide variety of types of equipment, tools and property. Resource needs range from cranes, earthmoving equipment and office trailers to portable restrooms and traffic cones.

The management team of each individual project makes the cost/benefit decisions to determine whether to own or lease assets based on these factors, and often enters into numerous leases at each project. These leases are typically short-term (less than one year) or are month to month as the related equipment typically is not required for longer terms.

We have thousands of month to month leases for the full range of equipment described above – from large pieces of equipment to portable restrooms and traffic cones. Our month to month leases may be terminated by either the lessor or the lessee with as little as one day's notice. (These are not termination provisions in the event of default by either party. Lessor and lessee may terminate on as little as one day's notice even when both parties are in full compliance with all other provisions of the agreement.)

As you can see from this description, the impact of the final lease standard on our company is largely driven by the final provisions regarding options to extend lease terms and short-term leases. If the final standard recognizes, as we asserted in our comment letter, that unexercised options are not liabilities and therefore should not be included in the lease term, then the impact of this standard will be limited to a much smaller population of multi-year leases that are primarily for real estate. Similarly, if the final standard clarifies that options must be unilateral and unconditional in order to be included in the lease term, then our population of affected leases is much smaller as our month to month leases may be terminated by either the lessor or the lessee with as little as one day's notice.

Addressing the standard's requirements for this smaller population of leases (leases excluding the month to month leases) can be handled by a fairly small group of people as our real estate leasing is fairly centralized. We currently have very few capital leases, so we have not implemented a system to track them and perform the required accounting entries. They are instead addressed via a fairly manual process. We could conceivably track the necessary information for this much smaller population using this method until a system solution could be implemented. We believe we are in the minority of companies in this regard, however, as we believe many have far too many leases to adopt the standard without implementing a system solution.

If, however, the final standard requires that options be considered when determining lease term and options are not defined as unilateral and unconditional, then the affected population would be expanded to thousands of leases, and we would have to implement a system solution to meet the requirements. Furthermore, we would have to greatly expand the number of people that would be involved in the process since each project management team is responsible for its own leases. We have hundreds of projects in progress at any given time. We therefore would need to

train hundreds of decentralized project teams that are located throughout North America to obtain the required information. Project management teams do not have an accounting background, but, since they are the people who enter into the leases and schedule the work, they have the requisite knowledge and therefore would be required to provide the necessary information and provide probability weighting (a process and concept that is foreign to them) to support their assessment of lease payments. They also would be required to provide the information necessary to comply with the requirement to reassess the carrying amount of the lease liability on an ongoing basis. Each project team would need to provide this information for dozens of month to month leases.

Consequently, if the ED is largely unchanged when it becomes a final standard, we expect to incur costs related to:

1. Understanding the provisions of the final standard and agreeing to their meaning with our auditors,
2. Identifying, purchasing, developing and implementing a new system to perform the accounting and disclosure functions,
3. Training both accounting and project management personnel in the requirements of the standard,
4. Entering the required data into the system for each lease,
5. Retrospectively restating open leases as of the date of conversion, and
6. Maintaining the data including periodic update by project management of the information required to determine whether a reassessment of the liability is necessary.

We expect that steps 1 and 2 would take up to 2 years. Since the standard is not final, it is unlikely that existing software accommodates all of the requirements. It will take time to identify the package that most closely meets the requirements. Once that has occurred, it must be integrated with our procurement/payables, job cost reporting, fixed asset, ledger, and tax accounting systems. Such extensive integrations take significant time and testing. During the time required to perform step 2, we can concurrently perform the training described in step 3. As noted earlier, the project management teams do not have accounting backgrounds, and our experience has been that it takes 1 to 2 years to train these teams to fully comply with new accounting standards. We believe step 5, retrospectively restating open leases, will take at least 6 months due to the volume of leases that would be assessed, and the number of project personnel that would need to be contacted to assess the lease terms. In total, we believe that implementation could take up to 2 ½ years. Our experience is that projects of this type are multi-million dollar efforts.

Revenue from Contracts with Customers:

For Kiewit, the potential impact of this standard will be driven by how the final standard addresses long-term contracts. If, for example, the final standard allows for the combination of performance obligations similar to those found in E&C contracts when facts and circumstances indicate that the performance obligations are highly interrelated, as we advocated in our comment letter, then we believe that implementation will be fairly straightforward. We believe our performance obligations would be considered highly interrelated, and therefore the

accounting under the standard would be very similar to current treatment which would make implementation and retrospective application reasonable undertakings.

