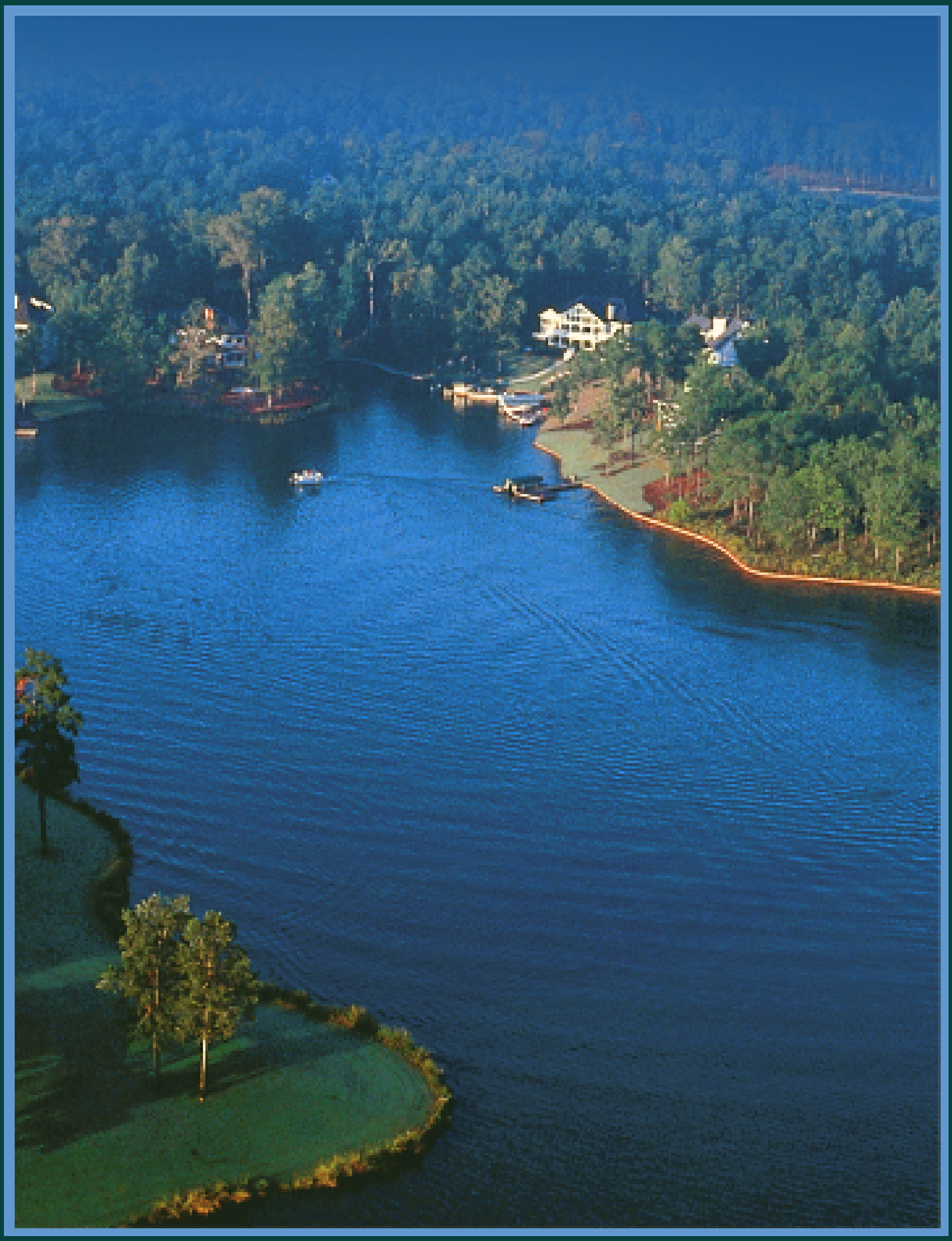

AFLAC INCORPORATED

2004 Financial Analysts Briefing

The Ritz-Carlton Lodge, Reynolds Plantation on Lake Oconee, Georgia

May 20 - 22, 2004

About This Book

This book primarily contains presentations on AFLAC that were given at the company's 2004 Financial Analysts Briefing held at the Ritz-Carlton Lodge, Reynolds Plantation on Lake Oconee, Georgia. All are intended to provide a comprehensive discussion and analysis of AFLAC's operations. The information contained in the presentations was based on conditions that existed at the time the material was presented. Circumstances may have changed materially since those presentations were made. The company undertakes no obligation to update the presentations.

The enclosed information was prepared as a supplement to the company's annual and quarterly reports, 10-K's and 10-Q's. This book does not include footnotes to the financial statements and certain items that appear in reports or registration statements filed with the Securities and Exchange Commission. We believe the information presented in this book was accurate at the time of the presentations, but its accuracy cannot be guaranteed.

Forward-Looking Information

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed. We desire to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by company officials in oral discussions with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks, and uncertainties. In particular, statements containing words such as "expect," "anticipate," "believe," "goal," "objective," "may," "should," "estimate," "intends," "projects," or similar words as well as specific projections of future results, generally qualify as forward-looking. AFLAC undertakes no obligation to update such forward-looking statements.

We caution readers that the following factors, in addition to other factors mentioned from time to time in our reports filed with the SEC, could cause actual results to differ materially from those contemplated by the forward-looking statements: legislative and regulatory developments; assessments for insurance company insolvencies; competitive conditions in the United States and Japan; new product development; ability to attract and retain qualified sales associates; ability to repatriate profits from Japan; changes in U.S. and/or Japanese tax laws or accounting requirements; credit and other risks associated with AFLAC's investment activities; significant changes in investment yield rates; fluctuations in foreign currency rates; deviations in actual experience from pricing and reserving assumptions; level and outcome of litigation; downgrades in the company's credit rating; changes in rating agency policies or practices; subsidiary's ability to pay dividends to parent company, and general economic conditions in the United States and

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Section I

AFLAC Incorporated

A Strategic Overview of AFLAC

Daniel P. Amos
Chairman; Chief Executive Officer

I'd like to discuss our business and our strategy for AFLAC's continued growth.

Pursuing a Consistent Strategy

Our strategy has been consistent for several years. In the late eighties, we developed a plan for broadening our product line and expanding our distribution system in the United States. In the early nineties we took that same strategy to Japan. It is not an overstatement to say that strategy has radically transformed our business. For most people who knew us 15 years ago, we were American Family Corporation, the cancer insurance company. Today, AFLAC is one of the most recognizable corporate names in the country, and we have built a diverse, yet focused, product line that is sold through more than 120,000 licensed sales associates in the United States and Japan.

Our simple strategy of adding new products and building distribution has also led to tremendous earnings growth for AFLAC Incorporated. In the last 10 years, we have averaged a 17.9% annual increase in operating earnings per share before the effect of the yen. Our average annual growth rate, including currency translation, was 17.6% over that same 10-year period. The effectiveness of our strategy, combined with the opportunities we see in the United States and Japan, gives us great confidence in achieving our stated earnings targets.

Setting and Achieving Objectives

Two years ago, we established a 2004 earnings objective, which we upwardly revised in 2003. We believe we are well-positioned to achieve a 17% increase in operating earnings per share this year, excluding the impact of the yen. We also expect to achieve our 2005 objective of a 15% increase in operating earnings per share before currency translation. I'm sure some of you are wondering how long we can maintain a 15% increase in earnings per share. Obviously, at some point, our growth will slow. But it won't be in 2006. We have established a target of a 15% increase in operating earnings per share for 2006, excluding the effect of the yen.

Our earnings objectives are derived from financial modeling that we believe accurately reflects the sales potential that we see ahead and the other variables that can affect our outlook. It is not our practice to set low targets and then wildly exceed expectations. And we certainly won't set unrealistic targets and then struggle to reach them down the road. We have a long track record of establishing realistic targets and then working hard to achieve those objectives. That's a record that I want to maintain.

There's no doubt that increasing earnings per share in the mid-teens gets a bit tougher with each passing year. The compounding of rapid growth over the years has made us a sizable company. To put our growth in perspective, consider that the increase in operating earnings per share this year will be greater than the operating earnings per share we reported for the entire year of 1992. Clearly, size is an obstacle to overcome. That's especially true for a company like ours that is focused on internal growth rather than riskier growth through acquisition. Yet looking ahead, we don't see our growth being challenged by diminished demand for our products or other changes in the marketplace. Nor do we believe that competition can overcome the competitive strengths that we bring to the market.

One reason that I believe our growth rates will remain strong is because there are literally millions of consumers in the United States and Japan who are potential customers of AFLAC. And we believe we are perfectly positioned to tap into those opportunities and produce strong earnings growth and returns on equity. In addition, we are also increasingly hopeful that perhaps this time Japan can sustain its economic recovery. As we have said repeatedly for the last 12 years, our greatest challenge is low investment yields in Japan. If Japan's recovery is accompanied by higher interest rates, that could make achieving our targets or extending our record of rapid growth a bit easier.

"If it Ain't Broke, Fix it Anyway"

One thing is certain. We are never satisfied with the status quo, nor do we spend a lot of time celebrating our successes. Instead, we are continually looking for ways to improve our business. At our analyst meeting five years ago, I said my belief was "If it ain't broke, fix it anyway." I think that accurately describes how we approach our business. We don't change things just for the sake of making a change; we make changes to improve our company.

One way that we maintain our leading position is by continuing to refine our existing products rather than allowing them to become dated. But we do so only after researching consumer needs and receiving input from our sales force. At AFLAC U.S. in 2003, we modified our cancer, accident, and short-term disability products. These three policies represent more than 70% of our new sales in any given year. We believe they provide the best relative value in the marketplace, compared with competing products. In 2004 we are revising our dental product.

The continued modification of our product line in Japan has been especially important to the improved profitability of our business. To accommodate Japan's historically low investment environment, we began selling new products several years ago with lower benefit ratios than those in our older block of business. We accomplished this by altering the benefits of our policies based on the desire of our customers for more affordable coverage. By doing so, we are meeting customer needs, staying ahead of our competitors and enhancing Japan's profitability. And we have made enhancements to EVER, our stand-alone medical product in Japan, even though it was selling very well. Last year we broadened EVER's coverage through the addition of life and health riders where research indicated a strong consumer need.

Building Distribution

We have also been proactive in building our distribution. In the United States, we began looking for additional distribution outlets many years ago to further penetrate the market. As a result, we expanded beyond our traditional distribution of independent career sales associates to include insurance brokers and professional employer organizations. In 2000, as we prepared for deregulation in Japan, we began offering an optional commission structure with a limited renewal period that increased first-year commissions by 50%. We also realigned some of our affiliated corporate agencies by allowing some of their payroll accounts to form their own agencies, which prevented the competition from contacting them first. And we absolutely stunned the industry in 2000 when we announced a strategic marketing alliance with Dai-ichi Mutual Life. Dai-ichi Life's cancer life sales are second only to AFLAC's. In 2003, Dai-ichi Life's sales of our policy exceeded Nippon Life's cancer policy sales by 230% and Tokio Marine and Fire's sales by 590%. I believe that our alliance with Dai-ichi Life has been one of the most effective alliances in Japan's insurance industry.

Perhaps the best example of our proactive approach is the AFLAC Duck. Prior to the launch of the duck campaign in 2000, we were becoming better known through television advertising. And our sales growth was already reflecting that improved recognition. At that time, our advertising was certainly not broken. Yet we felt we could do even better. The overwhelming success of the duck supports that belief. Our current advertising campaign has had such a dramatic impact on us that we tend to look at AFLAC U.S. in terms of pre-duck and post-duck. We never expected that VH1 would rank the first AFLAC Duck commercial as the seventh best commercial in television history. Nor did we anticipate that the AFLAC Duck would take our brand recognition to nearly 90%. But now that it has, one of my primary concerns is vigorously protecting our brand.

In Japan, 2003 was the first year we created AFLAC Duck commercials specifically to appeal to Japanese consumers. Unlike in the United States, where the duck has been primarily a corporate identity and branding vehicle, AFLAC Japan's duck commercials use celebrities to promote specific products. Our Rider MAX and EVER duck commercials were rated the best in the industry in 2003. That didn't come as too much of a surprise because of the research and testing we conducted prior to the launch of our commercials in Japan. We created a jingle in the commercials that includes a line that says, "Think well, your money is important" to convey that our products are affordable. While we thought this jingle would be effective, never in our wildest dreams did we think it could generate so much more attention. An Internet survey conducted in late 2003 showed that our jingle was the second-most memorable of all commercial songs in the history of Japanese television. And I've got to tell you, everyone who hears our commercial goes away humming that jingle, whether they speak Japanese or not.

I also believe we've done a good job preparing our company for future growth by enhancing our infrastructure. In Japan we are in the process of developing and implementing new administrative systems to improve flexibility and maintain our expense advantages. We have already converted to a new claims processing system, which has shortened the time it takes for us to process a completed claim to less than two days. In the United States, we correctly anticipated that the tremendous sales growth that began in 2000 could stress our administrative systems. So we embarked on a broad initiative to improve our IT and organizational infrastructures at AFLAC U.S. We are already seeing some benefits from the changes we have made to our administration, and we expect even greater benefits in future years.

Unfortunately, it's not always possible to anticipate the actions we need to take. Sometimes we can only react. But when we react, rest assured that we will do so quickly and decisively. I absolutely believe that the best test for any management team is how it handles adversity. Using a sports analogy, great boxers have to be able to take a punch. If he can't take a punch, sooner or later he'll be knocked out. We've taken more then one punch and have come back stronger each time. In the second quarter of 2001, we were certainly tested when our sales growth weakened in Japan. Ironically, our sales problems were actually related to the proactive and aggressive approach that we took to prepare for the pending market deregulation. After identifying the issues affecting our sales, we quickly modified our products to make them easier to sell, and we improved and increased promotional activities and advertising. We also made sweeping changes in our marketing management. As a result, AFLAC Japan's sales were back on track in just three quarters.

Although we anticipated the growing pains that the AFLAC Duck's success could have on our internal operations in the United States and planned accordingly, it was not as easy to see the potential downside out in the field. When sales growth slowed last year, we concluded that our explosive growth in recruiting made it difficult for our sales coordinators to adequately train and manage the activities of a much larger sales force. In response to the slower sales growth, we moved to strengthen our sales management infrastructure, which we believe had not kept pace with our rapidly expanding sales force. The changes we made in 2003 were the most extensive changes to the infrastructure that we had made at any time in our company's history. We have also intensified our focus on training. With sales beginning to recover in the fourth quarter of last year and further improving in the first quarter, I think it's pretty clear that our quick and decisive actions have paid off.

Sometimes we have to react to issues that are outside of our direct control. For example, it was impossible to anticipate the incredible events that unfolded at Parmalat. As news emerged in late 2003 about Parmalat's financial condition, we immediately applied the same credit review process that we employ for any security that is downgraded to junk. As a result of that review, and given the weak market liquidity that is typical at the end of a year, we concluded that we should sell our holdings. We sold the bonds at 40 cents on the dollar on December 17, which unfortunately resulted in a significant investment loss. At the time of the Parmalat sale, we had no idea that there was massive fraud involved. However, just one week later, the company filed for bankruptcy and the bonds we sold were offered in the teens.

Following the sale of Parmalat, our Investment Department analyzed its credit work for our 30 largest holdings to reassess their financial condition and the appropriateness of the investment concentration. We remain convinced that our overall approach to investing is sound and in the best interests of our policyholders and shareholders. With below-investment-grade holdings at only 2.8% of total debt investments, I still maintain that AFLAC has one of the most conservatively positioned portfolios in the industry.

A Strong Capital Base Leads to Shareholder Value

Our strong capital base withstood the loss from Parmalat without any impact on our ratings or our ability to repurchase shares. Since initiating our repurchase program in 1994, we have bought more than 170 million shares. And it is our intention to continue purchasing our shares. At the end of March 2004, we had 34 million shares available for purchase under existing authorizations by the board of directors. We anticipate buying 10 million to 12 million shares this year. When it comes to deploying excess capital, I think that purchasing our shares has proven to be a very good investment.

Our strong capital base has also allowed us to maintain a consistent dividend policy. We have increased the cash dividend for 22 consecutive years. We generally raise the cash dividend annually at a rate that is similar to earnings per share growth before the impact of currency. In the last 10 years, our cash dividend has increased 16.5% compounded annually. Last year we increased our cash dividend twice, which reflected our strong capital base and our confidence in AFLAC's future. It also acknowledged changes to U.S. tax law. At that currently indicated quarterly rate, our 2004 dividends will be 65.2% higher than our payments in 2002.

