April 10, 2006

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


Dear Technical Director:

AmSouth Bancorporation (AmSouth or the Company) appreciates the opportunity to comment on the above-referenced proposed standard. AmSouth is a regional bank holding company with approximately $53 billion in assets, more than 675 branch banking offices and over 1,200 ATMs. AmSouth operates in Florida, Tennessee, Alabama, Mississippi, Louisiana and Georgia. AmSouth is a leader among regional banks in the Southeast in several key business segments, including consumer and commercial banking, small business banking, mortgage lending, equipment leasing, and trust and investment management services.

AmSouth submits the following comments on certain issues outlined in the proposed standard and raises some general concerns for the Board’s consideration.

General

As noted in a previous comment letter, AmSouth does not support expanding the use of fair value accounting. We reiterate our general thoughts from our business combinations comment letter in October 2005:

AmSouth applauds the joint efforts of the FASB and IASB to converge U.S. GAAP with International GAAP where there are significant inconsistencies. We believe this effort will increase comparability between U.S. and foreign entities. However, convergence for the sake of convergence can create other inconsistencies that decrease reliability, comparability and transparency, particularly in U.S. GAAP. Paragraph 42 of FASB Concept Statement No. 1 states that financial reporting should provide information about an enterprise’s financial performance during a period. Paragraph 43 of that Concept Statement goes on to describe the primary focus of financial reporting, which is an enterprise’s earnings. Generally speaking, we believe that earnings should largely represent the excess cash flows earned during a period, based on the net assets at the enterprise’s disposal and not necessarily the impact of markets on those net assets unless, of course, impairment exists. Fair value accounting distorts this metric and the return those net assets have provided. Paragraph 50 of FASB Concept Statement No. 1 states that financial reporting should provide information about how management has discharged its stewardship responsibility to shareholders for the use of net assets. Fair value accounting may involve assumptions that are not necessarily related to the use of net assets, particularly when no recognized market exists. For these reasons we believe that fair value accounting results in inadequate financial reporting that is less reliable, less transparent, less relevant and largely subjective.

Issue 1

AmSouth does not believe that an entity should be permitted the option to measure financial assets and liabilities at fair value. The option of reporting at fair value, particularly on a contract-by-contract basis as allowed under the Exposure Draft, destroys comparability among entities within a given industry as well as within the entity itself. The same transaction entered into by two separate companies could be reported in two significantly different manners depending on the fair value assumptions utilized. Investors and other users of the financial statements will then have to decipher the potentially complex disclosures made by the companies in an attempt to determine comparability. The Board believes fair values provide more relevant and understandable information than historical cost as discussed in paragraph A3. However, the Board also acknowledges comparability issues in paragraph A28 and one Board member believes that disclosures are
not a substitute for consistent and comparable measurement of similar items. AmSouth certainly agrees with this Board member’s position.

**Issue 5**

This proposed standard represents Phase 1 of the entire fair value option project and considers only certain financial assets and liabilities. Phase 2 would encompass selected nonfinancial assets and liabilities. AmSouth is strongly opposed to this concept. Determining fair value for financial instruments as required under current accounting rules and disclosures is often very difficult, especially for those instruments that do not have readily determinable market values. In those situations, various assumptions are necessary and can be extremely subjective. Two reasonable accounting practitioners could arrive at two different values for the same financial asset or liability based on their differing assumptions, appraisals and/or models. Those viewpoints then become subjected to critique from internal and external auditors, regulatory authorities, analysts, and investors. The fair value disclosures currently required for financial instruments have demonstrated these conflicting issues. Attempting to fair value nonfinancial assets and liabilities would be exponentially more complicated, ripe for wide disparity in practice and not an improvement in financial reporting.

**Other Issues**

The proposed effective date of the beginning of an entity’s first fiscal year that begins after December 15, 2006 (January 1, 2007 for a calendar year-end company) is not feasible. Application of fair value calculations involves varying degrees of modeling techniques depending on the type of financial instrument. Those techniques are currently not utilized continuously throughout the year in order to record financial results. They are employed for periodic disclosure purposes, asset and liability modeling and other strategic initiatives. Also, not all systems currently support fair value accounting. In order to fully implement fair value accounting on a broad basis, many obstacles must be overcome such as development of more robust accounting models (and the time to fully test them), construction of enhanced controls that will comply with the Sarbanes-Oxley environment, and enhanced processes involving selection of assumptions and extensive education. A few months are not enough time to accomplish these objectives.

A publicly-traded company must answer to its investors and the analyst community. These stakeholders want to understand the excess cash flows earned during a period, based on the net assets at the entity’s disposal, and be able to predict what those returns may be in the future. The ability to accurately forecast results of operations under a fair value model of accounting would be virtually impossible. The impact of the market cannot be predicted within any measure of precision and should not distort the return on a shareholder’s investment.

All investors of a publicly-traded company must be able to understand the financial statements. AmSouth’s financial statement section of its 2005 annual report, including the related footnotes, was 50 pages in length. This proposed standard would add a significant amount of disclosures to an already voluminous set of financial statements, not to mention the expertise that will be required to understand and interpret those additional disclosures. If reasonable accounting practitioners cannot consistently agree on fair value assumptions and modeling techniques, we cannot expect the average investor to be able to glean the pertinent information they need in order to make investment decisions.

Again, we appreciate the opportunity to comment on this proposed standard. Thank you for considering our views. If you would like to discuss this matter in further detail, please contact me at (205) 801-0765.

Sincerely,

/s/Alton E. Yother

Alton E. Yother  
Executive Vice President and Controller