

BB&T CORP
Form 424B3
March 26, 2007

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**File Pursuant to Rule 424(b)(3)
Registration No. 333-140326**

**2619 Oak Street
Myrtle Beach, South Carolina 29577
Telephone: (843) 205-2000
Facsimile: (843) 205-2475**

To the Shareholders of Coastal Financial Corporation:

The Board of Directors of Coastal Financial Corporation has unanimously approved a merger agreement between Coastal Financial and BB&T Corporation. **In the merger, you will receive .385 of a share of BB&T common stock for each share of Coastal Financial common stock that you own plus cash instead of any fractional shares.**

BB&T common stock is listed on the New York Stock Exchange (NYSE) under the symbol BBT. On December 20, 2006, the last full NYSE trading day before public announcement of the merger, the closing price of BB&T common stock was \$44.27. On March 22, 2007, the latest practicable date prior to the printing of this document, the closing price of BB&T common stock was \$41.95. Based on the .385 exchange ratio, the closing price of BB&T common stock on December 20, 2006, and the number of fully diluted shares of Coastal Financial common stock outstanding on that date, the implied dollar value of the BB&T merger consideration was approximately \$17.04 per share of Coastal Financial common stock, and the implied transaction value was approximately \$394.6 million. BB&T expects to issue approximately 8.7 million shares of common stock in the merger (excluding any shares of BB&T common stock that may be issued as a result of the exercise of Coastal Financial stock options prior to the merger), which will represent approximately 1.6% of the outstanding BB&T common stock following completion of the merger.

The price of BB&T common stock will fluctuate prior to completion of the merger. Coastal Financial shareholders do not have the right to seek an appraisal of the value of their Coastal Financial shares in the merger.

We expect the merger to generally be tax-free with respect to the BB&T common stock you receive and taxable with respect to cash you receive for fractional shares.

At the special meeting you will consider and vote on the merger agreement. **The merger cannot be completed unless holders of at least a majority of the shares of Coastal Financial common stock entitled to vote approve the merger agreement.**

The special meeting will be held at 2:00 p.m., Eastern time, on Friday, April 27, 2007 at the Ocean Reef Resort, 7100 North Ocean Boulevard, Myrtle Beach, South Carolina. You are cordially invited to attend.

This proxy statement/ prospectus provides you with detailed information about the proposed merger. We encourage you to read this entire document carefully, **including Risk Factors beginning on page 12 for a discussion of the risks related to the merger.**

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card. **If your shares are held in street name, you must instruct your broker to vote, or your shares will not be voted by your broker. If you fail to vote, the effect will be the same as a vote against the merger agreement.**

The Coastal Financial Board of Directors has unanimously determined that the merger is advisable and in the best interests of Coastal Financial and its shareholders, and has unanimously approved the merger agreement. Accordingly, on behalf of the Coastal Financial Board of Directors, I urge you to vote FOR approval and adoption of the merger agreement.

Sincerely,

Michael C. Gerald
President and Chief Executive Officer

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This proxy statement/ prospectus is dated March 23, 2007 and is expected to be first mailed to shareholders of Coastal Financial on or about March 26, 2007.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the merger or BB&T common stock to be issued in the merger or determined if this proxy statement/ prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The shares of BB&T common stock to be issued in the merger are not savings or deposit accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

ADDITIONAL INFORMATION

This proxy statement/ prospectus incorporates important business and financial information about BB&T and Coastal Financial from other documents that are not included in or delivered with this proxy statement/ prospectus. This information is available to you without charge upon your written or oral request. You may obtain copies of those documents by accessing the Securities and Exchange Commission's Internet website maintained at <http://www.sec.gov> or by requesting copies in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

BB&T Corporation
Investor Relations
150 South Stratford Road, Suite 300
Winston-Salem, North Carolina 27104
(336) 733-3058

Coastal Financial Corporation
Investor Services
2619 Oak Street
Myrtle Beach, South Carolina 29577
(843) 205-2676

If you would like to request documents, please do so by April 20, 2007 in order to receive them before the special meeting. If you request any documents incorporated by reference from us, we will mail them to you promptly by first class mail or similar means.

See Where You Can Find More Information on page 71.

