

AflacTM

Incorporated

Kriss Cloninger III
President and Chief Financial Officer



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LETTER OF COMMENT NO. 138

Technical Director
FASB
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 157-e

Aflac has an interest in this proposal as a preparer and issuer of its own financial statements and as an investor with a portfolio of over \$68 billion in securities. We support the overall changes in this proposed FASB Staff position (FSP). We would like to offer comments on certain of the questions you proposed as indicated below.

Question: Is the proposed effective date of interim and annual periods ending after March 15, 2009, operational?

Response: The effective date of interim and annual periods ending after March 15, 2009 is, from Aflac's perspective, achievable. It will require substantial effort in a compressed time frame, but, we believe it will be worth the effort in terms of providing more relevant information to financial statement users.

Question: Will this proposed FSP meet the project's objective to improve financial reporting by addressing fair value measurement application issues identified by constituents related to determining whether a market is not active and a transaction is not distressed? Do you believe the amendments to Statement 157 in this proposed FSP are necessary, or do you believe the current requirements in Statement 157 should be retained?

Response: We believe the proposal will provide more relevant information to financial statement users. We believe the accounting profession has overly emphasized the price of the last trade in a security which may not be indicative of the security's value. There has been a perception that a security trading or quoted at a deep discount is indicative of an impairment. This has resulted in very low "fair values" which are not necessarily reflective of what the investor may ultimately realize. These low valuations may lead to additional declines in the value of other outstanding securities, and so on. Another outcome is stress on the investor's capital position resulting in lower investing activities further affecting markets already experiencing liquidity constraints.

This becomes a vicious cycle driving values used for financial reporting ever lower. As a result, we believe that in many cases the values being reported are too conservative and do not result in financial statements that present fairly the results of operations and financial condition of the reporting entity.

The accounting profession has become sensitized to assuring that every number contained in the financial statements can be supported by hard, incontestable evidence such as the last quoted price. This conservative approach has been driven by the events that resulted in the requirement for an audit of internal controls over financial reporting as well as the current financial crisis that initially resulted from the subprime mortgage collapse. We believe the current proposal is necessary to bring a level of rationality back into the market values reflected in the financial statements. We believe the distressed prices currently being used for certain securities are appropriate only if there is a going concern issue with the reporting entity.

We expect that most of the objections or criticisms raised by the auditing firms will center around the evidence available to support the market value conclusions of management. This pronouncement will result in the employment of more judgment which corporate management must exercise every day. We believe management will be more comfortable with the proposed approach than the independent auditors, who will be looking to distill the judgment elements to hard quantifiable data that can be verified through outside sources. Due to the differences in views or vantage points of management and the independent auditors, we believe this will be a difficult pronouncement to implement. However, we believe the effort to improve the reported market values is critical to regaining confidence in our financial markets and financial institutions.

We appreciate the opportunity to comment on the proposal and trust our comments will prove helpful to the process.

Sincerely,



Kriss Cloninger III
President and Chief Financial Officer



Ralph A. Rogers, Jr.
Senior Vice President and
Chief Accounting Officer