

September 29, 2005

Letter of Comment No: 5
File Reference: FSF123R-B
Date Received:

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

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

"Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R)"

Dear Sirs/Madams:

We appreciate the opportunity to comment on the proposed FASB Staff Position No. FAS 123(R)-b, Practical Exception to the Application of Grant Date as Defined in FASB Statement No. 123(R). 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 finalizing the guidance as it is currently proposed.

Mutual Understanding

We agree with the proposed practical exception to the application of grant date as defined in SFAS 123(R). We typically grant broad-based stock option awards to employees on an annual basis. Such grants are subject to approval by the Board of Directors in February of each year. All eligible employees are included in this annual grant and all grant terms are standardized throughout the employee population with the exception of the number of shares granted to each employee, which is computed via a formula based upon the employee's salary grade. Consequently, while not explicitly communicated to the employees prior to Board approval, employees have a reasonable basis for estimating the specifics of the respective grant that they will be receiving. With the volume of

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options granted each year, it is not practicable to communicate the approved award and produce all of the applicable documents to provide to our employees contemporaneous with the Board's approval. Moreover, the recipients do not have the ability to negotiate the key terms and conditions. Once Board approval of a respective grant has been achieved, the obligation has been created from our perspective and the only alternatives available to the employees are to either accept the grant "as is" or to decline the grant.

With respect to the issue of timely communication, we prefer a personal approach as opposed to an informal, mass mailing of option grants. This approach is utilized in conjunction with annual performance reviews to allow for managers to positively reinforce their employees. The explicit communication of key terms and provisions of the award contemporaneously with Board approval would require an informal, immediate communication method that would remove the personal involvement of the employee's manager and would tend to de-value the grant in the eyes of the employees and undermine the true intent of the grant from our perspective. That being said, we agree with the FASB Staff's position that the communication should take place within a "relatively short period of time" given an entity's customary human resource practices.

Effective Date and Transition

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

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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