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2619 Oak Street
Myrtle Beach, South Carolina 29577
Telephone: (843) 205-2000
Facsimile: (843) 205-2475

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On April 27, 2007**

Coastal Financial Corporation will hold its special meeting of shareholders on April 27, 2007 at 2:00 p.m. Eastern time, at the Ocean Reef Resort, 7100 North Ocean Boulevard, Myrtle Beach, South Carolina, for the following purposes:

To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of December 20, 2006, between Coastal Financial Corporation and BB&T Corporation, providing for the merger of Coastal Financial with and into BB&T. In the merger, each share of Coastal Financial common stock will be converted into the right to receive .385 of a share of BB&T common stock. A copy of the merger agreement is attached as Appendix A to the accompanying proxy statement/ prospectus.

To approve the adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the above proposal.

To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

Additional information about the proposals set forth above may be found in the accompanying proxy statement/ prospectus. Please carefully review the accompanying proxy statement/ prospectus and the merger agreement attached as Appendix A to the accompanying proxy statement/ prospectus.

Holders of shares of Coastal Financial common stock as of the close of business on March 7, 2007, the record date, are entitled to notice of the meeting and to vote at the meeting or any adjournments or postponements of the meeting. If your shares are not registered in your own name, you will need additional documentation from the record holder in order to vote personally at the meeting.

The Coastal Financial Board of Directors has unanimously determined that the merger is advisable and in the best interests of Coastal Financial and its shareholders, and has unanimously approved the merger agreement. Accordingly, on behalf of the Coastal Financial Board of Directors, I urge you to vote FOR approval and adoption of the merger agreement.

You are strongly urged to vote FOR the above proposals. All Coastal Financial shareholders, whether or not they expect to attend the special meeting in person, are requested to complete, date, sign, and return the enclosed form of proxy in the accompanying envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the vote is taken by filing with Coastal Financial's Secretary an instrument of revocation or a duly executed form of proxy bearing a later date, or by voting in person at the special meeting. Attendance at the meeting, however, will not by itself revoke a proxy.

By Order of the Board of Directors

Michael C. Gerald
President and Chief Executive Officer

Myrtle Beach, South Carolina
March 23, 2007

Regardless of the number of shares you hold, your vote is very important. Please complete, sign, date and promptly return the proxy card in the enclosed envelope so that your shares will be represented, whether or not you plan to attend the special meeting. Failure to secure a quorum on the date set for the special meeting will require an adjournment that will cause us to incur considerable additional expense.

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This summary highlights the material features of the proposed transaction. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document and the documents to which we refer you. *See* Where You Can Find More Information on page 71.

Holders of Coastal Financial Common Stock Will Receive Shares of BB&T Common Stock in the Merger (page 35).

Under the merger agreement, if the merger is completed, you will receive .385 of a share of BB&T common stock in exchange for each of your shares of Coastal Financial common stock.

No fractional shares of BB&T common stock will be issued in connection with the merger. Instead, cash will be paid for any fractional share of BB&T common stock to which you would otherwise be entitled.

The table below shows the closing price of BB&T common stock, Coastal Financial common stock and the equivalent price per share of Coastal Financial common stock on December 20, 2006 (the last full NYSE and NASDAQ Capital Market (NASDAQ) trading day before public announcement of the merger) and on March 22, 2007 (the last practicable trading date prior to the date of this proxy statement/ prospectus). The equivalent price per share of Coastal Financial common stock is calculated by multiplying the BB&T per share closing price by the exchange ratio of .385, which is the portion of a share of BB&T common stock that Coastal Financial shareholders will receive in the merger for each share of Coastal Financial common stock that they own.

	December 20, 2006	March 22, 2007
BB&T	\$ 44.27	\$ 41.95
Coastal Financial	\$ 14.44	\$ 16.01
Equivalent Price Per Share of Coastal Financial Common Stock	\$ 17.04	\$ 16.15

Because the .385 exchange ratio is fixed, but the market price of BB&T will fluctuate prior to the merger, the equivalent price per share of Coastal Financial common stock will also fluctuate prior to the merger, and you will not know the final equivalent price per share of Coastal Financial common stock when you vote upon the merger.

Set forth below is a table showing a range of prices for a share of BB&T common stock and the corresponding equivalent price per share of Coastal Financial common stock that is to be converted into BB&T common stock in the merger. The table does not reflect the fact that cash will be paid instead of fractional shares.

