

# Kennedy/Jenks Consultants

## Engineers & Scientists

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21 October 2003

Mr. Robert Herz, Chairman  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Letter of Comment No: 66  
File Reference: 1100-LEU  
Date Received: 10/21/03

Dear Chairman Herz:

On behalf of Kennedy/Jenks Consultants Inc., I would like to express my strong concerns over the impact that **Statement of Financial Accounting Standards 150 (FAS 150)** will have on the financial standing of my firm and many other non-public engineering firms throughout the country.

It appears that FAS 150 requires non-public companies to classify as liabilities any financial instrument issued in the form of equity that is "mandatorily redeemable." It also appears that a financial instrument (stock) is "mandatorily redeemable" if the company or entity is required to buy back the stock at a specific date or time, such as retirement. Since many closely held non-public firms have such arrangements in place where shares are automatically repurchased when a shareholder retires, resigns or dies, the new standard can be expected to adversely impact most non-public firms.

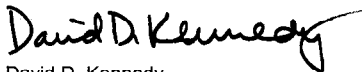
Firms must follow FASB's standards to comply with generally accepted accounting principles. Unfortunately, by classifying equities held by our shareholders as debt, the affect of the new standard could be to significantly reduce, or even eliminate, the net worth of my firm and many other non-public engineering firms. The revisions to our financial statements as required by FAS 150 will not reflect the firm's real financial condition, yet they will have very dire consequences on our ability to obtain new clients, loans, bonding and insurance.

I would respectfully urge you to repeal or modify this standard for non-public, non-SEC registered companies. I would be happy to discuss this matter with you in greater detail. Please contact me at 415-243-2150, or you may contact Steve Hall, the American Council of Engineering Companies' Director of Government Affairs, at (202) 347-7474.

Thank you for your consideration.

Very truly yours,

KENNEDY/JENKS CONSULTANTS



David D. Kennedy  
President



Letter of Comment No: 67  
File Reference: 1100-LEU  
Date Received: 10/23/03

October 23, 2003

Mr. Robert H. Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**Re: Statement of Financial Accounting Standard No. 150 – Accounting for  
Certain Financial Instruments with Characteristics of both Liabilities and  
Equity (SFAS 150)**

Dear Mr. Herz:

On behalf of Brandywine Realty Trust, I am writing to the Financial Accounting Standards Board (the Board) to urge the Board to reconsider certain aspects of SFAS 150. Brandywine Realty Trust is one of the Mid-Atlantic Region's largest full-service real estate companies. The Company operates as a real estate investment trust (REIT) and is engaged in the ownership, management, leasing, acquisition and development of primarily suburban office and industrial properties.

As currently being interpreted, SFAS 150 will significantly impact the real estate industry. The impact of SFAS 150 on the industry's financial reporting will be exacerbated by the implementation of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities (FIN 46)*, which will increase the extent to which the industry will be required to report minority interests in consolidated entities.

Many real estate companies invest in entities that are organized in a partnership structure (or "partnership-like" structure such as a limited liability company). By practice, or as required by certain state reporting statutes, these entities often have finite lives, frequently extending 99 years, and providing for further extension. When a real estate company controlled the jointly owned entity, the assets and liabilities of such entities were consolidated and the non-owned investor's portion were reflected in the mezzanine section of the balance sheet as minority interest. Prior to the issuance of SFAS 150, these minority interests reflected the book value of the minority partners' claim on the net assets of the consolidated entity.