Consistently increasing our cash dividend and repurchasing our shares are part of our formula for building shareholder value. The other component is generating strong earnings growth before currency translation. I don't think anyone would dispute that our efforts at building shareholder value have been effective. For the last 10 years, our total return to shareholders has compounded at 23.6% annually. That's a formula for success that we intend to stick with.

When I think of the characteristics that make AFLAC attractive to investors, I believe our rates of earnings growth and our low-risk profile are the most important. We have a predictable top line. This year for example, we estimate that about 85% of revenues will come from a renewable source. We also have predictable operating expenses as well as claims costs because our policies provide for fixed benefits. That translates to a pretty predictable bottom line. We know that no company is bulletproof. But I believe our ability to withstand Japan's prolonged weak economic environment and grow earnings at a rapid rate show that our business model is very resilient.

I hope the presentations in this book will help you understand why we remain excited about AFLAC's future. Our business is focused on the most attractive segment of the two largest insurance markets in the world. And I believe that the trends that are benefiting the sale of our products are unstoppable. In each market, rising health care costs are being shifted to consumers in the form of greater out-of-pocket expenses and health care insurance premiums. That was punctuated in 2003 when health care reform led to a 50% increase in copayments for the majority of Japan's citizens. As the populations of the United States and Japan continue to age, that problem will only get worse.

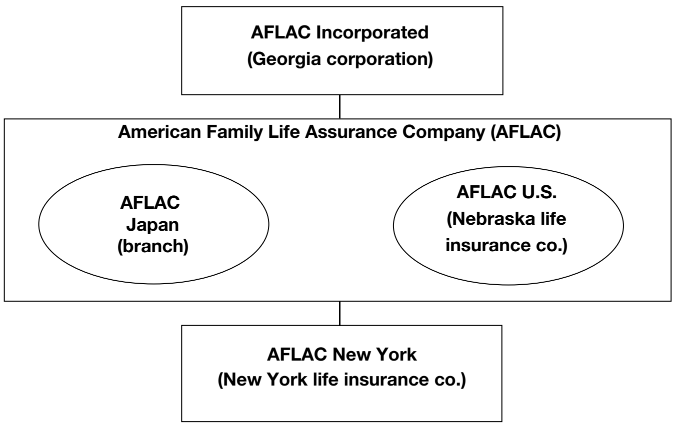
The opportunities we see in both markets are vast. In the United States, our 295,000 payroll accounts represent just over 5% of this country's 5.6 million small businesses. In Japan we estimate that there are nearly 40 million consumers in smaller-sized businesses who are not yet AFLAC policyholders. And I am convinced that we have the right products, management and strategies to tap into that potential and produce attractive growth for our shareholders.

AFLAC Incorporated Overview

Kriss Cloninger III
President; Chief Financial Officer

I'd like to provide an overview of AFLAC Incorporated, its consolidated capital structure, and the outlook for operating earnings per share growth.

AFLAC's Principal Operating Units



Our two major operating units are AFLAC U.S., which includes our New York subsidiary, and AFLAC Japan, which operates as a branch of AFLAC U.S. I believe the presentations in this book will give you a sense of how we manage the operations of these two segments to maximize the returns at AFLAC Incorporated and extend our record of strong earnings growth.

The Regulatory Environment

AFLAC U.S.
- **Nebraska Insurance Dept.**

AFLAC New York
- **New York Insurance Dept.**

AFLAC Japan
- **Japanese Financial Services Agency (FSA)**
- **Nebraska Insurance Dept.**

Our insurance operations are regulated by the officials of the jurisdictions in which we operate. American Family Life Assurance Company of Columbus (AFLAC) is domiciled in Nebraska. AFLAC owns AFLAC New York, which is subject to the insurance laws of the state of New York, where it is domiciled.

As a branch, AFLAC Japan is regulated by Japanese authorities as well as by the Nebraska insurance department. The principal regulatory requirements for AFLAC Japan are set by the Financial Services Agency (FSA). However, the various insurance laws and regulations promulgated by the state of Nebraska also apply to our Japanese operations. The regulatory rules address matters related to operations and marketing as well as to investments and minimum capital levels. The capital levels of our operating units are influenced by our desire to maintain satisfactory risk-based capital ratios on the basis of the formula prescribed by the National Association of Insurance Commissioners (NAIC).

Capital Adequacy Ratios

(In Millions, Except Ratios)

	2001	2002	2003
Total adjusted capital	**$2,318**	**$2,290**	**$2,428**
RBC ratios:			
AFLAC	**495%**	**401%**	**361%**
AFLAC New York	**224**	**175**	**189**
Solvency margin	**1,225**	**1,292**	**1,132***

*Preliminary

The risk-based capital formula applies to AFLAC on a consolidated basis for AFLAC U.S. and AFLAC Japan. AFLAC New York has to meet its own risk-based capital requirements on a stand-alone basis since it operates as a subsidiary of AFLAC U.S. Let me point out that we do not have a targeted RBC ratio per se. Instead, we want to maintain a ratio that compares favorably to our peers and supports our financial strength ratings.

Our consolidated risk-based capital ratio was unusually high in 2001 due to the $130 million benefit to capital and surplus that resulted from the codification of U.S. statutory accounting principles. Since that time it has declined, which has been due in part to ratings downgrades on investments, or class changes by the Securities Valuation Office (SVO) of the NAIC. Those class changes result in the application of a higher risk factor in the formula used to calculate the amount of required capital when computing the RBC ratio. In addition, this year the RBC ratio was negatively impacted by our decision to sell our holdings in Parmalat at a loss.

The consolidated RBC ratio was also influenced by the exchange rate, since the stronger yen magnified AFLAC Japan's results last year. We don't report separate RBC ratios for AFLAC Japan and AFLAC U.S. because of AFLAC Japan's branch status. However, our consolidated ratio is basically a weighted-average ratio of the two operations. As we've discussed before, we tend to leave less capital in Japan because of lower rates of return, which would imply that AFLAC Japan would have a lower stand-alone RBC ratio. Therefore, when the yen strengthens, that effect tends to be magnified in the RBC ratio calculation. Despite the lower ratio in 2003, we believe our current RBC ratio of 361% compares favorably with that of our peers and we expect it to increase in 2004.

The RBC ratio for AFLAC New York has been influenced by our growing block of short-term disability business, which has a higher risk factor than other products we sell in that market. I should point out that we tend to keep most of our capital at the life company level rather than the holding company level because we have minimal restrictions in sending funds upstream to support parent company cash requirements.

AFLAC Japan also has to meet the capital requirements of the Japanese FSA. Japan's solvency margin is similar to the risk-based capital concept. Our solvency margin of

1292%, based on March 31, 2003, data, compared very favorably to a range of 500% to 700% for the large domestic life insurance companies in Japan. Our solvency margin has benefited from the sizable unrealized gain on AFLAC Japan's bond portfolio that has resulted from low interest rates. Based on preliminary data for the FSA year ended March 31, 2004, we believe our solvency margin will remain among the highest of any of Japan's large life companies.

AFLAC's Ratings

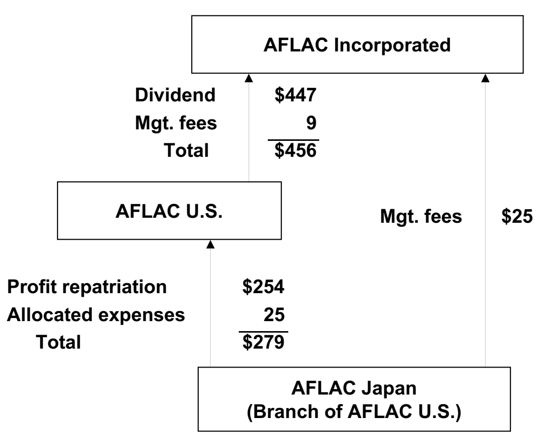
Insurance Ratings:
- **A.M. Best Co. - A+**
- **Standard & Poor's - AA**
- **Fitch Ratings - AA**
- **Moody's - Aa2**

Debt Ratings:
- **Standard & Poor's - A**
- **Moody's - A2**
- **Fitch Ratings - A+**

The financial strength ratings of our insurance operations are high and reflect our strong capital position and consistent profitability. Maintaining these ratios is a priority, especially in Japan where financial strength is a major consumer concern. You'll note that our debt ratings are also high.

Estimated Flow of Funds

(In Millions)



This chart shows the estimated flow of funds from our operating units to the parent company. Our 2004 plan calls for AFLAC Japan to send $279 million to AFLAC U.S. The largest capital flow is profit repatriation, which is determined using FSA earnings. Profit repatriation is primarily used for shareholder-related activities such as share repurchases and the cash dividend, or parent company debt service. We estimate that profit repatriation will be about $254 million this year, which is lower than it was in 2003 due to the loss from Parmalat. However, we would expect it to return to a more normalized level in 2005. AFLAC Japan will also send $25 million in allocated expenses to AFLAC U.S. and another $25 million in management fees directly to AFLAC Incorporated. AFLAC U.S. will send $456 million to the parent company.

Periodically we get questions about cash flows, which usually seem to focus on cash flows available to shareholders. This chart, which shows the anticipated cash requirements of AFLAC Incorporated, addresses that point by giving you some idea about the amount of uncommitted cash flow. The starting point is what we can dividend from AFLAC to AFLAC Incorporated. The maximum amount we can pay in any year is the larger of the net gain from operations for the past year on a statutory basis or 10% of the prior year statutory surplus. Because of our strong statutory results in 2003, the maximum we can dividend in 2004 without approval is $738 million.

AFLAC Incorporated Liquidity Analysis

(In Millions)

	2002 Actual	2003 Actual	2004 Plan
Max. dividend to parent	**$409**	**$505**	**$738**
Management fees	**34**	**37**	**34**
Other income	**6**	**4**	**7**
Less: Oper. Expenses	**(53)**	**(46)**	**(49)**
Less: Int. expense	**(16)**	**(17)**	**(20)**
Less: Loan repayment	**(221)**	**—**	**—**
Less: Shareholder div.	**(112)**	**(146)**	**(192)**
Uncommitted cash flow	**$ 47**	**$337**	**$518**

In addition to the dividend and management fees, AFLAC Incorporated also has some miscellaneous sources of cash, including funds from the exercise of stock options and shares issued through the dividend reinvestment plan. Those items are included in the "other" line. AFLAC Incorporated uses these funds to pay operating expenses, interest expenses primarily associated with the debt financing of the stock repurchase program, principal payments on that debt, and dividends to shareholders.

Our 2004 plan calls for an uncommitted cash flow of roughly $518 million. I should point out that we had approximately $17 million in debt securities at the parent company level at the end of March. Those securities generate investment income that is largely tax-sheltered since the income can be offset by our noninsurance losses, which are primarily corporate expenses.

Next, let me turn to the general capital structure of AFLAC Incorporated.

AFLAC Incorporated Capitalization

(In Millions)

	2002	2003	3/04
Total long-term debt	**$1,312**	**$1,409**	**$1,423**
Shareholders' equity*	**3,978**	**4,330**	**4,505**
Total cap.	**$5,290**	**$5,739**	**$5,928**
Debt to total capitalization	**24.8%**	**24.6%**	**24.0%**

***Excludes unrealized gains on investment securities and derivatives**

Total debt amounted to $1.4 billion at the end of the first quarter of 2004. Our debt is primarily yen-denominated; however, the debt balance was little changed from the end of December to the end of March, mostly because the period-ending exchange rates were little changed. Total shareholders' equity, excluding unrealized investment gains, was $4.5 billion at March 31, 2003.

We analyze total capitalization excluding unrealized gains but including long-term debt. Looking at the ratios of debt to total capitalization on that basis, the ratio decreased from 24.6% at the end of 2003, to 24.0% at the end of the first quarter. Our objective is to maintain the debt-to-total-capital ratio in the area of 25%.

As you have heard us say before, we do not hedge our income statement. However, once earnings are reflected in shareholders' equity, we have hedged a portion of retained earnings.

Yen-Hedged Net-Asset Position*

	2003	3/04
In Yen (billions):		
AFLAC Japan net assets	**¥499.3**	**¥527.4**
Less $ denom. net assets	**312.5**	**320.4**
¥ Denom. net assets in Japan	**186.8**	**207.0**
¥ Denom. net liabilities (parent)	**(155.6)**	**(155.6)**
Consol. ¥ denom. net assets	**¥ 31.2**	**¥ 51.4**
In Dollars (millions):		
AFLAC Japan net assets	**$4,661**	**$4,990**
Less $ denom. net assets	**2,917**	**3,031**
¥ Denom. net assets in Japan	**1,744**	**1,954**
¥ Denom. net liabilities (parent)	**(1,453)**	**(1,477)**
Consol. ¥ denom. net assets	**$ 291**	**$ 482**

*Includes unrealized gains on investment securities

We have reduced our yen-denominated equity by having AFLAC Japan maintain a portfolio of dollar-denominated securities. In addition, we have designated the parent company's yen-denominated debt as a hedge of our yen-denominated net assets, which is our investment in AFLAC Japan. If the total of yen-denominated debt is less than the investment in AFLAC Japan, then the hedge is deemed effective and the related exchange effect is reported in equity. If the total of yen-denominated debt exceeds the investment in AFLAC Japan, then the portion of the hedge that exceeds the investment is deemed ineffective, and we would report the related exchange effect in the SFAS 133 component of net earnings. We estimate that if the ineffective portion was $100 million, net earnings would be reduced by $1 million for every one yen strengthening of the period-ending exchange rate. Net earnings would benefit by the same amount if the period-ending exchange rate weakened by one yen. As you can see, our net yen-asset position on a consolidated basis was ¥51.4 billion, or $482 million, at the end of the first quarter, meaning the hedge was effective.

Our yen-denominated debt effectively hedges our consolidated equity against currency fluctuations. However, the real attraction to borrowing in yen is the low cost of yen financing. At the same time, AFLAC has a readily available source of yen-denominated, free cash flow with which to repay our debt in future periods. Borrowing in yen allows us to continue our share repurchase program on an orderly basis at a relatively low cost, which we believe is in the best interests of our shareholders in economic terms.

Parent Company Loan Maturities

Contractual Maturities	Percent	Amount (Millions)	Amount (Billions)	Interest Rate
2005	**20.2%**	**$ 280**	**¥ 30.0**	**1.55%**
2006	**27.0**	**373**	**40.0**	**.87**
2007	**20.2**	**280**	**30.0**	**.96**
2009	**32.6**	**450**	**55.6**	**1.67**
Total	**100.0%**	**$1,383**	**¥155.6**	**1.30%**

(December 31, 2003)

The contractual maturities of the borrowings outstanding at March 31, 2004, are shown on this chart. Excluded here are capitalized leases at AFLAC Japan amounting to about $28 million at the end of March. Most of our yen-denominated debt has been used to finance our treasury share purchases.

At March 31, 2004, the average interest rate associated with AFLAC Incorporated's borrowings was fixed at 1.30% after interest rate swaps. The first source of our borrowings is the $450 million of senior notes we issued in 1999. These notes carry a 6.50% coupon, payable semiannually, and are due in April 2009. We entered into cross-currency swaps that effectively convert the dollar-denominated principal and interest into yen-denominated obligations. At year-end 2003, the outstanding principal was ¥55.6 billion at a fixed interest rate of 1.67%.

The second source of our debt is in the Samurai area. In October 2000, we issued ¥30 billion of Samurai bonds. In June 2001, we issued ¥40 billion, and in June 2002, we issued the remaining notes under our previously filed shelf registration of ¥100 billion. These securities have five-year terms and carry fixed rates of interest of 1.55%, .87% and .96%, respectively. In December of 2003, we filed a new shelf registration with Japanese regulators to issue up to ¥100 billion of yen-denominated notes in Japan. Like our previous Samurai issuance, these securities would not be available to U.S. persons or entities, and we have not yet made a determination as to actual issuance of the bonds.

Although all of our debt obligations are yen-denominated, the accounting treatment is different for dollar-denominated debt that is swapped into yen than it is for straight yen-denominated debt, even though the economics are the same. SFAS 133 requires us to reflect the changes in the fair value of the interest rate components of the cross-currency swaps in net earnings. We exclude this effect from the calculation of the operating earnings we report.