Closing Price Per Share of BB&T Common Stock	Equivalent Price Per Share of Coastal Financial Common Stock
\$50.00	\$19.25
49.00	18.87
48.00	18.48

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47.00	18.10
46.00	17.71
45.00	17.33
44.00	16.94
43.00	16.56
42.00	16.17
41.00	15.79
40.00	15.40
39.00	15.02
38.00	14.63
37.00	14.25
36.00	13.86
35.00	13.48

BB&T common stock is traded on the NYSE under the symbol BBT. Coastal Financial common stock is traded on the NASDAQ under the symbol CFCP. We urge you to obtain information on the market value

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of BB&T and Coastal Financial common stock that is more recent than that provided in this proxy statement/prospectus. You should obtain current stock price quotations from a newspaper, the Internet or your broker. The merger agreement does not include a price based-termination right or other protection against declines in the market value of BB&T common stock.

Each Coastal Financial shareholder should complete, date and sign the enclosed proxy and return it promptly in the prepaid, pre-addressed envelope provided.

Please do not send in your Coastal Financial stock certificates at this time. You will receive instructions from BB&T shortly after the merger is completed telling you how to exchange your Coastal Financial common stock certificates for merger consideration.

You Generally Will Not Be Subject to Federal Income Tax on Shares Received in the Merger (page 45).

For federal income tax purposes, the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). As a result, except for cash paid instead of fractional shares, you generally will not recognize any taxable gain or loss on the conversion of your shares of Coastal Financial common stock into shares of BB&T common stock in the merger. Tax matters are complicated, and the tax consequences of the merger may vary among shareholders. We urge you to contact your own tax advisor for assistance in understanding fully how the merger will affect you.

BB&T Expects to Continue to Pay Quarterly Dividends.

BB&T currently pays regular quarterly cash dividends of \$0.42 per share of its common stock, or approximately \$0.16 per equivalent share of Coastal Financial common stock, and, over the past five years, has had a dividend payout ratio typically in the range of 40% to 50% of earnings and a compound annualized dividend growth rate of 10.3%. BB&T has increased its quarterly cash dividend payments for 35 consecutive years. BB&T expects that it will continue to pay quarterly dividends consistent with this payout ratio, but may change that policy based on business conditions, BB&T's financial condition, earnings, regulatory limitations or other factors.

Coastal Financial's Board of Directors Unanimously Recommends Shareholder Approval (page 23).

The Coastal Financial Board of Directors believes that the merger is advisable and in the best interests of Coastal Financial shareholders and unanimously recommends that you vote FOR approval and adoption of the merger agreement.

Coastal Financial's Board of Directors Received a Fairness Opinion from Keefe, Bruyette & Woods, Inc. (page 27; Appendix B).

Coastal Financial's financial advisor, Keefe, Bruyette & Woods, Inc. (KBW), has given an opinion to the Coastal Financial Board of Directors that, as of December 20, 2006 (the date the merger agreement was executed) and based on and subject to the considerations described in its opinion, the merger consideration was fair from a financial point of view to holders of shares of Coastal Financial common stock. The full text of this opinion is attached as Appendix B to this proxy statement/prospectus. We encourage you to read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by KBW in rendering its fairness opinion. The opinion of KBW has not been updated prior to the date of this document and does not reflect any change in circumstances after December 20, 2006. Upon completion of the merger, KBW will be entitled to a fee in the amount of 0.9% of the market value of the aggregate consideration, determined by reference to the closing price of BB&T's common stock as of December 21, 2006, payable by BB&T to the Coastal Financial shareholders in the

merger plus reimbursement of its reasonable expenses. Based on the closing price of BB&T common stock as of December 21, 2006, KBW would be entitled to a fee of approximately \$3.5 million as of the closing date of the merger.

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Coastal Financial Shareholders Do Not Have Dissent and Appraisal Rights (page 51).

Coastal Financial shareholders do not have the right to dissent from the merger and demand an appraisal of the fair value of their shares in connection with the merger.

Coastal Financial Shareholders Will Vote on the Merger Agreement at the Special Shareholders Meeting to be Held on April 27, 2007 (page 15).

Coastal Financial will hold a special shareholders meeting at 2:00 p.m., Eastern time, on April 27, 2007 at the Ocean Reef Resort, 7100 North Ocean Boulevard, Myrtle Beach, South Carolina. At the meeting, you will vote on the merger agreement, the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any other business that properly arises.

The Companies (pages 52 and 56).

