



150 S. Stratford Rd, Ste 400
Winston-Salem NC 27104

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Technical Director, TA&I – FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Proposed FASB Staff Position No. FAS 123(R)-c

“Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards”

We appreciate the opportunity to comment on the proposed FASB Staff Position No. FAS 123(R)-c, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*. BB&T Corporation and its subsidiaries offer full-service commercial and retail banking and additional financial services such as insurance, investments, retail brokerage, corporate finance, treasury services, international banking, leasing and trust. With over \$105 billion in assets, BB&T Corporation is the nation’s ninth largest financial holding company.

We commend the FASB on its efforts to clarify the accounting for share-based payments, give consideration to the practical implications of its decisions and provide relief for these implications. As discussed below, we agree with and support the basic tenets of the proposal. However, we request that the FASB reconsider the ramifications of two specific elements of the proposed guidance as further discussed below.

Cumulative Gross Compensation Cost

We believe the cumulative gross compensation cost that is used to reduce the calculated APIC pool in paragraph 5 of the FSP should not include the compensation cost associated with non-deductible awards such as incentive stock options. Without this revision, the APIC pool calculation would overstate the hypothetical aggregate deferred tax asset and could potentially eliminate the practical exception for companies that have granted non-deductible awards since January 1, 1995. We do, however, acknowledge that an adjustment for disqualifying dispositions should be required.

We also believe that a technical correction to this same paragraph should be made to require that the gross compensation cost include both the amounts recognized and

disclosed (without duplication) to eliminate the possibility that a company may take a literal view of this paragraph and only include the lesser of these two amounts.

Partially Vested Awards

The "as-if" accounting model outlined for partially vested awards in Paragraph 7 of the FSP essentially results in a double counting of the compensation cost related to the vested portion of such awards upon adoption of SFAS 123(R). Because the applicable compensation cost recognized or disclosed prior to adoption is included in the Paragraph 5 calculation, as well as in the calculation required by Paragraph 7, the exercise of an award that was partially vested upon adoption results in either an understatement of the excess tax benefit or an overstatement of the tax deficiency. Such accounting treatment would result in a corresponding understatement of the prospective APIC pool. For companies that either began granting awards after January 1, 1995 or granted non-deductible awards prior to such date, this is overly punitive. We believe that it would be more appropriate to revise Paragraph 7 to only encompass compensation cost recognized subsequent to the adoption of SFAS 123(R).

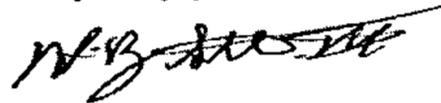
That said, we acknowledge that this practical exception should not be overly cumbersome in its application or it will defeat its purpose.

Effective Date and Transition

We agree with the proposed effective date and transition as outlined in the guidance.

Thank you for the opportunity to express our views. If you would like discuss our comments, please call me at 336-733-3020 or Derek Surette at 336-733-3029

Very truly yours,



Henry R. Sturkie, III
Senior Accounting Policy Manager