Share Data

(In Thousands)

	Beginning Shares	Issued Shares	Purchased Shares	Ending Shares
1999	**531,368**	**9,122**	**9,008**	**531,482**
2000	**531,482**	**7,654**	**9,926**	**529,210**
2001	**529,210**	**4,792**	**12,387**	**521,615**
2002	**521,615**	**5,114**	**12,290**	**514,439**
2003	**514,439**	**5,857**	**10,404**	**509,892**
3/04	**509,892**	**1,645**	**3,192**	**508,345**

As I mentioned, our yen-denominated debt obligations primarily relate to our share repurchase program. From the start of that program in 1994 through 1997, we were particularly active in buying our shares as we changed our capitalization mix by increasing the debt on our balance sheet. When we achieved our targeted debt-to-capital ratio, we slowed our purchases to about two to three million shares a quarter. Our objective for 2004 is to purchase about 10 to 12 million shares. During the first quarter of 2004, we purchased 3.2 million shares. At the end of March 2004, we had approximately 34 million shares available for purchase, and we held 143.7 million shares in the treasury at a cost of $16.16 per share, or approximately $2.3 billion. At present, I consider us to be in equilibrium between share repurchase, profit repatriation and debt service.

You'll note that we have been issuing new shares and reissuing treasury shares. Those reissues support the AFLAC U.S. Stock Bonus Plan for sales associates, the dividend reinvestment plan, and our stock option plans. At the time of exercise, most option recipients sell a portion of their option grants in what is referred to as a "same-day sale" to pay for the cost of the option and to provide for the related tax liability. In addition, executives periodically balance their holdings as they prepare for retirement. However, please remember that all officers, including those in Japan, are subject to minimum share ownership requirements.

The Impact of Stock Options

(In Millions, Except Per-Share Amounts)

	2001	2002	2003
Net earnings	**$687**	**$821**	**$795**
Fair value of options	**(33)**	**(36)**	**(27)**
Pro forma net earnings	**$654**	**$785**	**$768**
Net earnings per share:			
Basic – as reported	**$1.31**	**$1.59**	**$1.55**
Basic – pro forma	**1.25**	**1.52**	**1.50**
Diluted – as reported	**$1.28**	**$1.56**	**$1.52**
Diluted – pro forma	**1.22**	**1.48**	**1.47**

To date we have not reflected the fair value of stock options as an expense in our income statement. Instead, we have elected to fully disclose the impact of stock options on net earnings as required by GAAP and as shown in this chart. We did, however, analyze the issue very closely in 2002 to determine the best course of action for our shareholders. At that time, we anticipated that accounting requirements would likely change in the near future. As such, we concluded it was best to wait for the final accounting pronouncement to be issued, so as to avoid creating confusion by having multiple changes in accounting for options.

Based on current developments, I believe that decision was correct. Although there is some opposition in Washington, it appears likely that stock option expensing will be required beginning in 2005. As you can see from the preceding chart, the cost of options in 2003 was $.05 per share, which represented 3.3% of net earnings per diluted share, or 2.6% of operating earnings per diluted share.

Let me turn to a brief review of AFLAC's consolidated operating results.

Reconciliation of Operating to Net Earnings Per Diluted Share

	2002	2003	3/03	3/04
Operating earnings	**$1.56**	**$1.89**	**$.46**	**$.57**
Reconciling items*:				
Inv. gains (losses)	**(.03)**	**(.37)**	**(.01)**	**.01**
SFAS 133	**.07**	—	—	**.02**
Japan pension transfer	—	—	—	**.01**
Policyholder protection fund	**(.05)**	—	—	—
Net earnings	**$1.55**	**$1.52**	**$.45**	**$.61**

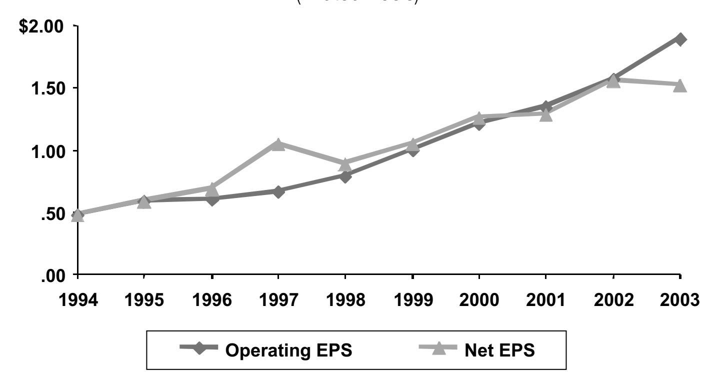
***Net of tax**

In addition to net earnings, we believe that an analysis of operating earnings, a non-GAAP financial measure, is vitally important to an understanding of AFLAC's underlying profitability drivers. We define operating earnings as the profits we derive from our operations before realized investment gains and losses, the change in the fair value of the interest rate component of cross-currency swaps as required by SFAS 133, and nonrecurring items.

We use operating earnings to evaluate the financial performance of AFLAC's insurance operations because realized gains and losses, the impact of SFAS 133, and nonrecurring items tend to be driven by general economic conditions and events and therefore can obscure the underlying fundamentals and trends in AFLAC's insurance operations.

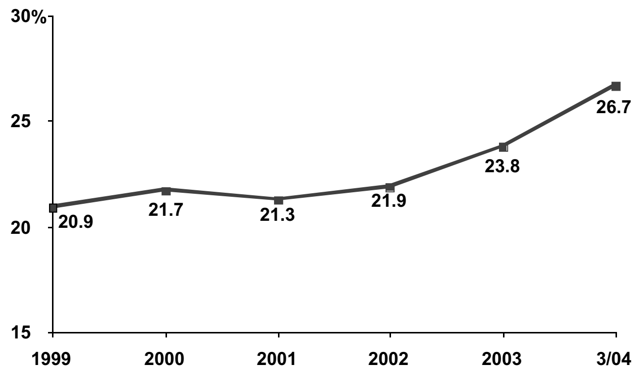
Comparison of Operating to Net Earnings Per Share

(Diluted Basis)



AFLAC's operating earnings per share have historically been very close to reported net earnings per share. In the last 10 years, operating earnings per diluted share have averaged 96.1% of net earnings per diluted share. Net earnings detached from operating earnings in 1997 due to the sale of our broadcast operations at a significant gain and then again last year as a result of Parmalat. In the first quarter of this year, operating earnings per share were 93.4% of net earnings per share.

Operating Returns on Average Shareholders' Equity



The rapid growth of our earnings, our unique business mix, and our approach to managing our balance sheet influence AFLAC's returns on equity. We compute operating return on equity using operating earnings and average shareholders' equity, excluding the unrealized gains on the investment portfolio.

Our reported earnings fluctuate with the yen/dollar exchange rate. Since our average equity is primarily dollar-denominated, it does not fluctuate as the exchange rate changes. Accordingly, our operating return on equity will tend to decrease when the yen is weakening against the dollar and increase as the yen strengthens against the dollar.

Our operating return on equity has averaged 21.9% over the last five years, and we expect it to remain around 20%. However, we do not manage our operations based on returns on equity at the business unit level. This is because the returns for AFLAC Japan and AFLAC U.S. are influenced by the amount of capital we choose to leave in those operations. For instance, when we remit a portion of AFLAC Japan's earnings to the United States, the returns on AFLAC Japan's business increase simply because we are decreasing the capital position of AFLAC Japan. Conversely, when we choose not to repatriate a portion of the funds we are eligible to remit, AFLAC Japan's reported ROE declines. As a result, it would be misleading to conclude that the profitability of AFLAC Japan is higher than that of AFLAC U.S. simply because it has a higher return on equity.

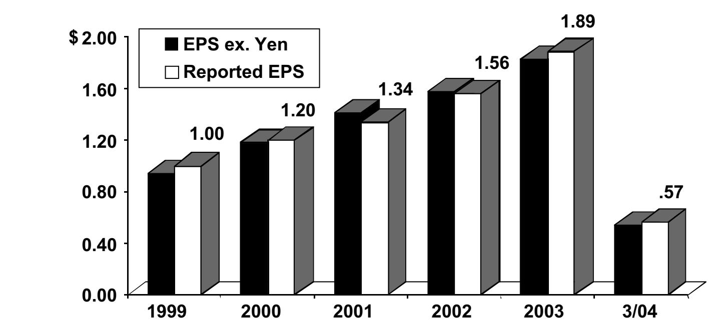
The Impact of Currency Changes on Consolidated Operating Results

	2003		3/04	
	Percentage Change		Percentage Change	
	As reported	Ex. yen	As reported	Ex. yen
Premium inc.	15.4%	9.0%	16.9%	8.4%
Invest. inc.	10.7	6.1	10.2	4.1
Total rev.	14.8	8.7	15.8	7.6
Benefits/claims	14.3	7.5	15.4	6.5
Expenses	13.7	8.4	13.6	6.8
Pretax earn.	19.9	15.7	20.9	14.5
Income taxes	19.8	15.3	20.2	13.4
Oper. earn.	20.0%	16.0%	21.2%	15.1%
Oper. EPS	21.2%	17.3%	23.9%	17.4%

Because a significant portion of our business is in Japan, we believe it is important for investors to understand the impact on operating earnings from translating Japanese yen into U.S. dollars. We translate AFLAC Japan's yen-denominated income statement from yen into dollars using an average exchange rate for the reporting period, and we translate the balance sheet using the exchange rate at the end of the period. However, except for a limited number of transactions, we do not actually convert yen into dollars. As a result, we view foreign currency translation as a financial reporting issue for AFLAC and not an economic event to our company or shareholders. Because the effect of translating yen into dollars distorts the rate of growth of our insurance operations, we also encourage readers of our financial statements to evaluate our financial performance excluding the impact of foreign currency translation.

The preceding chart shows how the changes in the yen/dollar exchange rate have affected the rates of growth in our consolidated income statements for 2003 and the first quarter of this year. The columns noting "ex. Yen" show pro forma operating results had the exchange rate remained the same as in the prior year's reporting period. Although currency changes have distorted our growth rates in operating earnings per share, we have consistently met or exceeded our earnings-per-share-targets since 1990, excluding the effect of currency changes.

Operating Earnings Per Share
(Diluted Basis)



	1999	2000	2001	2002	2003	3/04
Yen impact	$.06	.02	(.07)	(.02)	.06	.03
% inc. ex. ¥	20.5	18.0	17.5	17.9	17.3	17.4

At the bottom of this chart, you'll see the per-share impact from the changes in average yen/dollar exchange rates for the reporting year. The stronger yen benefited our results in 1999 and 2000. In the following two years, the yen weakened and suppressed our reported earnings-per-share growth. Since the third quarter of 2002, the stronger yen has again benefited our reported results. This chart suggests that over the long term, the impact from currency fluctuations tends to be smoothed out. In fact, the cumulative effect of currency changes on operating earnings over the last 10 years has been a negative impact of only $5 million.

2004 Annual EPS Scenarios

Average Exchange Rate	Annual EPS	% Growth Over 2003	Yen Impact
100	$2.38	25.9%	$.17
105	2.32	22.8	.11
110	2.27	20.1	.06
115.95*	2.21	16.9	—
120	2.18	15.3	(.03)
125	2.13	12.7	(.08)

*Actual 2003 exchange rate

This chart shows various 2004 EPS scenarios when the estimated impact from changes in the yen/dollar exchange rates is included. The highlighted line represents our operating earnings-per-share-target for 2004. If the yen comes in at the same average rate of 115.95 that prevailed in 2003, we would expect to earn $2.21 per share, or a 16.9% increase over last year. If instead the yen/dollar exchange rate averages 110 for the year, reported EPS should come in at $2.27. Conversely, if the yen weakens to an average of 120, operating EPS should come in at $2.18. We estimate that a one yen change in the average exchange rate should impact EPS by about one cent per share this year.

AFLAC's EPS Objectives

- **Increase operating earnings per diluted share 17% in 2004 excluding the impact of currency translation**
- **Increase operating earnings per diluted share 15% in 2005 and 2006 excluding the impact of currency translation**

We continue to focus on maintaining strong fundamentals in our core businesses and building on our record of strong earnings growth. In each year since 1990, when Dan Amos became CEO, we have achieved our earnings objective, and we believe this year will be no exception. Our goal is to increase operating earnings per share 17%, excluding the yen, for 2004. Our objective for 2005 and 2006 is to increase operating earnings per share 15%, excluding the impact of the yen. I realize that some of you have wondered how we achieve these objectives when our consolidated top line is growing at about 8%, excluding the impact of the yen.

First Quarter Operating Results at Constant Exchange Rate*

	3/03	3/04	% Change
AFLAC Japan	$285	$325	13.8 %
AFLAC U.S.	107	122	14.4
Non-ins. interest expense	(4)	(5)	(13.4)
Parent co. expenses	(11)	(11)	(1.6)
Pretax operating earnings	377	431	14.5
Income taxes	133	151	13.4
Operating earnings	$244	$280	15.1 %
Oper. earnings per share	$ .46	$ .54	17.4 %
Average diluted shares	524.5	519.4	(1.0)%

*At first quarter 2003 exchange rate of 118.93

Let me show you how we met our target in the first quarter of 2004. AFLAC Japan grew its pretax operating earnings by 13.8% on a constant currency basis. This is greater than the 10.4% increase we reported in yen because of the influence of the stronger yen on AFLAC Japan's dollar-denominated investment income. As you read in Allan O'Bryant's presentation, AFLAC Japan's strong pretax earnings growth has been due in part to an improved benefit ratio, which has led to margin expansion. The benefit ratio and profit margin improvements reflect the economics of AFLAC Japan's business and we expect those improvements to continue. AFLAC U.S. has also produced strong earnings growth recently, reflecting the strong growth of our top-line. Interest expense on our yen-denominated debt and corporate expenses increased slightly in the quarter. As a result, pro-forma pretax operating earnings were up 14.5%. And with a slightly lower tax rate and the 1.0% reduction in average diluted shares for the period, operating earnings per share were up 17.4%, excluding the impact of currency.

I hope that the presentations in this book will give you a solid understanding about how we approach our business operations in Japan and the United States and the strength of those operations. Additionally, they should give you a good idea about how seriously we take our commitments to disclosing relevant information to our shareholders. We have always presented information to investors about our business in the same manner in which we actually manage that business. I assure you that we will maintain the highest degree of integrity in the way we manage AFLAC and report its financial results.

Overall, our goal is to manage the company in a way that meets the balanced expectations of our policyholders, sales associates and employees. We believe we can maintain that balance by providing valuable benefits and services to our customers, competitive products and commissions to our sales force, and a rewarding environment for our workforce. By doing so, we believe we will continue to generate above-average rates of earnings growth and returns on equity that our shareholders will find rewarding.

AFLAC Market Performance

Kenneth S. Janke Jr.
Senior Vice President, Investor Relations

The performance of AFLAC's shares over the long run has been impressive. Investors who purchased 100 shares in 1955 when AFLAC was founded paid $1,110. As a result of 28 stock dividends or splits, those 100 shares had grown to 187,980 shares valued at $7.9 million at the end of April 2004. In addition, those early investors would receive approximately $71,400 in cash dividends in 2004 based on the current quarterly dividend rate of $.07 per share. That's 64 times the original acquisition price of those 100 original shares.

Stock Dividend and Split History

Payable	Action	Accrued Shares
—	—	100
5/20/57	6 for 5	120
6/01/60	8 for 5	192
6/01/62	2 for 1	384
6/01/63	5%	403
10/01/63	5%	423
7/01/64	5%	444
1/05/65	5%	466
10/01/65	5%	489
3/01/66	10%	537
6/01/67	15%	617
5/15/68	15%	709
1/31/69	40%	992
2/16/70	20%	1,190
5/28/71	10%	1,309
7/20/72	20%	1,570
8/21/73*	2 for 1	3,140
10/15/76	5 for 4	3,925
3/15/78	10%	4,317
9/01/79	10%	4,748
12/15/83	20%	5,697
12/01/84	10%	6,266
6/03/85	3 for 2	9,399
3/01/86	4 for 3	12,532
2/02/87	2 for 1	25,064
6/15/93	5 for 4	31,330
3/18/96	3 for 2	46,995
6/08/98	2 for 1	93,990
3/16/01	2 for 1	187,980

*Reorganizational exchange: holding company formed and listed on NYSE

Market Performance

Although the stock market began 2003 with a great deal of uncertainty, the year finished with a strong rally. Led by optimism of further economic improvement in the United States, the stock market posted gains for the first year since 1999. AFLAC's shares were also met with uncertainty beginning in April of last year as investors intensely focused on the sluggishness of AFLAC U.S. sales growth. However, our shares ended the year strongly and produced solid returns for our shareholders for the year.