BB&T Corporation

200 West Second Street
Winston-Salem, North Carolina 27101
(336) 733-2000

BB&T is a financial holding company headquartered in Winston-Salem, North Carolina. BB&T conducts its business operations primarily through its commercial bank subsidiary, Branch Banking and Trust Company (Branch Bank), which has offices in North Carolina, South Carolina, Virginia, Maryland, Georgia, West Virginia, Tennessee, Kentucky, Alabama, Florida, Indiana and Washington, D.C. In addition, BB&T's operations consist of several nonbank subsidiaries, which offer financial services products. Substantially all of the loans by BB&T's bank and nonbank subsidiaries are to businesses and individuals in these market areas. BB&T's principal assets are all of the issued and outstanding shares of common stock of Branch Bank and its other subsidiaries. As of December 31, 2006, BB&T had consolidated total assets of \$121.4 billion, consolidated net loans of \$82.0 billion, consolidated deposits of \$81.0 billion and consolidated shareholders' equity of \$11.7 billion.

Coastal Financial Corporation

2619 Oak Street
Myrtle Beach, South Carolina 29577
Telephone: (843) 205-2000

Coastal Financial Corporation is a unitary thrift holding company incorporated in Delaware with one wholly owned banking subsidiary, Coastal Federal Bank. Coastal Financial also owns Coastal Planners Holding Corporation, whose subsidiary, Coastal Retirement, Estate and Tax Planners, Inc., offers fee-based financial planning and tax preparation services. Coastal Financial's primary business activities are conducted by Coastal Federal Bank. Coastal Financial and Coastal Federal Bank's principal executive offices are located in Myrtle Beach, South Carolina. Coastal Federal Bank is a full service financial services company with 24 branches located in four counties throughout the coastal regions of South Carolina and North Carolina. Coastal Federal Bank's primary market areas are located along the coastal regions of South Carolina and North Carolina and predominately center around the Metro regions of Myrtle Beach, South Carolina and Wilmington, North Carolina, and their surrounding counties. As of December 31, 2006, Coastal Financial had consolidated total assets of \$1.66 billion, consolidated net loans of \$1.09 billion, consolidated deposits of \$1.06 billion and consolidated shareholders' equity of \$116.0 million.

The Merger (page 19).

If Coastal Financial shareholders approve the merger agreement at the special meeting, subject to the receipt of necessary regulatory approvals, Coastal Financial will merge into BB&T, with BB&T being the surviving corporation in the merger. Coastal Financial's banking and other subsidiaries, through which it operates, will become wholly owned subsidiaries of BB&T. We currently expect to complete the merger in the second quarter of 2007.

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We have included the merger agreement as Appendix A to this proxy statement/ prospectus. We encourage you to read the merger agreement in full, as it is the legal document that governs the merger.

In addition, following the effective time of the merger, Coastal Federal Bank will be merged with and into Branch Bank, subject to regulatory approvals. *See* Regulatory Approvals Must be Obtained for the Merger to Occur , below.

A Vote of a Majority of the Outstanding Shares of Coastal Financial Common Stock Is Required to Approve the Merger Agreement (page 16).

Approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of Coastal Financial common stock entitled to vote. If you fail to vote or abstain, it will have the effect of a vote against the merger agreement. At the record date, the directors and executive officers of Coastal Financial and their affiliates together owned approximately 14.69% of the Coastal Financial common stock entitled to vote at the meeting. At the record date, the directors and officers of BB&T, their affiliates, BB&T and its subsidiaries owned less than 1% of the outstanding shares of Coastal Financial common stock.

Brokers who hold shares of Coastal Financial common stock as nominees will not have authority to vote those shares on the merger agreement unless the beneficial owners of those shares provide voting instructions. If you hold your shares in street name, please see the voting form provided by your broker for additional information regarding the voting of your shares. If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person. Shares that are not voted because you do not instruct your broker will have the effect of a vote against the merger agreement.

The merger does not require the approval of BB&T's shareholders.

The Record Date Has Been Set at March 7, 2007; Coastal Financial Shareholders Will Have One Vote per Share of Coastal Financial Common Stock (page 15).

If you owned shares of Coastal Financial common stock at the close of business on March 7, 2007, which is the record date, you are entitled to vote on the merger agreement, the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any other matters that properly may be considered at the meeting.

On the record date, there were 22,597,659 shares of Coastal Financial common stock outstanding. At the meeting, you will have one vote for each share of Coastal Financial common stock that you owned on the record date.

Certain Interests of Coastal Financial Directors and Executive Officers in the Merger that Differ From Your Interests (page 42).

