



WACHOVIA

Letter of Comment No: 46
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Mr. Lawrence W. Smith
Director—Technical Application and Implementation Issues
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Subject: Comment Letter on Proposed FASB Staff Position, *EITF Issue 03-1-b*

Dear Mr. Smith:

Wachovia Corporation is pleased to have the opportunity to comment to the Financial Accounting Standards Board (the "FASB") on the proposed FASB Staff Position, *EITF Issue 03-1-b*, to delay the effective date for the application of paragraph 16 of Emerging Issues Task Force Issue No. 03-1 ("EITF 03-1"), *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, related to debt securities that are impaired solely because of interest rate and/or sector spread increases (the Proposed FSP).

We commend the FASB for its timely response to the questions that have arisen regarding implementation of EITF 03-1. The ramifications of the varying interpretations of EITF 03-1 can be very significant to both the financial statements and to balance sheet management practices of individual companies and to the capital markets in general.

Wachovia holds a securities portfolio of approximately \$103 billion, and for a significant portion of this portfolio, changes in fair value are attributable to changes in interest rates and/or sector spreads. Accordingly, we are very interested in the additional guidance that the FASB plans to issue. In view of the complexity of this issue and the potential impact of varying interpretations, Wachovia strongly supports a delay in the effective date of EITF 03-1.

In addition to the proposed delay for paragraph 16, we strongly encourage the FASB to expand the scope of the delay to include all investments subject to the provisions of EITF 03-1, as decisions made during the FASB's deliberations on proposed FSP, *EITF Issue 03-1-a*, may also impact debt and equity securities within the scope of paragraph 10 of EITF 03-1. For example, the FASB's final decision on what constitutes "minor impairments" may impact how severity of impairment is evaluated for securities within the scope of paragraph 10.

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We would be pleased to address any questions you may have regarding the comments in this letter or to discuss our position in more detail, at your convenience. I can be reached at 704-383-6101 or by email at david.julian@wachovia.com.

Sincerely,

David M. Julian
Executive Vice President and Controller

cc: Robert P. Kelly
Senior Executive Vice President and Chief Financial Officer