AFLAC's share price closed 2003 at $36.18, up 20.1% from our 2002 closing price of $30.12. By comparison, the Standard & Poor's 500 Index was up 26.4% and the Dow Jones Industrial Average rose 25.3% in 2003. Insurance stocks, as measured by the Standard & Poor's Life Insurance Index, also performed well, rising 25.3% in 2003. As a result, our shares modestly underperformed insurance stocks and broader market averages in 2003. However, unlike those market indicators, AFLAC's rise in value last year followed an increase of more than 22% in 2002.

For the first four months of 2004, AFLAC's shares outperformed the market averages. Through April 30, 2004, our shares had appreciated 16.7% from our year-end closing price. By comparison, the S&P 500 had declined .4% during the same period, and the S&P Life and Health Insurance Index was up 7.9%.

AFLAC's shares have had a long history of strong market performance, reflecting our record of strong earnings growth. For example, our shares have outperformed the S&P 500 Index in 21 of the last 29 years. Including reinvested cash dividends, AFLAC's total return to shareholders was 21.2% in 2003. For the last five years, AFLAC's total return has compounded annually at 11.3%. And over the last 10 years, our total return to shareholders has compounded at 23.6% annually.

A Broad Shareholder Base

Approximately 78,400 registered shareholders owned AFLAC shares at the end of 2003. The mix of our shareholder base has remained fairly stable over the last few years. Institutional investors own about half of our shares, with the balance owned by individual investors. Directors, employees and agents owned approximately 5% of the company's shares at the end of 2003. Based on data from the National Association of Investors Corporation (NAIC), AFLAC was again the most popular stock among its 265,000 members in terms of number of shares held and the market value of those shares. According to research conducted by NAIC, its membership owned approximately 23 million shares of AFLAC.

Serving Our Shareholders

We remain committed to providing excellent services for our shareholders. In addition to our Shareholder Services Department, which conducts stock transfers and administers our dividend reinvestment plan, we also offer many services through aflac.com. In 2000 for example, we introduced afl*inc*, which allows shareholders secure Internet access to their investment accounts. We also offer other informational services through our Web site. The quarterly earnings release conference calls we conduct are webcast at aflac.com and are archived for two weeks following the release. To find out when the earnings releases occur, investors can view and print a shareholder calendar of important dates on our Web site, or they can also sign up for an e-mail alert notification service. This service automatically sends investors an e-mail message whenever news is made public about AFLAC and provides a convenient link to the news at aflac.com.

Section II

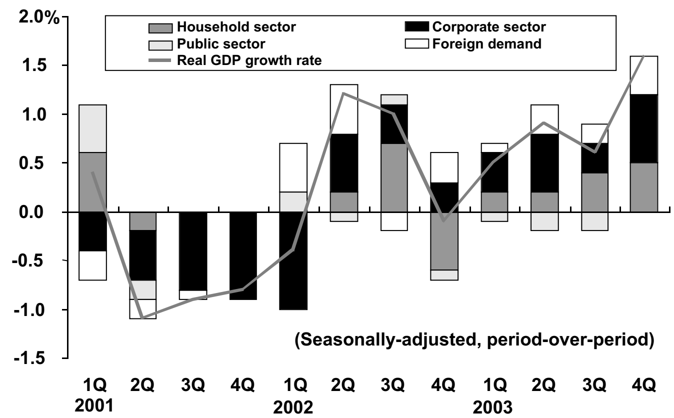
AFLAC Japan

Introduction to AFLAC Japan and Its Market

Charles D. Lake II
President, AFLAC Japan

This presentation includes three major subjects. First, I would like to discuss the current economic situation in Japan. Second, I will cover the challenges Japan faces with its aging population and resulting need to reform the public health care insurance system. And finally, I will address how these developments affect AFLAC Japan.

Economic Recovery in Japan
(Contribution to GDP Growth by Sector)

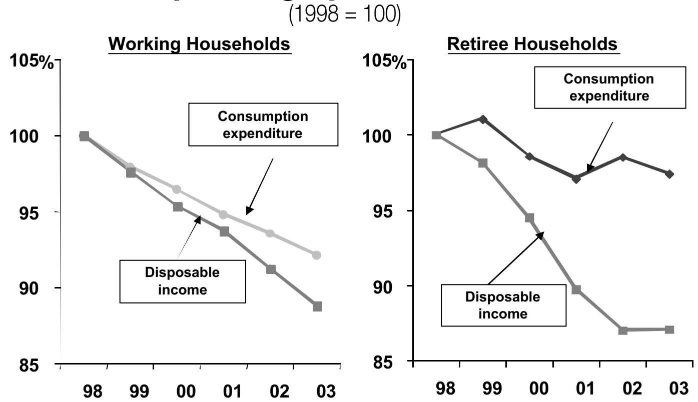


Source: National accounting data by Cabinet Office

As the global economy heads toward recovery, Japan's economy is also showing signs of recovery, led by the corporate sector. In the fourth quarter of 2003, real GDP showed a growth rate of 1.6% over the previous quarter. This was the strongest growth rate in 13 years, since 2.5% growth in the second quarter of 1990.

Economists in Japan generally agree that for recovery to continue, the current strength in the corporate sector will have to translate to growth in household income. Wages, however, are expected to improve slowly because corporations are exercising strong controls on human resource expenditures despite a recovery in corporate earnings.

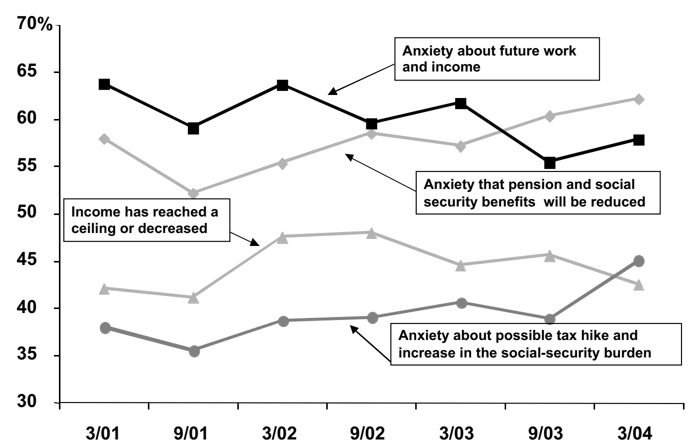
Spending by Households
(1998 = 100)



Source: Family Income and Expenditure Survey by Ministry of Public Management, Home Affairs, Posts and Telecommunications

In the household sector, recent trends in disposable income and consumption expenditure show a sharp split between working and retiree households. Based on definitions used in Japan, retiree households are those whose head of household is age 60 or older and not working. In working households, disposable income has declined more than 10% in the past five years, and consumption expenditure has shown a similar decline. On the other hand, retiree households still show a strong propensity to consume. Even though disposable incomes have also fallen for retirees, they are drawing on savings to support their spending. In other words, budgets for working households are tight while consumption by retiree households is supporting consumption expenditure as a whole.

Reasons for Reducing Spending



Source: Bank of Japan survey

Many people in Japan have curbed spending as a result of reduced income. The chart above shows the results of a survey by the Bank of Japan, which periodically asks people who have cut back on spending about their reasons for doing so. Until recently, the most popular response was: "Because I am anxious about my future work and income." In September 2003, however, a different answer took over the most popular spot, which was "Because my pension and social security benefits will be reduced." The increased frequency of this response shows that people are curbing spending, not just because of lower current incomes, but also because of concerns about the security of their retirement income.

Expected Changes in the Market Environment

1. Privatization of the national postal delivery, savings and insurance services

- **Preparation for privatization scheduled for April 2007**

2. Bank Sales

- **FSA has been considering the lifting of the ban on bank sales for the full range of insurance products by April 2007 at the latest**

Next, I would like to briefly discuss some possible changes we foresee occurring in the market environment between now and 2007, beginning with postal privatization. In April 2003, Japan Post, a new government-owned public corporation, was formed from Japan's Postal Services Agency's postal delivery, savings, and life insurance services. Under Japan Post, the postal life insurance service, called Kampo, has continued to sell life insurance products, primarily endowment products. As a government-owned entity, Kampo receives special privileges. For example, it is not required to pay taxes or contribute to a policyholder protection fund, and by law, all of its policies receive a government guarantee.

It is not surprising that the life insurance industry in Japan has consistently objected to the special privileges accorded Kampo. The Life Insurance Association of Japan's official position is that Kampo should be reduced or abolished, and if it is privatized, conditions of competition must be established which are identical to those of private life insurers. The products that Kampo is allowed to sell, including its new fixed-term, whole life product introduced in January, do not compete directly with those offered by AFLAC. However, as a member of the Life Insurance Association of Japan, we support the industry's call for equal competitive conditions.

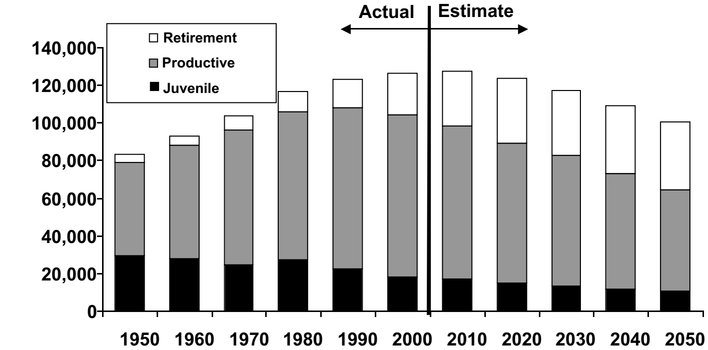
The Prime Minister has pledged to privatize Japan Post by April 2007 and has asked his economic advisory council to devise a privatization plan by fall 2004, with legislation to be submitted to the Diet in 2005. This council has identified the importance of ensuring fair competitive conditions with the private sector as a key item to consider. I am sure that the industry will continue to work very hard to achieve an equitable outcome.

There are also efforts underway to liberalize bank sales of insurance products. At the end of March 2004, an FSA-affiliated deliberative council issued a report recommending in principle the lifting of the ban on bank sales for the full range of products at the latest within three years. The report also called for a phased-in liberalization, with a partial opening in one year and the introduction of strict rules governing insurance sales by banks to prevent pressure sales. This initiative has been met with strong opposition by the life insurance industry.

Although no one in the industry today is capable of precisely predicting the outcome of reform in these areas, AFLAC Japan is strongly positioned to advocate fair treatment and to maximize its potential during the ongoing policy debate because of its well-established public policy expertise and its competitive advantages.

Japan's Aging Population and Declining Birthrate

(In Thousands)



Source: National Institute of Population and Social Security Research
Future Estimated Population of Japan, 1/02

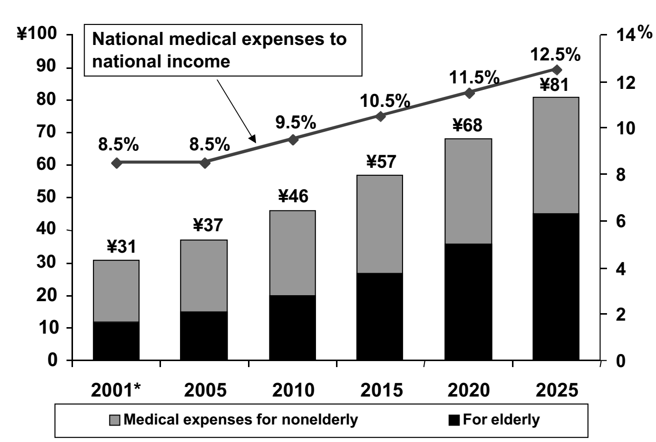
Japan continues to face problems stemming from an aging of its population and a declining birthrate, both of which are primary reasons the current working population is so concerned about its future.

As you may recall, the National Institute of Population and Social Security Research estimates that Japan's population will peak in 2006 at 127.7 million, and by 2050 it will decline to 100.6 million, a drop of 21% from the peak. The main reason for this population decrease is that families are having fewer children. Japan's total fertility rate, which shows the average number of children born to women between the ages of 15 and 49, fell from 3.65 in 1950 to 1.32 in 2002. This is well below the 2.08 that is considered to be the rate required to maintain a stable population. It is also well below the U.S. rate of 2.01 in 2002.

The productive-age population, or those between the ages of 15 and 64, made up 68% of the total population in 2000. However, that proportion is estimated to drop to 54% by 2050. At the same time, the retirement-age population, or those 65 and over, is expected to rise from 17% in 2000 to 36% in 2050. In 2000 there were four members of the productive-age population supporting every one member of the retirement-age population. By 2050 there will be only 1.5 members of the productive-age population for every one in the retirement-age population.

National Medical Expenses

(Yen in Trillions)



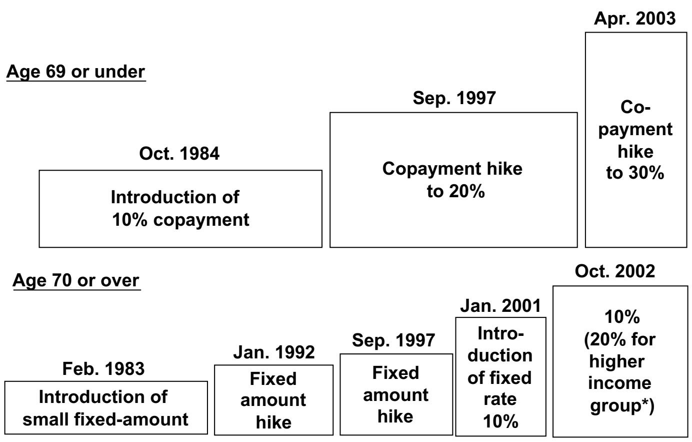
Source: Ministry of Health, Labor and Welfare *Actual results

Japan's aging population and declining birthrate have put tremendous pressure on its social security system. It is inevitable that Japan will have to increase premiums and reduce the benefits of its social security system, and that will likely impact the public health insurance system.

Japan has a compulsory, universal public health care insurance system. As Japan's population ages, the resultant increase in national medical costs is a matter of national concern. National medical expenditures in Japan are expected to grow 119% from ¥31 trillion in fiscal 2001 to ¥68 trillion in fiscal 2020. More alarming, perhaps, is that medical expenses for people age 70 and above are expected to grow 200% from ¥12 trillion in fiscal 2001 to ¥36 trillion in fiscal 2020, accounting for 53% of total national medical costs. This increased burden will fall on the shoulders of the productive-age population.

Copayments for Medical Services

(Employed and the Elderly)



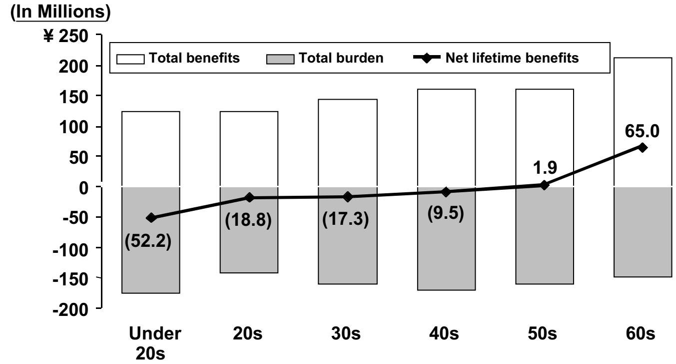
*Husband and wife with annual income exceeding ¥6.37 million and individual with income exceeding ¥4.5 million, including pension income

National costs for medical care are covered by the premiums paid by insured individuals and their employers, taxes, and copayments paid by health care recipients. As Japan's population shrinks and ages, the financial resources of the public health care insurance system will continue to come under increasing pressure, and the share of the burden that must be borne by health care recipients will continue to rise. In fact, that process has already begun. In 1984, a 10% copayment was introduced for salaried workers under 70. In 1997, the copayment was increased to 20%, and in April 2003, it was raised to 30%.

Under the health care system for the elderly, which covers those age 70 and above, fixed copayments of ¥400/month for outpatient care and ¥300/day for hospitalization were introduced in 1983. Then in 2001, copayments were switched to a percentage basis, starting with a 10% copayment. In October 2002, the copayment was raised to 20% for couples with annual incomes of ¥6.37 million or more, or individuals with annual income of ¥4.5 million or more. Further reforms of the health care system are now being planned and should take effect in 2008. In addition, the possibility of setting up a new public health care insurance program for those 75 and above supported not only by government funds, but also by individual premiums, is being contemplated as well.