If the language in the ED is largely unchanged in the final standard, however, then this will be the single most complicated and costly accounting change ever undertaken by the E&C industry. Most changes to GAAP primarily affect the accounting function and rarely impact the day to day operational functioning of an entity. This change, however, would require a change in culture – in how project management personnel view and perform their daily work. As we described in more detail in our comment letter, identifying distinct performance obligations in E&C contracts would be very difficult and would require significant involvement of project management. Similarly, significant project management time would be required to estimate stand alone selling prices and apply probability weighting to the individual components of E&C contracts. As noted earlier, project management does not have an accounting background, and the application of the proposed model to the E&C industry is complicated for even experienced accountants. Giving project management the training they would need to effectively apply the model would take considerable effort. Since this would be a cultural change, much more so than the implementation of the leases standard, there would be significantly more resistance which would mean the training and adoption would take a longer period of time when compared to the leases project.

In addition to these people costs, significant costs will be incurred to reconfigure computer systems to accommodate the provisions of the model. Accounting systems are not currently configured to:

- create separate obligations within a contract,
- allocate price to multiple obligations based on standalone selling prices,
- calculate revenue for multiple obligations within a contract,
- allocate variable pricing and changes to contract price to multiple obligations,
- allocate shared costs to multiple obligations,
- recognize revenue for obligations at different timing based on differences in change of control,
- calculate the time value of money for receivables, contract liabilities or multiple onerous obligations within a contract, or
- calculate price or onerous obligations by applying probability factors.

Most long-term contract revenue recognition systems are highly integrated as they are used both for cost management as well as revenue recognition. Reconfiguring systems to accommodate all of these changes for long-term contracts would likely take longer than implementing the lease system, and would be extremely expensive. Based on work we recently have performed in our revenue recognition systems, we expect this to be a multi-million dollar effort that would take a minimum of two years.

Another factor that would need to be considered when applying this standard to the E&C industry is partnership arrangements. E&C contractors frequently form partnerships to construct specific projects. We currently have over 80 such partnerships. One of the partners in that venture is typically responsible for maintaining the books and records. As the ED is currently

worded, when control is transferred continuously, one revenue recognition method must be applied to similar obligations in similar circumstances. E&C contractors generally use the cost to cost method to determine percent complete, but that is not universal. As a result, the partner preparing the financials for the partnership may use a method for determining percent complete that is different from the method used by the other partners. Similarly, the partner preparing the financials may use an approach to determining distinct performance obligations and standalone selling prices that is not consistent with the approaches of the other partners. In order to implement this standard, E&C contractors would need to coordinate the preparation of partnership financial information so that all partners can consistently apply their methods to the partnerships. This process would, as above, involve extensive interaction between accounting and the project management teams as well as system configuration changes to accommodate the information needs of all partners. Given the unknowns in this process (the form of the final standard, how different contractors and their audit firms will interpret the final standard), we cannot currently estimate how long this process may take or what the costs may be.

Retrospective application under the current provisions of the ED also presents an enormous undertaking for the E&C industry. Our comment letter to the ED, as well as many other comment letters, presented those complications. E&C contracts can have durations in excess of 10 years. In our instance, we currently have contracts with durations as long as 7 years. Approximately half of our contracts have durations of 2 years or longer, and we have over \$11 billion of contracts with durations in excess of five years. If we were to implement using December 2010 as our first balance sheet, we would need to research nearly 300 contracts, some of which began 7 years ago, to determine the correct opening balance sheet.

The nature of each E&C project is so unique that the analysis of segmentation, distinct performance obligations, standalone selling prices, etc. cannot be made by accounting personnel alone. As we noted earlier, these determinations would require significant effort from project management and legal. Combining these resources to review hundreds of contracts that span over several years is a staggering prospect. This work would take an enormous amount of time and would be very expensive. It would also distract project management from the completion of their current work.

Furthermore, the needed information simply may not be available. Some of it will have been destroyed in accordance with document retention policies, and some of it, particularly standalone selling price, was never collected. Moreover, the personnel originally involved with the projects may no longer be with the company. Acquisitions also affect the amount of available information. Business combination accounting can impact the value of contracts at the date of the acquisition, which would make the retrospective application significantly more complex. In addition, it is common for the acquired company to adopt the acquirer's accounting system soon after acquisition. The ability to retrieve and re-create information from which to make retrospective revenue recognition decisions is questionable at best in such circumstances. Lastly, in asset acquisitions, the acquiree often maintains ownership of the pre-acquisition books and records. In this case, it simply may not be possible to access the needed information.

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Finally, as noted above, partnerships are common in the E&C industry, and partners must work together to both overcome the obstacles noted in the previous two paragraphs and to ensure that the partnership can produce information that is consistent with each partners' accounting policies.

