Ralph A. Rogers, Jr.
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Aflac
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September 30, 2010

Ms. Leslie Seidman
Acting Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

RE: Staff Draft: Financial Statement Presentation

Dear Ms. Seidman,

Aflac sells supplemental insurance products in the US and Japan and is the world’s leading underwriter of individually issued policies marketed at worksites.

Aflac welcomes the opportunity to share with you our views regarding the Staff Draft of an Exposure Draft on Financial Statement Presentation (the Staff Draft). We appreciate the efforts of the FASB to improve the usefulness of information displayed in the financial statements as well as the consistency and comparability of financial statements. However, we are concerned that the proposals included in the Staff Draft will be very costly to implement and these costs will exceed the potential benefits intended by the proposals. Specifically, we are concerned with the following issues:

- The proposals would result in significant implementation and training costs.
- There is an overwhelming amount of new information proposed by the Staff Draft.
- The FASB and IASB are not converged on this topic.

**Significant Implementation and Training Costs**

As mentioned above, implementing the proposals contained in the Staff Draft will be very costly. We expect that the majority of the costs of implementation will be spent on making changes to our accounting information system. Our system will need to be significantly modified to be able to capture the accounting information at the level of detail proposed by the Staff Draft. In addition, we will need to
change our reporting system to support the layout of the new financial statements. We expect the cost of these system changes to be significant.

In addition to system costs, we will also need to spend significant resources on training employees and management. The new layout and presentation of financial statements is significantly different from what we prepare today. For example, under the new proposals the statement of financial position does not appear to balance; a user could not skim the statement and see that assets are equal to liabilities plus equity. As a result of this drastic change we would need to train existing as well as new employees and management on the changes to the financial statements. In addition to training, we also expect to spend many hours implementing the proposals.

Further, the Boards are currently working on several major projects which will require significant implementation efforts. In particular, Aflac is closely following the projects on insurance contracts, financial instruments and leases. We believe that the addition of another project will be too burdensome. We do not believe that the current presentation methodology is in need of a drastic change. We recommend the Boards re-examine the prioritization of these projects and address issues that focus on the individual components of the financial statements before addressing presentation. Therefore, we believe that the Boards should focus on other projects first and wait to address the issue of financial statement presentation once entities and the Boards have more resources to devote to the presentation project.

Overwhelming Amount of New Information

The Staff Draft has suggested two new principles of financial statement presentation, the principle of disaggregation and the principle of cohesiveness. Entities must disaggregate information by function, nature and measurement basis, and then they must organize this information into the appropriate sections, categories and subcategory. As a direct result, the financial statements will contain additional detailed information and will also look very different. The Staff Draft also proposes several new required disclosures, including an analysis of changes in assets and liabilities, a remeasurement note, and a segment note. In particular, the segment note requires information to be disaggregated by function and nature and requires entities to present operating cash flows by segment.

We agree that much of this new information might be useful to financial statement users; however, we believe that the amount of new information to be presented will be overwhelming to users. In addition, users will be initially confused when they are presented with financial statements that are organized in a new way. Just as entities and their personnel will need to spend time learning the new presentation format, users will have to do the same. As a result, we believe the Boards need to reevaluate the usefulness of this “information overload”.

Convergence

The FASB and the IASB released two separate Staff Drafts on Financial Statement Presentation. There are several differences between the Staff Drafts, and we believe the Boards need to work together to reconcile those differences. We believe convergence is essential, and releasing another draft that is not converged is moving further away from the goal of convergence.
Conclusion

We believe that many of the proposals contained in the Staff Draft would benefit the users of the financial statements. In particular, the proposal that requires entities to separate the sources of financing between debt and equity would be extremely beneficial to users. However, the proposals will require entities to present an overwhelming amount of new information. Even if all of this information would be beneficial to users, the costs are likely to exceed the benefits. In response, we believe the Boards need to reevaluate the costs and benefits of this project.

Lastly, the major project on financial statement presentation is one of many. Unlike the others, this project will result in major changes for all entities. It is also likely that every entity will be affected by at least one of the other major projects in progress. We believe that the presentation of financial statements is currently not a major issue. We believe many of the other major projects such as financial instruments should be given first priority. As written, the Staff Draft on Financial Statement Presentation would be extremely costly and time consuming to implement. We propose that the boards postpone the project on financial statement presentation until after all other major projects are completed and further reevaluate the costs and benefits of the proposals in the Staff Draft. This will allow time for entities to efficiently and effectively implement the other projects addressing the “components” of financial statements and to devote adequate time and resources to successfully implement a new reporting format and related information.

Sincerely,

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