Some of Coastal Financial's directors and executive officers have interests in the merger that differ from, or are in addition to, their interests as Coastal Financial shareholders. In the case of some executive officers and directors of Coastal Financial, these interests exist because of rights under existing employment agreements with, and benefit and compensation plans of, Coastal Financial. Michael C. Gerald, President and Chief Executive Officer of Coastal Financial, has entered into an employment agreement with Branch Bank, a wholly owned subsidiary of BB&T, that will become effective upon completion of the merger that will provide him with compensation and rights in addition to his interests as a shareholder of Coastal Financial. The employment agreement between Mr. Gerald and Branch Bank was a condition of BB&T's entering into the merger agreement.

Existing Employment Agreements with Coastal Financial. Existing employment agreements between Coastal Financial and eight of its key employees, including Michael C. Gerald, President and Chief Executive Officer, Jerry L. Rexroad, Executive Vice President and Chief Financial Officer, Jimmy R. Graham, Executive Vice President, Steven J. Sherry, Executive Vice President, and Philip G. Stalvey, Executive Vice President, will be terminated upon completion of the merger. The termination of each employment agreement will

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obligate Coastal Financial to make certain payments to each executive, which in the aggregate are estimated to total approximately \$6.8 million.

Employment/Consulting Agreement with Branch Bank. Coastal Financial's President and Chief Executive Officer, Michael C. Gerald, has entered into an employment/consulting agreement with Branch Bank. The employment/consulting agreement provides that Mr. Gerald will serve as an Executive Vice President of Branch Bank for a term lasting up to seven years following the completion of the merger. However, on the later of the one-year anniversary of the completion of the merger or the three-month anniversary of the completion of the merger of Coastal Federal Bank with and into Branch Bank, Mr. Gerald may elect to relinquish his position as an employee and become an independent consultant to Branch Bank. Whether Mr. Gerald remains an employee of Branch Bank or elects to become an independent consultant, the maximum term of the employment/consulting agreement will be seven years, unless the parties agree in writing to extend the term of the agreement.

For his services as an Executive Vice President, Mr. Gerald will receive a minimum annual base salary of \$288,750. In addition, while Mr. Gerald is employed by Branch Bank, he will be eligible to receive incentive compensation (such as stock options, restricted stock and other equity awards) and employee retirement benefits on the same terms as similarly situated officers of Branch Bank.

If Mr. Gerald elects to become an independent consultant to Branch Bank, he will be paid \$288,750 annually in exchange for providing consulting services and as consideration for noncompetition and other covenants contained in the employment/consulting agreement. As an independent consultant, Mr. Gerald will not be eligible to participate in any of Branch Bank's employee benefit plans, except for elective coverage under group health plan benefits. Branch Bank and Mr. Gerald each will have certain rights to terminate the employment/consulting agreement and Mr. Gerald may be entitled to certain payments following termination. For a complete discussion please *see* page 42.

Advisory Board. Following completion of the merger, BB&T will ask each member of the Coastal Financial Board of Directors to serve on the BB&T local advisory board serving the region formerly served by Coastal Financial. BB&T will pay compensation to such directors for their service on the BB&T local advisory board for a period of two years after completion of the merger consistent with the existing fee structure offered by Coastal Financial to such directors. After the expiration of such two-year period, if a director continues to serve on the local advisory board, BB&T will pay compensation to such director for his service on the BB&T local advisory board consistent with BB&T's fee policies and age limits for advisory board members.

The Coastal Financial Board of Directors was aware of these and other interests and considered them when it approved and adopted the merger agreement. The material terms and financial provisions of these arrangements are described under the heading "Certain Interests of Coastal Financial's Directors and Officers in the Merger" on page 42.

BB&T Will Assume Coastal Financial Stock Options (page 50).

When the merger is completed, outstanding options to purchase Coastal Financial common stock, whether or not then exercisable, granted to Coastal Financial employees and directors under Coastal Financial's equity-based plans will be assumed by BB&T and become options with respect to BB&T common stock (or substitute options to acquire BB&T common stock will be granted). At its election, BB&T may substitute, as of the effective time of the merger, options under the BB&T Corporation 2004 Stock Incentive Plan or any other duly adopted comparable plan for all or a part of the Coastal Financial stock options, subject to certain conditions provided for in the merger agreement. The number of shares subject to these options (and the exercise price thereof), will be adjusted to reflect the exchange ratio.

Regulatory Approvals Must be Obtained for the Merger to Occur (page 47).