The result of this is that it is very hard to estimate how long it would take to retrospectively adopt this standard, or whether it is even possible, other than to say it appears to be a multi-year effort.

Consequently, if retrospective application must be applied to the standard as it is currently written, then we believe the only practical way to accomplish that is to set the effective date far enough out in the future that preparers can begin to accumulate the necessary data after the standard is finalized. Preparers could then essentially run the current accounting and the proposed accounting parallel and switch over at the effective date. To do this, however, the system to do both must be in place. As we noted above, we believe it will take at least two years to implement a system that meets the requirements included in the ED. Assuming two years is correct, and adding 7 years based on our longest duration contract noted above, we would need at least 9 years between issuance and the effective date of the final standard to effectively apply the standard on a retrospective basis and create a single opening balance sheet. Two additional years would be needed to create comparative financial statements. As a result, we would need 11 total years between issuance and the effective date of the final standard. Public companies with facts and circumstances similar to ours would also need 3 additional years of comparative data, and their total would be 14 years.

We recognize that this seems like an unnecessarily long period of time. When you consider the list of items that must be accomplished, however, the length of time starts to seem more reasonable. As noted above, 1) systems must be developed and implemented that are consistent with the new rules as well as tax law and the reporting requirements of management and our surety (as we discuss in our response to Question 3), 2) accounting and project management personnel must be trained in the requirements of these fairly complicated rules, 3) data necessary for retrospective application must be accumulated and audited, and 4) each of these tasks must be performed both for projects that an entity performs solely and for those it performs in partnerships.

For the E&C industry, retrospective application is a primary driver in the cost and duration of implementation. As we noted above, retrospective application may not be possible in the E&C industry unless the effective date is sufficiently in the future, and, even then, developing and maintaining parallel systems to measure revenue until the effective date would be extremely costly and cumbersome. Allowing more flexibility in the adoption of this standard would shorten this timeline and reduce the cost considerably.

We therefore believe that a prospective application for only new contracts entered after the effective date is most appropriate for the E&C industry. Prospective application for contracts entered prior to the effective date and modified after the effective date would create all of the issues we have noted above with regard to retrospective application as nearly all E&C contracts

are modified continually by change orders. That is why we believe prospective application is appropriate for new contracts only. We recognize that financial statement users may be affected by a temporary fluctuation in trends, but it is our observation, based on the discussions we have participated in, that they will be able to adapt to this short term issue. We have discussed retrospective application with our bonding company. They believe that the benefit does not justify the cost. We have also been involved in a discussion in which banks that lend to the E&C industry indicated they share that opinion. Analysts who track publicly traded E&C contractors were also involved in that discussion, and seemed split on the benefit. We ask the Boards to consider that only a small fraction of the E&C industry is publicly traded. The vast majority of the E&C industry consists of private companies with banks and bonding companies as their primary financial statement users, and those users prefer prospective application.

There are likely some industries that are better able to restate given the nature of the changes affecting them, and we believe the standard therefore should have the flexibility to allow for either retrospective or prospective application based on each entity's facts and circumstances, similar to the approach taken under EITF 08-01.

Question 3 – Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

Leases:

There are two impacts we see with regard to the proposed lease standard. The first is that the lease standard is not consistent with tax law in the United States or Canada. As a result, our processes will need to provide for mechanisms that allow us to report under the proposed rules as well as under tax law.

The second is the ability for federal contractors to bill for lease costs under the Federal Acquisition Regulations ("FAR"). The FAR refer to current US GAAP with regard to leases. Under the FAR, the interest component of a capital lease is not an allowable cost. The provisions of the ED would effectively make all leases capital leases, and would result in an interest charge for all leases other than those that are short term. This accounting change would likely have an enormous financial impact on federal contractors, even though there has been no change in the economics of the leases themselves, as a portion of the lease payments would no longer be recoverable. As we requested in our comment letter on the ED, we ask that the Boards discuss the potential impact of the proposed standard with the FAR Council before the standard is finalized so that any financial impact to federal contractors may be minimized. Mr. Daniel Gordon is the Administrator of Federal Procurement Policy and is the Chair of the FAR Council.

Revenue from Contracts with Customers:

As with the proposed lease standard, the proposed revenue recognition model is substantially different from tax law for long-term contracts. Tax laws in the United States likely will continue to require the use of an SOP 81-1 approach. As a result, E&C contractors would be required to maintain two sets of very different books. To be sure, tax and GAAP diverge in numerous ways today, and preparers have always been able to handle the consequences. Most of the differences, however, require a fairly simple process of substitution (eliminating non-deductible expenses, replacing accrual based expenses with cash outlays, etc.) The differences between the proposed model and current tax law, however, are far beyond simple reconciliation, and would require two parallel systems.

