BB&T

FSP FIN 46-e

Branch Banking & Trust Co.

October 6, 2003

Mr. Robert Herz Chairman Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856 150 South Stratford Road (27104) P.O. Box 1290 Winston-Salem, NC 27102 (336) 733-3099 Fax (336) 733-0118

Dear Mr. Herz:

We appreciate the opportunity to comment on the Proposed FASB Staff Position FIN 46-e, of FASB Interpretation No. 46, Consolidation of Variable Interest Entities, for Certain Interests Held by a Public Entity. BB&T supports a deferral of the provisions of FIN 46 for all eligible variable interest entities as described in FSP 46-e. Although the length of the deferral could be discussed at great length, we would like to focus instead on one of the required criteria for deferral. We believe that the fourth criteria – "The determination of whether the entity is a variable interest entity or whether the public entity is the variable interest entity's primary beneficiary has not been completed as of the issuance of the financial statements for the interim or annual period beginning after June 15, 2003" should either be removed or revised.

Since the issuance of FIN 46 in early January, BB&T and other entities have devoted significant time and effort to understanding this interpretation. To date, even the external accounting firms are approaching this interpretation with varying levels of understanding and interpretation that have resulted in significant inconsistencies among entities with similar investment structures. Although the intent of FIN 46 is to satisfy capital markets concerns about off balance sheet structures by requiring entities to consolidate these structures, the construct of the Interpretation could result in the consolidation of far more entities and relationships than we believe the FASB originally intended. Due to the breadth and scope of this Interpretation, BB&T has been placed in a position where all relationships have been or are being reviewed on a priority basis. With the ongoing guidance from FASB, the review of one particular multi-tier investment has undergone a multitude of iterations. Tentative decisions we had made earlier in the year regarding consolidation would now be inconsistent with certain of the remaining proposed FSPs.

While we recognize that the intent of criteria four of FIN 46-e was to eliminate the possibility that entities could defer the provisions of FIN 46 if they had already concluded that they were the primary beneficiary, this same criteria could unfairly penalize companies that had made a good faith effort to apply all of the provisions of FIN 46 but would now reach different conclusions based on the proposed guidance.

Due to the frequency of FASB Staff Positions on this Interpretation, we believe that enterprises should have the ability to re-evaluate decisions based on current facts and circumstances. As a result, we believe that criteria 4 should either be revised or deleted

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from FSP 46 – e. If the wording is revised, it should allow companies the opportunity to defer the provisions of FIN 46 until December 31, 2003 if any of the evolving guidance would invalidate previous conclusions.

Furthermore, consistent with the need for financial reporting transparency and given all of the incomplete guidance on FIN 46, we would also request that the Board delay the effective date for all of FIN 46 until after 12/31/03.

Thank you for considering our comments. If you have further questions or would like to discuss the information in this letter in more detail, please contact us.

Sincerely.

Andrea Holder Senior Vice President

Corporate Accounting Policies Manager