The Price Future Generations Will Have to Pay

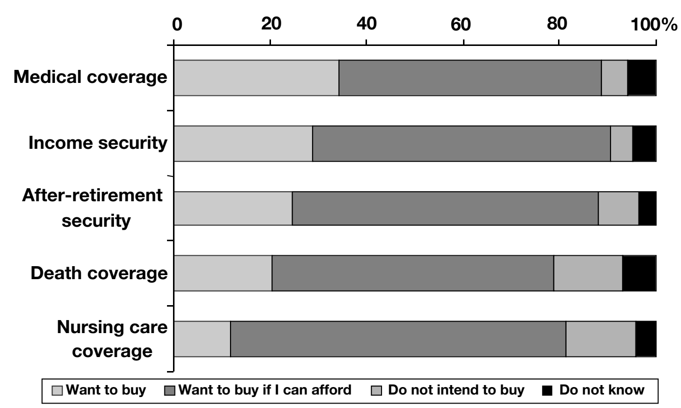
(Lifetime Benefit per Household)



Source: White Paper on the Economy and Public Finance by Cabinet Office (2003 benefits are calculated on the premise that the benefit level will remain the same in future years as in 2001)

Demographic trends are also pressuring Japan's public pension system. The burden to be borne by the younger population is projected to become extraordinarily large. This chart above compares the burden that households bear in the form of taxes and social security premiums versus the total value of the government services and social security benefits they receive. Households headed by those in their 60s show a net positive balance of ¥65 million over their lifetime, but the benefits are smaller for younger citizens. Households headed by those in their 40s and younger have a negative balance. As for future generations, the deficit grows to ¥52 million for those born after 1982, a considerable burden to be carried by future generations. People are well aware of this situation, and realize they will need to take more responsibility for their health care expenses by purchasing insurance policies to protect themselves.

Financial Preparation for the Future



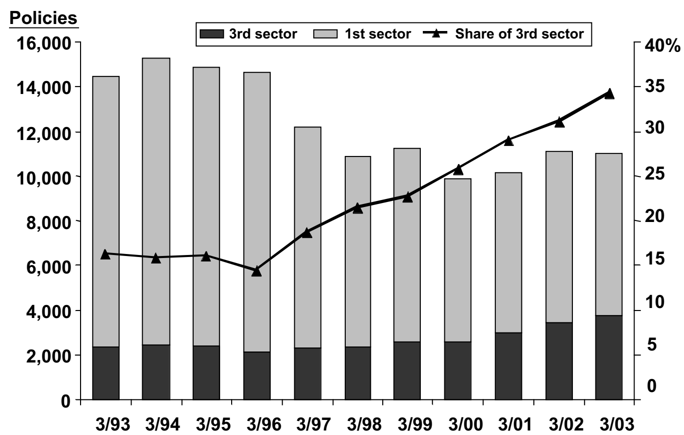
Source: Japan Institute of Life Insurance survey on benefit programs, 5/03

Such pressures on the financial resources of the public health care and social security systems are causing people to worry increasingly about the future and are creating a sense of urgency regarding their own financial planning. In a survey by the Japan Institute of Life Insurance, most people responded that they wanted to obtain coverage against a full range of risks. In the largest response, 34.2% said they wished to buy medical coverage, which shows the degree of concern that ordinary people have about their future medical costs.

In addition to the increased copayment burden, there are other costs not covered by the health care system. In a separate study conducted by the Japan Institute of Life Insurance in 2001, the average hospitalized patient paid ¥12,900 a day in out-of-pocket expenses. Another survey by the *Nihon Keizai Shimbun* indicated that in response to sluggish growth in clinical revenues, 16.5% of hospitals plan to increase the number of beds for which extra charges must be paid. These trends demonstrate that the burden for medical costs on average citizens is bound to increase and suggest why more people are thinking harder about the need for adequate health insurance.

New Business Trends

(In Thousands)

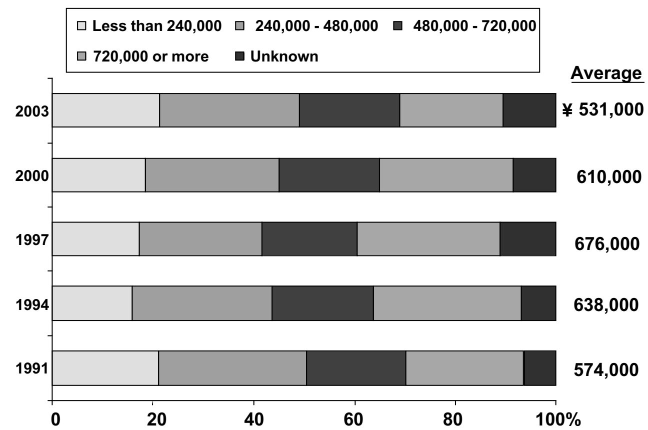


Source: Life Insurance Association of Japan, Insurance Research Institute

Let me turn to the state of the life insurance industry in Japan. During Japan's prolonged economic downturn, the life insurance sector's new policy sales have been sluggish. In fiscal 1992, approximately 14.5 million new individual policies were sold, but by fiscal 2002 that number dropped to approximately 11 million. People have lost confidence in life insurers, particularly since the first life insurance company failure in 1997. At the same time, however, the share of the third sector, comprised of cancer, medical, and nursing care insurance, has grown as a share of new policies in the life industry overall. In fiscal 2002, the third-sector share of new policies sold stood at 34.3% of the overall market, twice the level of fiscal 1992.

At the end of March 2004, 19 life insurance companies were offering stand-alone cancer insurance, while 31 companies were offering stand-alone medical insurance. Three companies entered the market for stand-alone medical insurance in the past year. However, the relatively low premiums for third sector products make it difficult for most life insurers to turn a profit in this area due to their high cost structures.

Annual Household Premium Payment



Source: Japan Institute of Life Insurance, National Survey for Life Insurance, 12/03

The average annual insurance premium per household peaked in 1997 at ¥676,000, and has fallen sharply since then. By 2003 the average annual premium fell 21.4% from its peak to ¥531,000. An increasing proportion of households pay less than ¥480,000, and the share of those paying less than ¥240,000 grew 4% since 1997, making it the fastest-growing market segment.

Given declining income under the prolonged recession and increasing uncertainty about the future, consumers are rethinking their insurance needs. To ease the anxiety about their future, they are reducing life insurance coverage and switching to policies such as medical insurance that provide benefits while they are still alive.

Many market players have recognized this shift in consumer preferences. In addition to life companies, non-life companies and Kyosai provide stand-alone medical and cancer coverage. Kyosai are nonprofit organizations, mostly cooperative societies, which provide a range of services, including insurance, to their members. Recently, the possibility for general consumers to purchase products from these cooperatives, after paying a nominal fee to become a member, has expanded. Kyosai offer a wide range of life, non-life, and third-sector insurance products.

Although Kyosai provide insurance products, they are not regulated by the Financial Services Agency or the Insurance Business Law. Instead, some Kyosai are regulated by ministries other than the FSA. For example, the Ministry of Agriculture, Forestry and Fisheries regulates the agricultural Kyosai, while the Ministry of Health, Labor and Welfare regulates the labor Kyosai. Other Kyosai are not regulated at all. This is a much smaller portion of the market. However, due to a growing number of complaints regarding financial risks and market conduct, the FSA is now considering whether to start imposing prudential measures and regulations on these entities directly.

AFLAC Japan's Strong Reputation

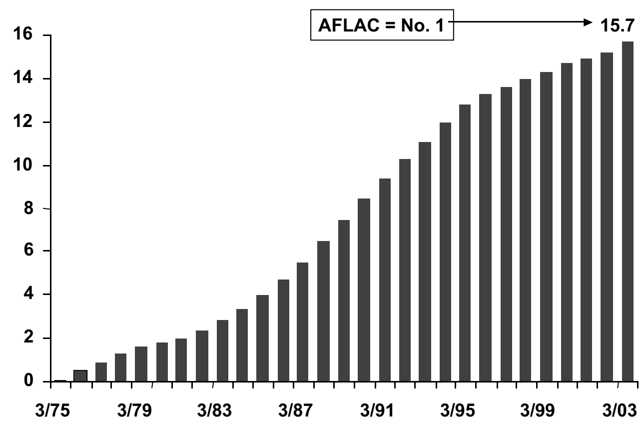
Rank		
1st	Most reliable life insurance company	*Weekly Economist* 12/16/03
1st	Replacing coverage due to insurance company failure	*Weekly Diamond* 10/4/03
1st	Comprehensive strength ranking*	*Nikkei Financial Daily* 11/28/03
1st	Life insurer ranking**	*Nikkei Financial Daily* 1/5/04

*Among 13 major life insurers for first half of fiscal 2003
**Low premiums

In addition to becoming more selective about their insurance needs, consumers are also becoming selective about their insurance companies. At present, consumers generally lack confidence in insurance companies. In this context, we can say that AFLAC enjoys a very strong reputation in all areas. As shown in the chart above, AFLAC was number one in four key rankings.

The Number One Life Insurer in Japan

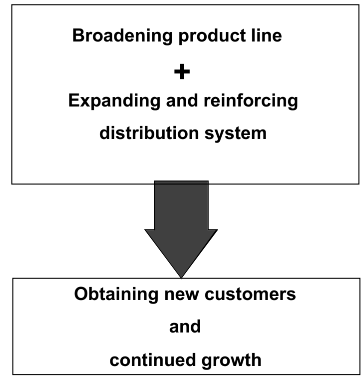
(Policies in Force, FSA Basis, in Millions)



With strong support from our customers, AFLAC has been able to steadily increase its number of policies in force. We surpassed Nippon Life at the end of March 2003 to become the number one company in terms of individual life insurance policies in force. By the end of September 2003, our policies in force had risen to 16.1 million.

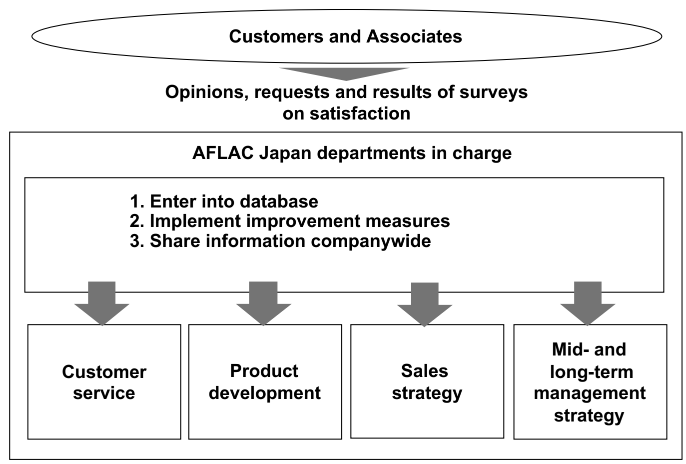
One of the key reasons we have been able to expand our base of in-force policies is that we provide products that meet customers' needs, which helps us attract new policyholders, and helps keep our lapse rate low. AFLAC's lapse rate was 5.0% in fiscal 2002, well below the average of 8.2% for the life insurance industry as a whole. Several factors contributed to our industry-low lapse rate. First, most of our customers choose to have their premiums deducted from their paychecks or directly from their bank accounts. Second, the premiums of our products are reasonably priced. Third, our customers believe that AFLAC's insurance is a necessity. Such policyholders are loyal to AFLAC and are an extremely valuable asset for the company. They provide a steady stream of income, and allow us to offer them riders and other forms of additional insurance.

AFLAC Japan's Strategy for Growth



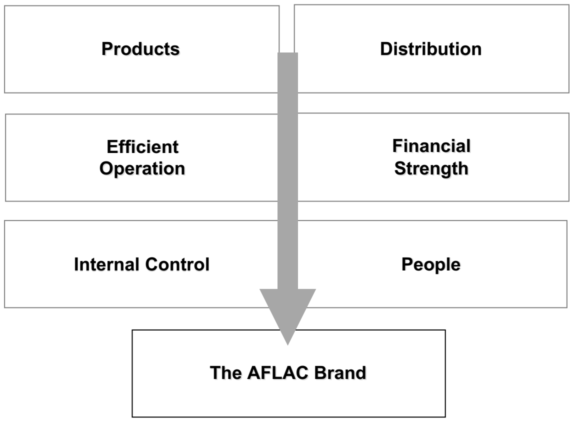
AFLAC's strategy for growth has been consistent for a long time, and that is to broaden our product line, and to constantly expand and reinforce our distribution system. We have been disciplined in staying with this strategy, and we believe it is a key reason for our market leadership. We will continue to pursue this strategy by offering the best products in the third sector. And our goal is to recruit 4,000 new sales agencies in 2004, while also enhancing capabilities through better training. By strengthening quality as well as quantity, we firmly believe it will be possible for AFLAC to continue to grow and flourish.

Customer-First Philosophy



Along with our strategy for growth, we are faithfully carrying out our customer-first philosophy in our daily activities. We are keenly aware that customer satisfaction is critical to continued growth. We pay careful attention to what our customers and sales agencies tell us. Periodically we conduct surveys aimed at measuring customer satisfaction and agency views. We try to be proactive in identifying problems by carefully examining customer comments and survey results. The results are put into action in our product development, customer service, sales strategy, and medium- and long-term management strategy. Building a system that helps us grasp the opinions of our customers and sales agencies on a timely basis has helped us improve customer satisfaction and forge strategies that accurately reflect customers' needs.

AFLAC's Many Strengths



We have established best practices in the areas you see on this chart. Each of these areas represents a competitive strength for AFLAC Japan, and we believe these strengths are reflected in the overall strength of our brand. For example, in products, these strengths include our reasonable premiums and our ability to develop products that accurately match customers' needs.

As far as distribution is concerned, our sales agency system is far more cost-effective than the in-house employee sales system used by domestic Japanese life insurers. Another strength is that our many affiliated corporate, independent corporate, and individual sales agencies provide multiple sales routes to suit different customer needs.

Efficient, low-cost operations are another of AFLAC's important strengths. AFLAC has been implementing "kaizen," or improvement activities since 1983, which resulted in cost reductions of ¥330 million in 2002 and ¥180 million in 2003. Our efficient operation can also be measured by our rapid claims payment. We have pursued rapid claims payment as a specific goal. In 2003, we shortened to an average of 2.1 business days the time needed to make payments after receiving a customer claim. This marks tremendous progress compared with an average of 3.46 business days in 1997. We are confident that our prompt claims payment to our customers is a sure way of boosting customer satisfaction.

In the financial area, our strength is reflected in the high ratings from S&P, Moody's, Fitch and A.M. Best, which benefit from investment yields that greatly exceed the industry's average. Our comprehensive compliance systems are also indispensable in managing risks as an aggressive marketing company in a regulated industry. Our human resource systems and improved organization help us to make the most of the business professional strengths possessed by each of our employees.

As Dan Amos often says, AFLAC's fundamental principle is: "If our company takes care of its employees, the employees will take care of the business." This shows just how highly we at AFLAC value our employees. Our faithful adherence to this kind of thinking, and our solid earnings performance helped AFLAC Japan become one of the most popular foreign companies to work for according to a survey conducted of graduating college students by *Nikkei Business*. In April 2004, AFLAC Japan accepted 112 new college graduates as new employees, out of approximately 17,000 applications we received from the best graduates of the best universities in Japan. This is further evidence of the high degree of respect AFLAC has earned in Japan.

By further enhancing our strengths in all of these best practice areas, we will be able to develop an even stronger brand, capitalizing on the overall value of our products that are available at affordable prices. We are aggressive in our strategy for growth, and at the same time, we are strengthening the AFLAC brand as a brand that stands for high-quality service at all points of contact with the customer. Through these efforts, we are confident we can extend AFLAC Japan's tremendous record of growth.

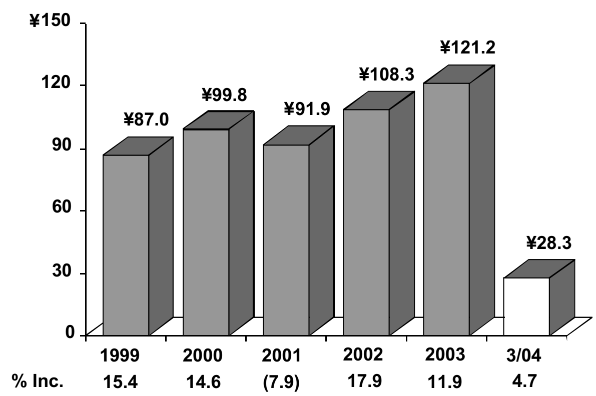
AFLAC Japan Marketing

Atsushi Yagai
Executive Vice President; Director of Marketing and Sales
AFLAC Japan

As Charles Lake discussed in his presentation, we have benefited from the market expansion of the third sector, which is our main area of business activity. The new AFLAC Duck commercials and the expansion of our individual sales channel also contributed to our success in 2003. And that success was also reflected in AFLAC's becoming the number one company in terms of individual insurance policies in force.

