



1 Bank One Plaza
Chicago, IL 60670

May 26, 2003

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

**RE: FASB Staff Positions ("FSPs") relating to FASB Interpretation No. 46
("FIN No. 46"): Consolidation of Variable Interest Entities - An
Interpretation of ARB No. 51**

Dear Ladies and Gentlemen:

Bank One Corporation ("Bank One") is pleased to have the opportunity to comment on the above referenced FSPs. Bank One is the nation's sixth-largest bank holding company with assets of more than \$277 billion, a large seller of originated loans through securitization vehicles, and an active participant in the asset-backed finance market as an issuer, as an administrator for certain multi-seller commercial paper conduits and as an underwriter of asset-backed securities. As a major provider of consumer and commercial credit, our ability to offer customers low cost funding has been greatly enhanced by the use of various Variable Interest Entities ("VIEs"). Bank One believes it is well qualified to comment on the FSPs.

**Proposed FSP: Calculation of Expected Losses under FASB Interpretation No. 46,
*Consolidation of Variable Interest Entities***

1. The FSP states in its example that the "fair value of the expected outcome is assumed to be equal to the sum of the present values of probability-weighted estimated annual outcomes." This is appropriate in the context of the example illustrated. However, there are situations when variability in fair value of assets is not likely to result in variability in cash flows because such variability in fair value will never be realized (e.g. held to maturity investment securities or debt securities classified as available for sale that the entity intends to hold to maturity). For these situations, we believe that the FSP should clarify that the fair value calculations be based on a probability weighting of expected cash flows that appropriately reflects the intent and ability of the VIE.

2. The FSP states: "The guarantee is a variable interest in the entity because it relates to more than half of the entity's assets." We believe that use of the words "relates to" may introduce ambiguity into the definition of a variable interest. We suggest changing the sentence to correspond with the wording used in paragraph 12 of FIN No. 46, as follows: "The guarantee is a variable interest in the entity because it is an interest in assets with a fair value that is more than half of the total fair value of the entity's assets."

Proposed FSP: Reporting Variable Interests in Specified Assets of Variable Interest Entities As Separate Variable Interest Entities under Paragraph 13 of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*

With respect to treating a group of assets and related claims as a separate variable interest entity, the FSP states: "That condition does not exist if the interests in the specified assets and related claims cannot be reported separately without accounting allocations." We believe that the FSP should stipulate, however, that minor accounting allocations would not necessarily preclude separate reporting of variable interests in specified assets and related claims.

Proposed FSP: Treatment of Fees Paid to Decision Makers and Guarantors in Determining Expected Losses and Expected Residual Returns of a Variable Interest Entity under FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*

1. In component (c) of the calculation of the expected residual returns of the entity, the FSP states that one must include "the total fees paid to the decision maker for the entity (if there is a decision maker)." We believe that the FSP should clarify that the "total fees" incorporated into the residual return calculation represents the expected amount of fees to be paid to the decision maker and not the variability of the fees which would be included in the expected favorable variability of the entity's net income or loss (component (a)).

2. In evaluating FIN 46, many practitioners interpret paragraph B9 to imply that a VIE may have more than one decision maker. In a situation where there is more than one decision maker, we believe that the FSP should clarify that the calculation of the expected residual return should include the fees paid to all decision makers.

3. We believe it would be helpful for the FSP to provide an example of the determination of expected losses and expected residual returns when a VIE may have more than one decision maker.

4. The FSP makes reference to Appendix A of FIN No. 46 which describes a structure that does not include any fees. In order to provide clarity and minimize diversity in practice, we believe that the FSP should provide an example to illustrate how fees paid to decision makers should be applied to calculations of expected losses and residual

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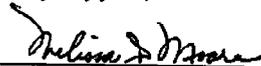
returns from the perspective of the decision maker as well as a non-decision maker with a variable interest in a VIE.

Proposed FSP: Application of Paragraph 5 of FASB Interpretation No. 46, Consolidation of Variable Interest Entities, When Variable Interests in Specified Assets of a Variable Interest Entity Are Not Considered Interests in the Entity under Paragraph 12 of Interpretation 46

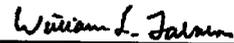
We believe the FSP should provide an example to illustrate the concept discussed in this staff position.

Bank One appreciates the opportunity to comment on the proposed FSPs. If you have any questions on this comment letter or would like any additional information, please do not hesitate to contact Melissa J. Moore at (312) 336-4060 or William L. Tabaka at (312) 336-3723.

Very truly yours,



Melissa J. Moore
*Controller and
Chief Accounting Officer*



William L. Tabaka
*Director of Reporting and
Accounting Policy*