In addition to the tax law considerations, E&C contractors would need to maintain parallel systems for determining revenue recognition to satisfy the needs of management, their bonding company and their banks. As we noted in more detail in our comment letter on the ED, management will continue to assess performance at the contract level as that is the unit of measure that drives the business.

As we also noted in more detail in our comment letter on the ED, we discussed the ED's provisions with our bonding company, which is the largest bonding company in both the United States and Canada and is also one of the most significant users of our financial statements. They are opposed to dividing our E&C contracts into multiple obligations for revenue recognition purposes, feel that separate obligations will cause misleading results and opportunities to structure results, and therefore believe the most faithful representation of our results is to record revenue at the contract level. In fact, they feel so strongly about this that they have indicated that they would require us to provide them with separate financial information that continues to recognize revenue at the contract level.

Consequently, implementing the proposed revenue recognition model would require the development and implementation of two parallel systems and processes that have very different rules. Configuring and maintaining two parallel systems, as well as training accountants and project management how and when to use both, would take considerable time and effort and would be extremely costly.

Question 4 – In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their effect on the cost of adapting to the new reporting requirements.

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Leases:

We prefer prospective application as that method is the simplest and most cost effective. Barring that option, the limited retrospective approach proposed by the ED would be our preference over the retrospective approach.

Revenue from Contracts with Customers:

Our response to Question 2 includes our comments on the transition method proposed for this standard.

Question 5 (paraphrased) – In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:

- a. Do you prefer the single date approach or the sequential date approach?**
- b. Under the single date approach, what should the mandatory effective date be and why?**
- c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be?**
- d. Do you think another approach would be viable and preferable?**

We believe that the proposed standards on leases and revenue recognition should have the same effective dates. Leasing costs are material to total project costs. The revenue ED incorporates project costs in the determination of revenue. Many, if not most, E&C contractors will continue to measure progress when control is transferred continuously using the cost to cost method. Also, forecast costs would be used to measure an onerous obligation. Since the revenue standard would require extensive system changes, we feel it would be more efficient to incorporate the changes in lease accounting (which affect timing and amount of lease costs) into revenue recognition at the same time.

Question 6 – Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

We believe that the prevalence of partnerships in the E&C industry makes it necessary that all E&C companies adopt the revenue recognition standard at the same time. As we noted in our response to Question 2, when control is transferred continuously, one revenue recognition method must be applied to similar obligations in similar circumstances. Since E&C contractors must apply similar methods to both contracts performed solely as well as those performed by partnerships, E&C contractors would need to coordinate the preparation of partnership financial information so that all partners can consistently apply their methods to the partnerships. If the partner responsible for preparing the books and records is not yet required to apply the provisions of the proposed standard, then this task becomes much more complicated and may not

be possible for those partners who have adopted the standard. As a result, we believe that the revenue recognition standard must be applied using the same effective date for all entities.

Similarly, since equipment leases are very prevalent in the E&C industry, we believe that the leasing standard must be applied by all E&C contractors as of the same effective date. If the same effective dates are not used, contractors with partnerships will need to adjust the financial results of those partnerships to the new standards. This type of conversion will be very time consuming and expensive.

Question 7 – For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

As we mentioned in our response to Question 6, we believe the proposed standards on leases and revenue recognition should be applied by all entities as of the same effective date. Many publicly traded E&C contractors have partnerships with private contractors. Since the public contractors must apply their accounting consistently to all transactions, including those of their partnerships, they will be required to either have the partnership's sponsor adjust the financial information, or they will be required to do it themselves. Even if they do it themselves, they will need to lean heavily on the sponsoring partner for information. If that partner has not made significant progress on implementation, then it will not be reasonable for the publicly traded partner to convert the information. Thus, we believe all entities must convert as of the same effective date.

That being said, the proposed standards, particularly the revenue recognition requirements, are very complicated. Many private E&C contractors do not have the resources to implement the standards as quickly as publicly traded contractors. The time needed by private E&C contractors to adopt these standards should therefore set the pace for the overall adoption.

Question 8 – Should the FASB and the IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

We believe the same effective dates and transition methods should be used. Using the same dates and methods is much simpler and much more cost effective for companies that must report financial information under both US GAAP and IFRS.

Question 9 – How does the Foundation's ongoing evaluation of standards setting for private companies affect your views on the questions raised in this discussion paper?

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We believe that the provisions of the proposed standards on leases and revenue recognition should be applied to both publicly traded and private companies. We have four reasons.