AFLAC Japan New Premium Sales

(Yen in Billions)



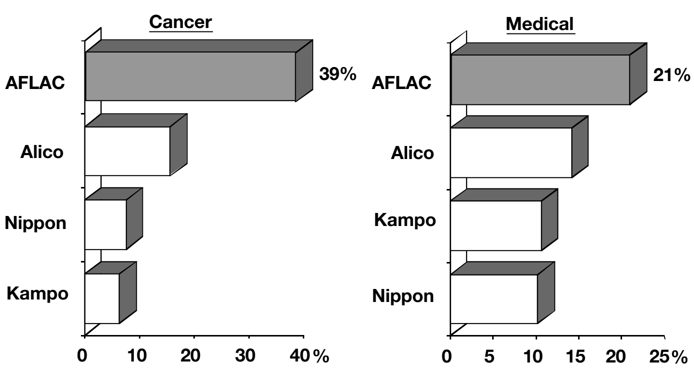
As a result, we produced an 11.9% increase in total new sales in 2003, following a 17.9% increase in 2002. In the first quarter of this year, total sales were up 4.7%. Although sales of EVER remained strong, total new sales growth was held back by a lower sales contribution from Dai-ichi Mutual Life and a continued decline in Rider MAX conversions. In addition, the first quarter of 2003 included fixed annuity sales through the bank channel, which we terminated at the end of March 2003. However, sales of our core products through our traditional sales channels remained solid.

Three Major Changes in Consumer Attitudes

- **Death benefits →"Living" benefits**
- **Term insurance→ Whole life insurance**
- **Japanese life insurers→ Foreign life insurers**

Before I go into greater detail, let me discuss trends we see in consumer attitudes toward insurance products in Japan. The first is a shift from death benefits to "living" benefits; the second is a trend from term medical insurance to whole life medical insurance; and the third is a move from Japanese to foreign life insurance companies. We believe that all three of these trends benefit AFLAC's market position.

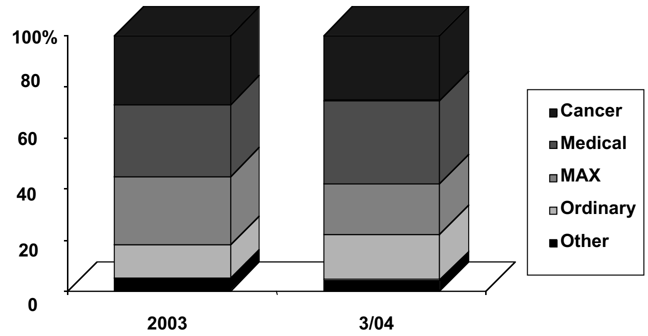
The Most Preferred Insurer for Cancer Life and Medical Insurance



Source: My Voice Communications Inc., 12/03

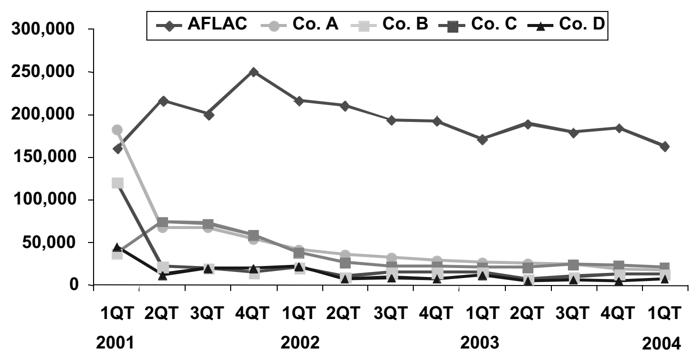
In addition, we enjoy a good reputation for responding quickly to consumers' needs by conducting marketing research, identifying gaps in coverage, and developing products that match consumers' needs. A survey conducted in December 2003 by My Voice Communications, an independent research firm, asked the question, "Which life insurance company would you most prefer to sign up with?" Results showed that AFLAC was again on top with 39% of respondents who said they would choose our cancer insurance. Additionally, 21% said they would choose our medical insurance. Another survey, by the prestigious business magazine *Weekly Diamond*, showed AFLAC as the number one choice for those who want to switch their insurance policies. This, too, underscores the high regard consumers have for AFLAC.

Sales Composition by Product



This chart shows our sales contribution by product. In 2003, Cancer and Rider MAX combined for 54% of total sales. Medical insurance, which is primarily our stand-alone product called EVER, represented 28%. These products provide whole life living benefits, which reflect current consumer preferences. For the first quarter of 2004, medical was the top-selling product category at 33%, followed by cancer life at 25%, and Rider MAX at 20%.

Comparative Quarterly Cancer Policy Sales



Source: Internal data

Now I would like to take a closer look at our products. In terms of cancer life insurance, AFLAC clearly stands out as the market leader. As you know, the major Japanese life and non-life insurers entered the market in 2001 and initially put up a good fight. But their efforts soon ran out of steam, and at this point we do not see any real competitive threat. For other companies, cancer insurance is a secondary business at best, while for us, it's an area of intense focus.

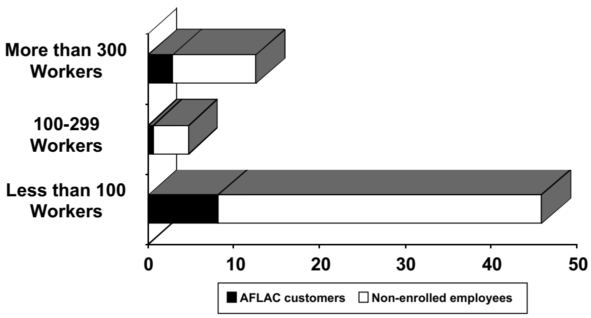
Premium Comparison of Cancer Life Policies

	Male - Direct Rate	
	30-year-old	40-year-old
AFLAC (CSV=100%)	**¥2,360**	**¥3,166**
Co. A (CSV=100%)	**3,196**	**4,148**
Co. B (CSV=100%)	**4,190**	**5,582**
AFLAC (CSV=0%)	**1,957**	**2,759**
Co. C (CSV=0%)	**3,152**	**4,544**
Co. D (CSV=30%)	**2,358**	**3,250**

Assumed premium for total benefits of ¥1.9 million to a principal policyholder hospitalized for 60 days after surgery and 20 days outpatient treatment (based on premiums for basic coverage only)

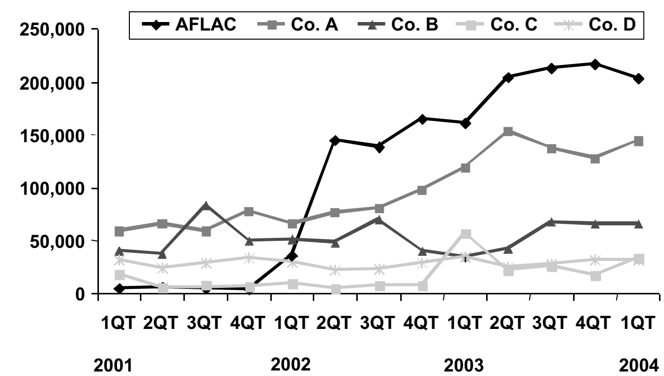
As we have discussed for many years, cancer remains the leading cause of death among Japanese and it is the most expensive illness to treat. These facts have produced the strong need for that product. We have a very good reputation for developing outstanding products. In addition, our products are significantly less expensive than our competitors and affordability is a primary purchase criterion.

Cancer Life Insurance Penetration by Size of Employer



A review of our customer breakdown by employer size reveals that the enrollment rate tends to be higher for employees at larger corporations. However, we estimate our penetration of companies with fewer than 100 employees is only 18%, which means there are almost 38 million potential customers of AFLAC products in this market.

Comparative Quarterly Stand-Alone Medical Policy Sales



Source: Internal data

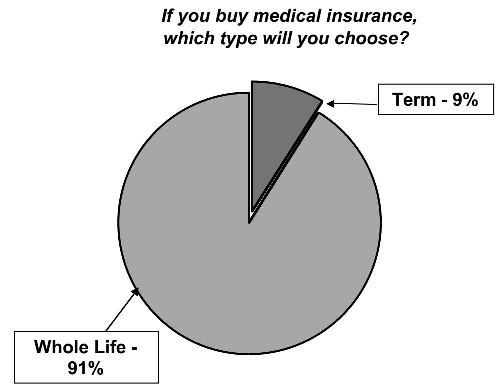
Moving next to stand-alone medical insurance, you'll recall that we began selling EVER in February 2002. We quickly became the market leader and have held the number one position in every month since March 2002. As you can see in the chart above, we have maintained a significant distance between us and our closest competitor.

Comparison of Whole Life Medical Products

	Requires Overnight Stay	Max. Days Per Hospital Stay	Max. Lifetime Days	Issue Ages	Cash Surrender Value	Monthly Premium (40 yr. Male)
AFLAC	No	60	1,000	0-80	No	¥2,270
Co. A	Yes	60	730	15-65	No	2,905
Co. B	Yes	120	1,095	0-70	No	3,635
Co. C	No	120	730	6-70	No	3,090
Co. D	Yes	120	1,000	6-65	Yes	4,525

One of the main attractions to our product is its price. Largely because of our expense advantages, EVER is priced significantly lower than competing products.

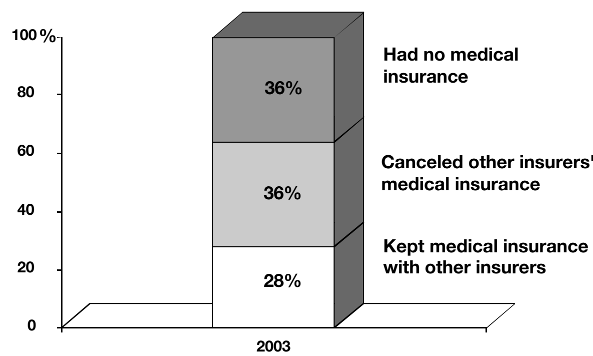
Need for Whole Life Medical Insurance



Source: Survey on Life Security by Intage Inc., 4/04

In addition to premium rates, consumers also prefer that our medical product is priced as a whole life product. Research conducted by Intage Inc., revealed that 91% of consumers prefer whole life to term life insurance. However, most consumers currently own term life medical coverage. Out of the roughly 67 million people who already have medical insurance of some kind, we estimate that only 10%, or 6.7 million, have whole life medical insurance. In addition, we estimate that there are approximately 54 million individuals with no supplemental medical insurance at all.

Profile of EVER Purchasers

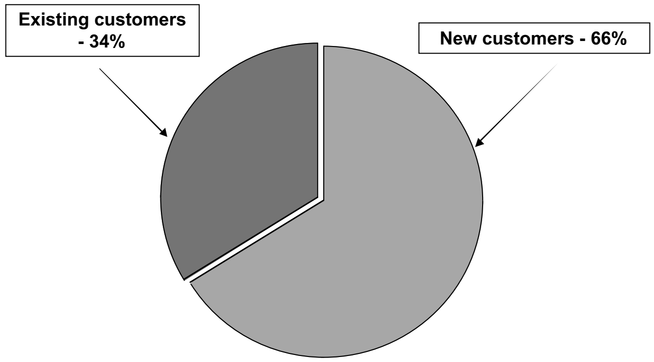


Source: Survey of new EVER policyholders, 12/03

A survey of people who purchased EVER shows that 36% had no supplemental medical insurance before purchasing coverage from us, while 36% canceled policies with other insurers and switched to AFLAC. Approximately 28% kept the policies they had with other insurers, and added to their coverage by purchasing our medical policy.

Reaching New Customers With EVER

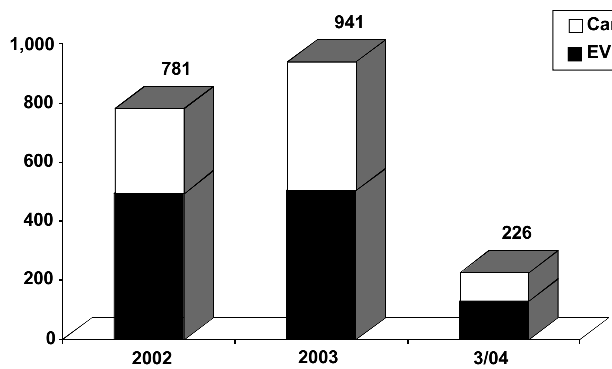
(2003)



It's evident that EVER is helping us reach customers that we have not reached with cancer life insurance. In 2003, 66% of people who purchased EVER were new customers for AFLAC. In other words, EVER reaches a different group of consumers than cancer insurance, resulting in a fresh pool of customers for AFLAC.

Increase in Number of New Customers

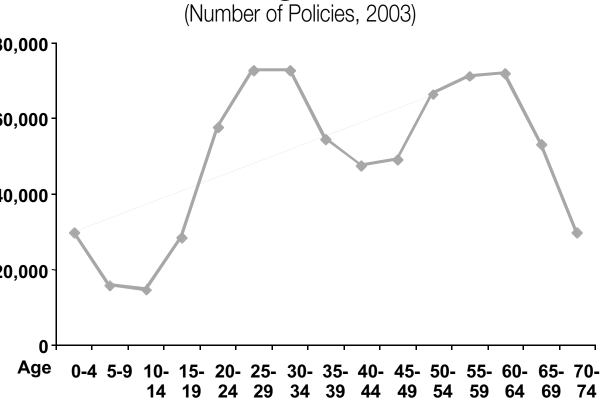
(In Thousands)



Benefiting from the success of EVER, we were able to increase the number of new customers by nearly one million in 2003. In the first quarter of 2004, we added about 226,000 new customers, showing that our products' ability to attract new customers has not faded.

Customer Segments of EVER

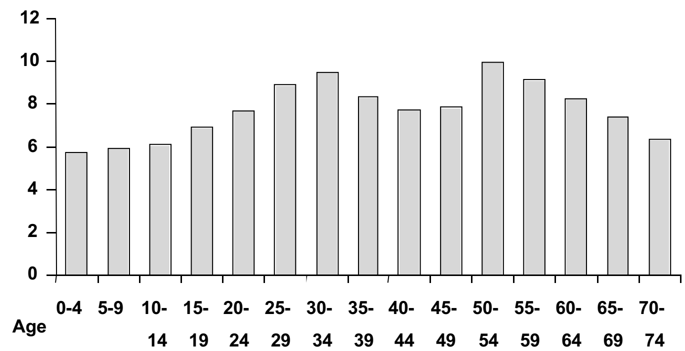
(Number of Policies, 2003)



In looking at the age of EVER purchasers, we can see that EVER is particularly popular among people ages 25 through 34 and those ages 50 through 64. In addition, only AFLAC has responded to the needs of children age five and under. We can attract interest for this age group by offering whole life insurance that makes it possible for them to be insured at inexpensive premiums. This represents another segment in our customer demographic profile. Thus we are steadily expanding the base of future loyal customers.

Composition of the Japanese Population

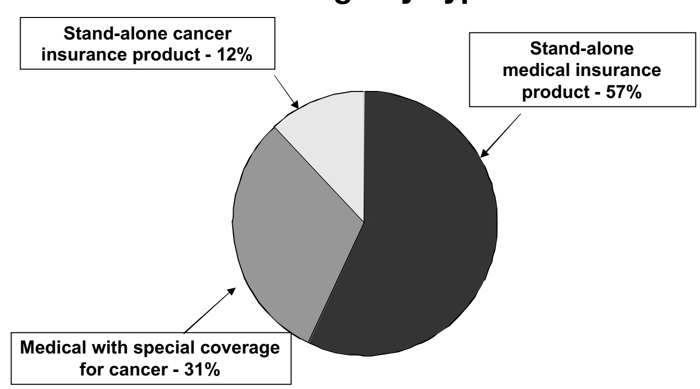
(2003, In Millions)



Estimated as of 10/1/03
Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications

People are most likely to reconsider their insurance needs when they are in their 30s and get married and have children. And they re-evaluate their insurance again when they are nearing retirement in their 50s and 60s. As you can see in the chart above, the two peaks in Japan's demographic profile correspond with these two age groups. As these people are likely to re-evaluate their insurance needs over the next several years, Japan is expected to experience a peak in demand for medical insurance. As a result, we expect to see continued sales increases of EVER. We also expect that by attracting people in their 50s and 60s to EVER, we will have opportunities to sell riders to these customers.