The merger is subject to the approval of, or notice to, certain regulatory authorities, including the Board of Governors of the Federal Reserve (Federal Reserve), the South Carolina Board of Financial Institutions,

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the Georgia Department of Banking and Finance and the Virginia Bureau of Financial Institutions. In addition, following the effective time of the merger, Coastal Federal Bank is expected to be merged with and into Branch Bank, subject to the approval of, or notice to, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision and the North Carolina Commissioner of Banks. Although BB&T does not know of any reason why it would not obtain regulatory approval in a timely manner, BB&T cannot be certain when such approval will be obtained or if it will be obtained.

There Are Other Conditions That Must Be Satisfied or Waived Before BB&T and Coastal Financial Are Able To Complete the Merger (page 36).

A number of other conditions must be met for us to complete the merger, including:

approval of the merger agreement by the holders of a majority of Coastal Financial's outstanding common stock;

the continuing accuracy of the parties' representations in the merger agreement;

compliance, in all material respects, by each party with its obligations and covenants under the merger agreement;

the continuing effectiveness of the registration statement filed with the Securities and Exchange Commission covering the shares of BB&T common stock to be issued in the merger;

the approval for listing on the NYSE of the shares of BB&T common stock issuable pursuant to the merger agreement; and

the absence of any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits completion of the transactions contemplated by the merger agreement.

Termination of the Merger Agreement (page 40).

We can mutually agree at any time to terminate the merger agreement without completing the merger. Either company also can unilaterally terminate the merger agreement if:

the merger is not completed by October 1, 2007;

the shareholders of Coastal Financial do not approve the merger;

any condition that must be satisfied to complete the merger cannot be satisfied or fulfilled;

the other company violates, in a material way, any of its representations, warranties or obligations under the merger agreement and the violation is not cured in a timely fashion; or

any of the required regulatory approvals are denied, and the time period for appeals and requests for reconsideration have expired.

Generally, the company seeking to terminate cannot itself be in violation of the merger agreement in a way that would allow the other party to terminate.

BB&T may also terminate the merger agreement if, prior to the completion of the merger, the Coastal Financial Board of Directors:

withdraws its recommendation or refuses to recommend, without any adverse conditions or qualifications, to the shareholders of Coastal Financial that they approve the merger agreement; or

recommends the approval of a competing acquisition proposal for Coastal Financial.

BB&T and Coastal Financial May Amend the Merger Agreement (page 40).

At any time before the effective date of the merger, BB&T and Coastal Financial can agree to amend the merger agreement in any way, unless any such amendment would violate applicable law or require resubmission of the merger agreement to Coastal Financial's shareholders for approval. Either company can

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waive any of the requirements of the other company contained in the merger agreement, except that neither company can waive any required regulatory approval.

In Some Circumstances Coastal Financial May Be Required to Pay BB&T a Termination Fee (page 41).

Under the limited circumstances described below, Coastal Financial will be required to pay to BB&T a termination fee of \$15 million.

The termination fee would be payable if the merger agreement is terminated for one of the following reasons:

BB&T terminates because Coastal Financial is in material breach of the merger agreement and such breach is not cured or cannot be cured;

BB&T terminates because prior to the Coastal Financial shareholders' meeting, the Coastal Financial Board of Directors withdrew or disclosed its intention to withdraw or materially and adversely modify its recommendation, or refused to recommend, without any adverse conditions or qualifications, to the Coastal Financial shareholders that they vote to approve the merger agreement, or recommended to Coastal Financial shareholders that they approve an acquisition of Coastal Financial by a third party; or

Either Coastal Financial or BB&T terminates because the Coastal Financial shareholders did not vote to approve the merger agreement.

AND

Prior to such termination an acquisition proposal by a third party with respect to Coastal Financial has been commenced, publicly proposed or publicly disclosed.

AND

Within 18 months of termination of the merger agreement, Coastal Financial enters into an agreement or completes a transaction with another party with respect to the acquisition of Coastal Financial.

The termination fee also would be payable by Coastal Financial to BB&T IF:

After receiving an acquisition proposal from a third party, the Coastal Financial Board does not take action to convene the Coastal Financial shareholders' meeting and/or recommend that Coastal Financial shareholders adopt the merger agreement.

AND

Within 18 months of termination of the merger agreement, Coastal Financial enters into an agreement or completes a transaction with another party with respect to the acquisition of Coastal Financial.

The termination fee, which was a condition of BB&T's willingness to enter into the merger agreement, limits the