First, as we have described above, partnerships are common in the E&C industry. Public companies often partner with private companies. In order to achieve the consistency required by the proposed standards, partnerships must provide financial information to the public companies under the new rules. Preparing those results based on the new rules rather than preparing them based on the old rules and then converting them to the new rules is much more efficient and cost effective. It will also result in a more consistent product.

Second, acquisitions are also common in the E&C industry. Given the timelines we feel are necessary for implementation of the revenue recognition and lease proposals we have described above, we don't believe a company that has adopted the standards can possibly convert an acquired company that has not adopted those standards and still meet their reporting deadlines.

Third, applying the same principles to all entities keeps all companies on a level playing field. Allowing some companies to use less complicated approaches gives them a competitive advantage in terms of cost. It also makes their financial statements appear more favorable. Since contractors' financial statements are a factor in determining the winner of competitively bid projects, all statements should be prepared on the same basis.

Finally, we believe that allowing significant differences in the accounting used by private and public companies will be a significant barrier to entering the public markets for E&C contractors. The proposed revenue recognition model is vastly different from current accounting. The cost and effort necessary to implement the proposed model would be a significant factor when private E&C contractors consider whether to enter public markets. To be sure, accounting and disclosure differences are a consideration today, but, for E&C contractors, revenue recognition alone is bigger than all of those other differences.

One Additional Comment:

Given the scope and complexity of the proposed standards, and their significance to the preparation of financial statements, we believe that questions will arise and clarifications will be needed in areas that were not foreseen in the process of developing the final requirements. It is likely that preparers and auditors will ask that groups like the EITF provide additional guidance in those areas. As a result, we believe that the Boards should ensure that sufficient time has been included prior to the effective dates for this process to occur. If sufficient time is not included, then preparers will likely need to rework systems and processes that were developed and retrain personnel. Preparers may even be forced to restate results as a result of these clarifications if they are not finalized sufficiently in advance of the effective dates.

Summary:

In summary:

1. We believe that if certain aspects of the proposed standards on leases and revenue recognition are simplified and revised, then the time between issuance and the effective dates of the standards can be significantly reduced. The treatment of lease options and short-term leases and the combination of performance obligations in long-term contracts, for example, have significant impacts on the complexity and cost of implementation.
2. If the proposed standards on leases and revenue recognition are finalized largely in their current form, then:
 - a. With regard to leases, implementation would take up to 2 ½ years, and would be a multi-million dollar effort.
 - b. With regard to revenue recognition:
 - i. Training, systems development and communication with partners who prepare the financial statements for our partnerships would take at least two years and would be a multi-million dollar effort.
 - ii. Retrospective implementation of the standard on revenue recognition can only be achieved if the effective date is set far enough in the future to allow preparers to accumulate the necessary data after the standard is finalized. Given the duration of our contracts, we believe we would need at least 11 years between the issuance and the effective date of the final standard to effectively apply the standard on a retrospective basis. This would also be a multi-million dollar effort.
3. We believe prospective application of the revenue recognition standard to only new contracts is most appropriate for the E&C industry. As there are likely other industries that are better able to restate given the nature of the changes affecting them, we believe the standard should have the flexibility to allow for either retrospective or prospective application based on each entity's facts and circumstances, similar to the approach taken under EITF 08-01.
4. Both the proposed lease standard and the proposed revenue recognition standard would require that transactions be recorded differently for GAAP and tax purposes. Also, other users such as management, bonding companies and banks would require that separate books be maintained under current revenue recognition standards.
5. We ask that the Boards discuss the potential impact of the proposed lease standard with the FAR Council before the standard is finalized so that any financial impact to federal contractors may be minimized.
6. We believe that the proposed standards on leases and revenue recognition:
 - a. Should have the same effective dates due to the significance of lease costs to revenue recognition in the E&C industry,

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- b. Should be adopted by all E&C entities, whether public or private, as of the same effective date due to the prevalence of partnerships and acquisitions, and the requirements for consistency of application to similar transactions, and
 - c. Should have the same effective dates under both US GAAP and IFRS as many companies must prepare statements under both sets of rules.
7. We believe that the Boards should ensure that sufficient time has been included prior to the effective dates for preparers and auditors to resolve unanticipated implementation issues with groups like the EITF.

Thank you for consideration of our views. If you should wish to discuss them further, please don't hesitate to contact us.

Very truly yours,

Peter Kiewit Sons', Inc.

/s/ Michael J. Piechoski
Michael J. Piechoski
Chief Financial Officer

/s/ Michael Whetstine
Michael Whetstine
Controller