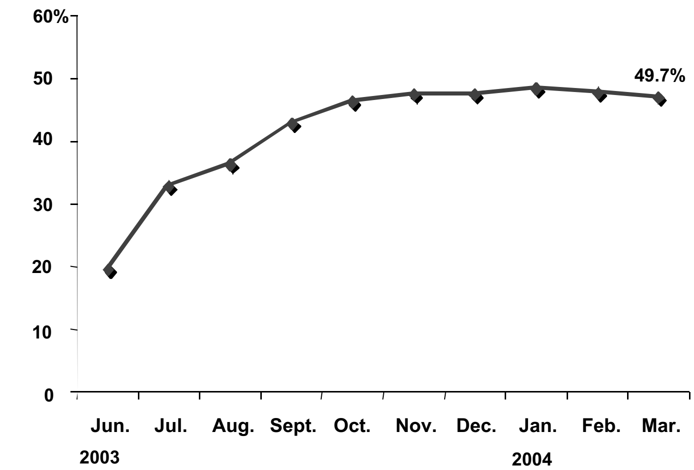
Consumer Need for Medical Coverage by Type



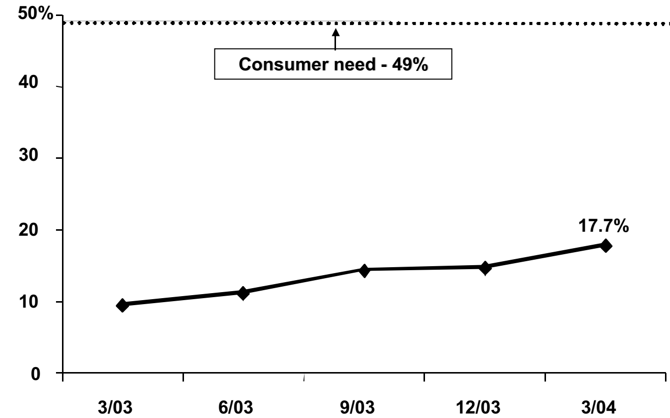
Source: My Voice Communications Inc., 12/03

Our research shows 43% of consumers want special coverage for cancer while 57% want their medical insurance to cover illnesses with no special provision for cancer. We will pursue both customer groups by pushing forward with cancer life and EVER. We will also continue to enhance the coverage we offer by providing valuable riders to our core products.

Addition Rate of Lady's Rider to EVER

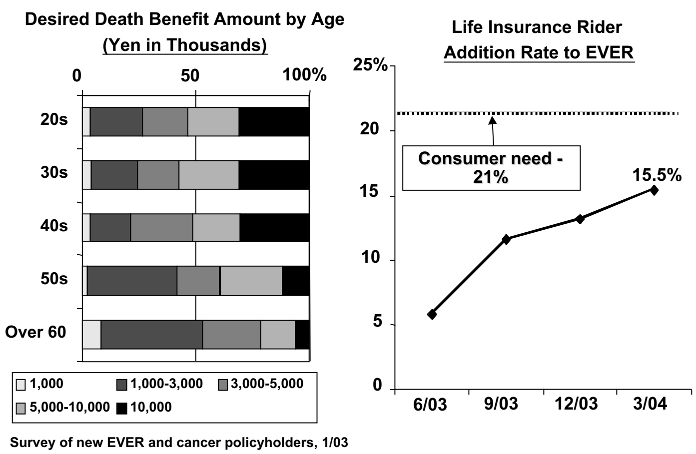


Percentage of EVER with ¥10,000 or More Benefit per Day



For instance, in 2003 we began selling a rider that was specifically designed for female health needs. This z shows the rate at which the Lady's rider has been attached to EVER. The ratio has been gradually growing and now almost half of the women who have bought EVER have also added the Lady's rider. This resulted in the average total price of EVER rising approximately 20%.

Life Insurance Rider to EVER



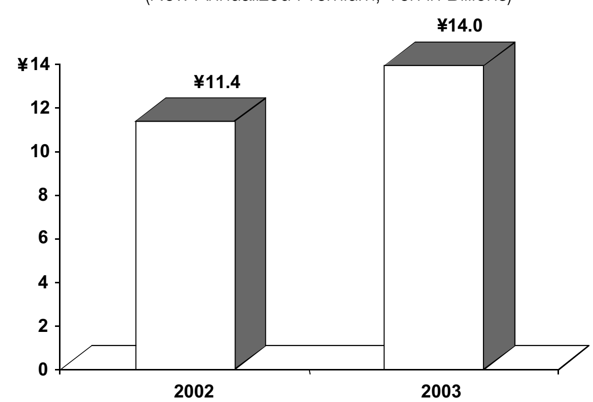
As I previously mentioned, people tend to reconsider their policies and repurchase insurance when they are in their 30s, 50s and 60s. This combination matches the customer segment of EVER. We have determined that people in their 50s and 60s desire only a small death benefit since most of their children have left home and are independent. Our sales agencies received requests for such a product from customers and after conducting intensive research, we launched a life insurance rider in June 2003. Most of the domestic insurers do not offer small death benefit policies. But for those that do offer such benefits, we believe AFLAC is much more competitively priced.

The rate at which customers are adding the life insurance rider is increasing, but there is still a gap between that rate and the percentage of respondents who indicated they want a life insurance rider. Although we do not have a special campaign or television ads for the life insurance or Lady's rider, these riders contributed an extraordinary ¥5 billion to new sales last year, and we expect even stronger sales this year.

Late in the first quarter of 2004, we began promoting a ¥10,000 per day hospitalization benefit for EVER. Health care reform last April led to a 50% increase in the copayment for most consumers, which has resulted in an increasing need for private medical insurance. Our surveys indicate that almost half of respondents expressed interest in hospitalization benefits of ¥10,000 per day. In view of that result, we began shifting our marketing strategy from ¥5,000 per day to ¥10,000 per day.

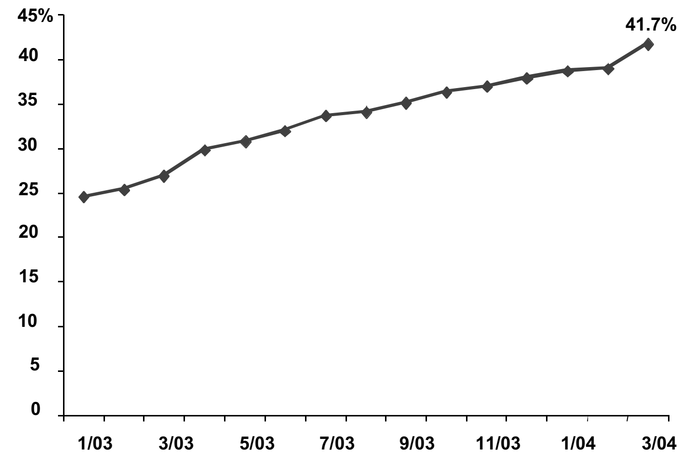
Adding Rider MAX to Existing Cancer Policies

(New Annualized Premium, Yen in Billions)



Next, let me turn to Rider MAX, the medical rider we attach to our cancer life coverage. Sales of whole life MAX as a rider to the more than 8 million policyholders who hold only cancer insurance have been very successful. New annualized premium from sales of Rider MAX to existing cancer life policyholders rose 22.8% to ¥14 billion in 2003. This shows that our large customer base has proven to be a great opportunity for cross-selling.

Percentage of Rider MAX Conversions



As we have discussed, sales from Rider MAX conversions have been gradually decreasing. Of the total 3 million term life MAX riders we had in force, 41.7% had been converted to whole life MAX by the end of the first quarter of 2004. By the end of this year, we expect the MAX conversion rate to reach about 45%.

New Products

Products

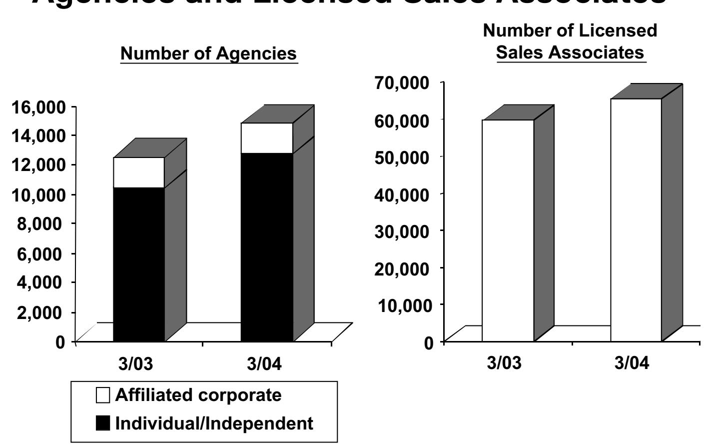
- **New Rider Wide**
- **Lady's MAX**

Strengths

- **Third sector products - our area of expertise**
- **Products for which we can utilize our existing customer base**
- **Products that meet consumer needs**

As far as new products are concerned, we are planning to launch some new products later this year, which is one of the reasons we expect better sales growth in the second half of 2004, especially in the fourth quarter. We will introduce a new version of Rider Wide, which provides for benefits due to the occurrence of heart attack or stroke. We will also begin selling a new Lady's MAX product. Like our other policies, they are third-sector products, for which we can reliably expect to see continued growth in the future. They will play to our strengths by leveraging our existing customer base. They will also match potential consumer need as revealed by our consumer research.

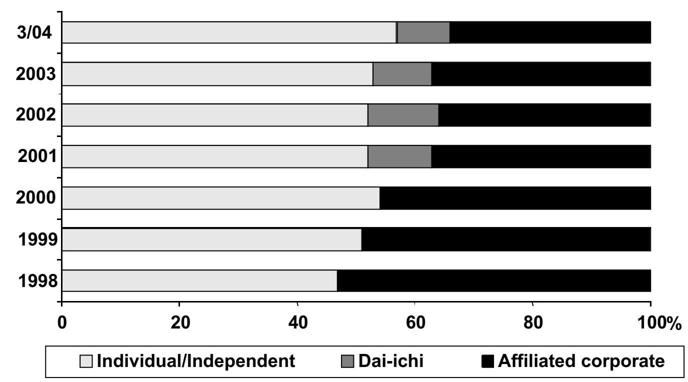
Agencies and Licensed Sales Associates



Let me now talk a bit about our distribution. At the end of March 2004, we had more than 15,000 sales agencies. In looking at these agencies by type, 86% were individual or independent corporate agencies, while 14% were affiliated corporate agencies. We had a total of approximately 66,000 licensed sales associates at the end of the first quarter, or 10% above last year's first quarter.

Sales Composition by Type of Agency

(New Annualized Premium Basis)



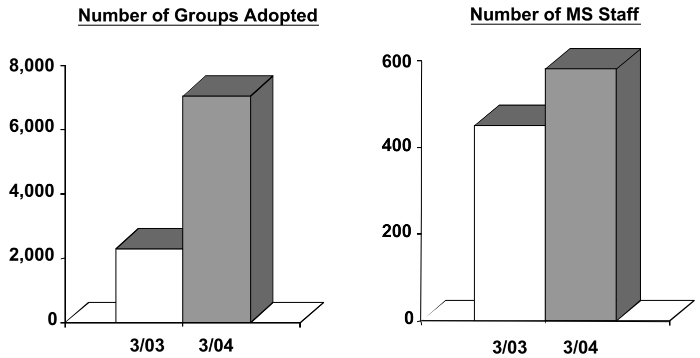
Individual and independent agencies accounted for 56.6% of total new annualized premium sales in the first quarter, while affiliated corporate agencies made up 34.2%, and Dai-ichi Mutual Life accounted for 9.2%. The contribution of individual and independent agencies has increased since the late 1990s, while the share made up by affiliated corporate agencies has decreased.

Reasons for a Shrinking Worksite Market

- **Decrease in number of employees due to corporate restructuring**
- **Employee preference of buying insurance away from worksite**
- **Need for privacy when explaining insurance to a customer**

That decline in the affiliated corporate agency share has been influenced by lower sales at the worksite. Three factors have contributed to the decline in the worksite market. First, many Japanese companies have been restructuring in recent years to cope with Japan's harsh economic environment, so they have been reducing their workforces. As a result, the potential size of the worksite market has been declining. Second, workers have become more inclined to purchase insurance on an individual basis, rather than through their employers. Our research reveals that only 22% of working people wish to purchase insurance through the worksite. Third, our research also shows that even when people sign up for insurance policies through work, they prefer to discuss the details of policies at their homes or at an insurance agency's office.

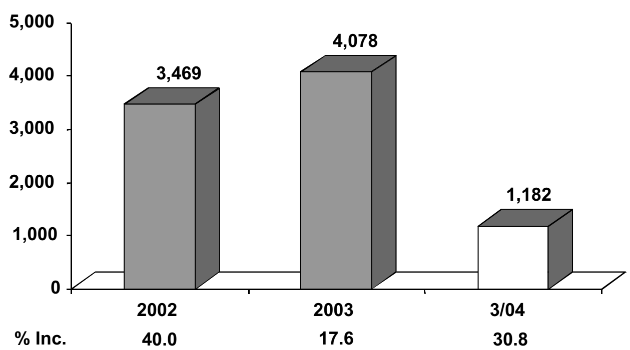
Enhancing Market Support (MS)



We developed two tactics to deal with these changes in the worksite market. First is the aggressive use of Marketing Support, or MS, to reinforce the effectiveness of sales solicitations. As special individual sales associates, the MS staff assists affiliated corporate agencies with their sales. The number of payroll accounts where the MS staff is allowed to make sales increased to more than 7,000 at the end of March 2004, compared with 2,300 the previous year. The number of people registered as MS staff reached 582 at the end of March, compared with 450 a year ago. This year we hope to add 100 people to further strengthen our support, particularly for gaining new customers through the worksite market.

Our second tactic is to encourage our agencies to telephone customers to provide direct contact with those customers and to answer their questions. Both approaches help our agencies respond to customers' desires to receive explanations. In this way, our affiliated corporate agencies have been able to enhance the sophistication and effectiveness of their sales methods instead of just sending brochures.

Recruitment of New Agencies



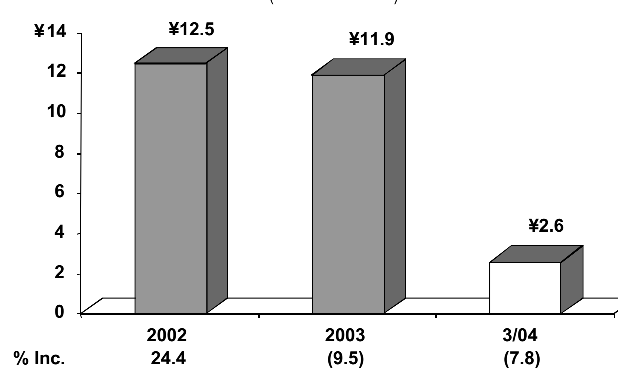
We are promoting two initiatives to respond to the increasing number of people who would like to purchase policies as individuals. One is the expansion of our individual sales agencies, which we continue to actively pursue. In 2003 we recruited over 4,000 new agencies, the majority of which were individual or independent agencies. Our goal is to recruit another 4,000 in 2004. And we are reinforcing our new agency training this year by deploying specialized trainers throughout the country.

Increase in Number of Service Shops

Our second initiative is increasing the number of AFLAC service shops in outlying regions. The purpose of AFLAC service shops is to enhance our brand image and presence in the individual market and to respond to the consumer's desire to consider and discuss insurance policies at length with family. Our research shows that one-third of potential customers wish to hold discussions about insurance needs outside their homes. In order to maintain the consistency of our brand image and the quality of customer service, we are providing our agencies with training programs. AFLAC also provides signs for the service shop. At the end of the first quarter of 2004, we had 157 shops throughout the country, compared with 115 in 2003.

New Annualized Premium Sales by Dai-ichi Mutual Life

(Yen in Billions)



Dai-ichi Mutual Life is an important strategic partner for us that continues to make a solid contribution to our cancer life insurance sales. Dai-ichi Life is the number two seller of cancer insurance in Japan. However, Dai-ichi's sales of our cancer life product have declined as it focuses more on selling their core products. About 34% of the customers who bought cancer insurance through Dai-ichi Life are new customers for Dai-ichi, which is a good cross-selling opportunity for them. As a result, this relationship clearly benefits both companies.

AFLAC's Bank Distribution

- **Number of bank affiliated agencies: 293**
- **Number of bank branches: 19,004**
- **Number of bank employees: 391,348**

Another of our sales channels is bank distribution. The Financial System Council issued a report in March recommending, in principle, lifting the ban on over-the-counter bank sales for the full range of products by 2007 at the latest. We currently have 293 corporate agencies that are affiliated with banks throughout the country. These banks have a combined total of more than 19,000 branches and 391,000 employees. The potential impact of liberalization could be very positive for us, and we believe our strong relationships with bank-affiliated corporate agencies give us an advantage over the competition.

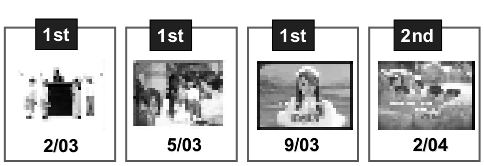
The Popularity of the AFLAC Duck

Now I would like to talk about our brand. AFLAC Japan's name is recognized by 97% of the total population. And as I mentioned earlier, we are the most preferred insurance company by consumers, which reflects our enormous brand power. To help effectively communicate our name and to nurture trust with consumers, we developed several original Japanese commercials featuring the AFLAC Duck.

We also devised an original jingle for our commercials. Under Japanese law, we are not allowed to advertise that our insurance products are inexpensive. So we created a commercial song that says "Think well, your money is important," to convey to people that our products are competitively priced, and that for many people, AFLAC is the best choice. When this commercial song was broadcast, it generated a greater reaction than we expected.

Maintaining High Popularity on TV

- **Second most memorable commercial song in the history of Japanese television***
- **Commercial promoting EVER was voted as the number one or two television advertisement****



*** Source: Macromill Inc., 12/03 ** Source: CM Databank**

This commercial jingle has penetrated deep into the awareness of the Japanese people, and just about everyone, from children to senior citizens can sing it. Macromill, an independent research firm, conducted an Internet survey in 2003. This survey was directed to people in their teens through their 50s, and the results showed our commercial song to be the second-most memorable of all commercial songs in the history of Japanese television. According to a survey by CM Databank, our EVER commercial that includes our jingle has been consistently rated as the number one or two commercial in the life and non-life insurance category.

We are again conducting a television campaign using the AFLAC Duck and the song to strengthen our relationship with our customers. We are using promotional duck items to reinforce our brand. One example is duck soap. Our latest duck item is small enough to carry around, which serves two purposes: It makes it physically easier for our agencies to give them to our customers, and it is easier for our customers to have the duck with them always, which reinforces the close, personal relationship with our company. In 2003 our agencies gave more than one million ducks to customers. In 2004 we hope to distribute another 2 million. As of today, already 1 million ducks have been distributed, which is more than we originally anticipated.

Marketing Objectives for 2004

- **Recruit 4,000 new sales agencies**
- **Maintain leading market position for cancer life insurance and medical insurance**
- **Reinforce brand by utilizing the AFLAC Duck campaign**

Increase new annualized premium sales by 5% to 10% in yen

We have a strong tailwind in the whole life medical insurance field right now. By using the AFLAC Duck effectively to further strengthen our brand as the number one company in the medical insurance field, focusing on our two-pillar product strategy, actively developing new sales agencies and enhancing their ability to attract new customers through training, and distributing our products through the reinforced distribution channels, we are confident that we can achieve sales growth within a range of 5% to 10% in 2004.

AFLAC Japan's Product Line

Cancer Life - 21st Century Cancer (Best Plan)

(One Unit, Individual Coverage)

Benefits:			Sample Premium (Monthly Group Rate):		
First-occurrence	¥1,000,000	$ 8,333	30-year-old male	¥ 1,913	$ 15.94
Hospitalization/day	10,000	83	40-year-old male	2,701	22.51
Surgical	200,000	1,667	50-year-old male	3,852	32.18
Advanced medical treatment	60,000 to 1,400,000	500 to 11,667			
Convalescent per hospital release	150,000	1,250			
Outpatient/day	5,000	42			
Special outpatient/day	5,000	42			
Terminal/care	100,000	833			
Terminal/day	5,000	42			
Cancer death	100,000	833			

Cancer Life - 21st Century (Hitoanshin Plan)

Benefits:			Sample Premium (Monthly Group Rate):		
First-occurrence	¥1,000,000	$ 8,333	30-year-old male	¥ 1,643	$ 13.14
Hospitalization/day	10,000	83	40-year-old male	2,311	18.49
Outpatient/day	5,000	42	50-year-old male	3,282	26.26

Rider PACK

Benefits:	Sample Premium (Monthly Group Rate):		
This rider upgrades the coverage of	30-year-old male	¥ 877	$ 7.31
existing cancer life to that of the	40-year-old male	1,288	10.73
21st Century Cancer Life	50-year-old male	1,944	16.20

Rider MAX 21 (Whole life, No CSV)

Benefits:			Sample Premium (Monthly Group Rate):		
Non-cancer:					
Sickness or accident hospital/day	¥ 5,000*	$ 42	30-year-old male	¥ 1,845	$ 15.38
Surgical	50,000 to 200,000	417 to 1,600	40-year-old male	2,340	19.50
			50-year-old male	3,180	26.50

*Covers overnight hospital stay. Max. days per hospital stay is 124. Max. lifetime days is 1,667

Ever (Stand-alone whole life medical)

Benefits:			Sample Premium (Monthly Group Rate):		
Hospitalization/day	¥ 5,000*	$ 42	30-year-old male	¥ 1,760	$ 14.67
Surgical	50,000 to 200,000	417 to 1,667	40-year-old male	2,230	18.58
			50-year-old male	3,025	25.61

*Covers overnight hospital stay. Max. days per hospital stay is 60. Max lifetime days is 1,000

Care Master

(One Unit, Individual Coverage)

Benefits:			Sample Premium (Monthly Group Rate):		
Care annuity/year	¥ 240,000	$ 2,000	30-year-old male	¥ 1,224	$ 10.20
Lump-sum care benefit*	50,000	2,417	40-year-old male	1,680	14.00
			50-year-old male	2,352	19.60

*First year only

Accident

Benefits:			Sample Premium (Monthly Group Rate):		
Accident hospitalization/day (Except for traffic accident)	¥ 5,000*	$ 42	30-year-old male	¥ 1,730	$ 14.42
			40-year-old male	1,730	14.42
Accident hospitalization/day (In case of traffic accident)	7,000*	58	50-year-old male	1,730	14.42
Accident surgical	50,000 to 200,000	417 to 1,667			
Disablement	500,000 to 5,000,000	4,167 to 41,667			
Accident death	5,000,000	41,667			
Accident outpatient/day	3,000	25			
Specific injury**	50,000	417			

*Covers overnight hospital stay. Max. days per hospital stay is 120. Max lifetime days is 1,000. **Specific injury includes bone fracture, joint dislocation and tendon tear.

Ordinary Life (Basic Plan)

Benefits:			Sample Premium (Monthly Group Rate):		
	Term				
Lump-sum death/severe disability	¥5,000,000	$ 41,667	30-year-old male	¥ 980	$ 8.17
			40-year-old male	1,655	13.79
			50-year-old male	3,440	28.67
10-year term life plan	**Whole Life**				
Payment through 60 years old	¥2,000,000	$ 16,667	30-year-old male	¥ 3,944	$ 32.87
			40-year-old male	6,220	51.83
			50-year-old male	12,796	106.83

**Notes: Premiums reflect most recent rate changes*

$1 = ¥120

Corporations Supporting AFLAC Japan

Construction

- # Taisei Corporation
- # Kajima Corporation
- ▶ # Takenaka Corp.
- * Shimizu Corp.
- # Obayashi Corp.
- # Tokyu Construction Co. Ltd.

Foods

- # Sapporo Breweries, Ltd.
- # Kirin Brewery Company, Ltd.
- ▶ # Coca-Cola Japan Company, Ltd.
- # Ajinomoto Co., Inc.
- * Nissin Food Products Co. Ltd.
- # Snow Brand Milk Products Co. Ltd.
- # Asahi Breweries, Ltd.
- # Nichirei Corp.
- * Yamazaki Baking Co. Ltd.
- # Fujiya Co., Ltd.
- * Kikkoman Corp.

Textiles

- # Toyobo Co., Ltd.
- # Kanebo, Ltd.
- * Renown, Inc.
- # The Japan Wool Textile Co., Ltd.
- # Wacoal Corporation
- # Teijin Ltd.
- # Mitsubishi Rayon Co., Ltd.
- # Kuraray Co., Ltd.

Paper & Pulp

- # Oji Paper Co., Ltd.
- # Nippon Paper Industries Co., Ltd.
- # Mitsubishi Paper Mills, Ltd.

Chemicals

- # Mitsui Chemicals, Inc.
- * Showa Denko K.K.
- # Sumitomo Chemical Co., Ltd.
- # Ube Industries, Ltd.
- # Kao Corporation
- # Sankyo Company, Ltd.
- # Takeda Chemical Industries, Ltd.
- # Shionogi & Co., Ltd.
- # Fujisawa Pharmaceutical Co., Ltd.
- # Shiseido Co., Ltd.
- ▶ # Ohtsuka Pharmaceutical Co., Ltd.
- # Mitsubishi Chemical Corp.
- # Daicel Chemical Industries, Ltd.
- # Yamanouchi Pharmaceutical Co., Ltd.
- # Sekisui Chemical Co., Ltd.
- # Asahi Chemical Industry Co., Ltd.

Oil & Coal Products

- # Cosmo Oil Co., Ltd.
- # Nippon Mitsubishi Oil Corporation
- # Showa Shell Sekiyu K.K.
- ▶ * General Sekiyu K.K.

Rubber Goods

- * Bridgestone Corp.

Glass & Chemicals

- # Asahi Glass Co., Ltd.
- # Nippon Sheet Glass Co., Ltd.

Iron & Steel

- # Nippon Steel Corporation
- # Kawasaki Steel Corporation
- # NKK Corp.
- # Sumitomo Metal Industries, Ltd.
- # Kobe Steel, Ltd.

Non-ferrous Metals

- # Mitsubishi Materials Corporation

Machinery

- # Niigata Engineering Co., Ltd.
- # Komatsu, Ltd.
- # Sumitomo Heavy Industries, Ltd.
- # Kubota Corp.
- # Tsubakimoto Chain Co.
- # Ebara Corp.
- * Shibuya Kogyo Co., Ltd.
- # Brother Industrials, Ltd.

Electric Appliances

- # Hitachi, Ltd.
- # Toshiba Corporation
- # Mitsubishi Electric Corporation
- # Fuji Electric Co., Ltd.
- # Nippon Electric Industry Co., Ltd.
- # Fujitsu, Ltd.
- * Matsushita Electric Industrial Co., Ltd.
- # Sharp Corporation
- # Sony Corporation
- # Sanyo Electric Co., Ltd.
- * Pioneer Electronic Corporation
- # Victor Co. of Japan, Ltd.
- # NEC Corporation
- * Ikegami Tsushinki Co., Ltd.
- ▶ # IBM Japan, Ltd.
- * TDK Corp.

Transport Equipment

- # Denso Corporation
- # Mitsui Engineering & Shipbuilding Co., Ltd.
- # Hitachi Zosen Corporation
- # Mitsubishi Heavy Industries, Ltd.
- # Kawasaki Heavy Industries, Ltd.
- * Ishikawajima-Harima Heavy Industries, Co., Ltd.
- # Nissan Motor Co., Ltd.
- # Toyota Motor Corp.
- # Mazda Motor Corp.
- * Yamaha Motor Co., Ltd.
- * Honda Motor Co., Ltd.
- # Isuzu Motors, Ltd.

Precision Machinery

- # Canon, Inc.
- # Minolta Co., Ltd.
- # Nikon Corp.
- * Citizen Watch Co., Ltd.
- * Seiko Corp.
- # Ricoh Co., Ltd.
- # Sony Precision Technology, Inc.

Miscellaneous Mfg.

- # Yamaha Corp.
- # Dai Nippon Printing Co., Ltd.
- # Toppan Printing Co., Ltd.
- * ASICS Corp.
- ▶ # YKK Corp.

Commerce

- # Mitsui & Co., Ltd.
- * Itochu Corp.
- # Marubeni Corporation
- # Tomen Corp.
- # Sumitomo Corporation
- # Mitsubishi Corporation
- # Nissho Iwai Corporation
- # Mitsukoshi, Ltd.
- # The Daimaru, Inc.
- # The Daiei, Inc.
- # AEON Co., Ltd.
- # Skylark Co., Ltd.
- # Takashimaya Co., Ltd.
- * Tokyu Department Store Co., Ltd.

Long-Term Credit Banks, City Banks

- # The Shinsei Bank, Ltd.
- # Mizuho Bank, Ltd.
- # The Bank of Tokyo-Mitsubishi, Ltd.
- # The Sumitomo Mitsui Banking Corporation
- # VFJ Bank
- # The Daiwa Bank, Ltd.
- # The Asahi Bank, Ltd.

Securities, Non-life Insurance

- # Daiwa Securities, Co., Ltd.
- # Nikko Cordial Securities, Inc.
- # The Nomura Securities Co., Ltd.
- # Mitsui Sumitamo Insurance
- * The Tokio Marine & Fire Insurance Co., Ltd.
- # The Nippon Koa Fire & Marine Insurance Co., Ltd.
- # The Sakura Friend Securities Co., Ltd.

Transportation

- # Nippon Yusen K.K.
- # Japan Airlines Co., Ltd.
- # All Nippon Airways Co., Ltd.
- # Tobu Railway Co., Ltd.
- # Tokyu Corp.
- # East Japan Railway Co.
- # Odakyu Electric Railway Co., Ltd.
- * Nippon Konpo Unyu Soko Co., Ltd.
- # Seibu Railway Co., Ltd.

Communications

- # Nihon Keizai Shimbun, Inc.
- # Asahi Shimbun Publishing Co.
- ▶ # Dentsu Incorporated
- ▶ # Hakuhodo Incorporated
- ▶ * The Yomiuri Shimbun
- ▶ # The Mainichi Newspapers
- ▶ # Nippon Telegraph & Telephone Corp.
- * Gakken Co., Ltd.

Electricity & Gas

- * The Tokyo Electric Power Co., Inc.
- # The Kansai Electric Power Co., Inc.
- # Chubu Electric Power Co., Inc.

Life Insurance

- ▶ # The Dai-ichi Mutual Life Insurance Co.
- ▶ # Nippon Life Insurance Co.
- ▶ * Asahi Mutual Life Insurance Co.

Legend

- # Corporate agent and payroll group
- * Payroll group
- ▶ Not listed on Tokyo Stock Exchange

AFLAC Japan Investments

Joseph W. Smith, Jr.
Senior Vice President; Chief Investment Officer

Given the continued investor focus on insurers' investment activities, I thought it would be appropriate to begin my discussion by reviewing the investment process at AFLAC, particularly that of our Japan Branch. This review should give you a better understanding of what drives our investment decisions, while also giving you an idea about where we see the portfolio heading in the future.

AFLAC Japan's Investment Considerations

- **Product needs**
  - **Long liability durations**
  - **Yen-denominated policy liabilities**
- **Credit risk**
- **AFLAC Incorporated objectives**

The first consideration when making an investment is based on product needs. As you know, we are not in the asset accumulation business, although our traditional cancer life products in Japan do have a small cash surrender value. However, our fixed-benefit health policies do not share the same characteristics as products of most U.S. life and health insurers. Most notably, AFLAC Japan's very high persistency leads to long liability durations. In addition, our yen-denominated liabilities must be backed by yen assets. The investment process is also affected by a lack of liquidity for long duration securities in the Japanese yen markets. As a result, our products require a different strategy than virtually every company you are familiar with.

Our investment process involves credit decisions, which are not without risk. That is certainly true in today's financial markets. However, we make those decisions only after contemplating our product needs, credit risk, and the overall objectives of AFLAC Incorporated. Only after all of these factors are carefully considered do we undertake an investment.

AFLAC's Investment Policy

All securities must be rated investment grade at the time of purchase.

Let me spend a little more time on the credit side of investing. The amount of credit risk we will take is first dictated by the investment policy of the AFLAC board of directors. All securities must be rated investment grade at the time of purchase. In evaluating the rating, we look at the overall senior issuer rating, the explicit rating for the actual issue, the rating for the security class, and the appropriate NAIC designation from the Securities Valuation Office (SVO). In addition, we make sure that we are consistent in applying rating criteria for all of our securities.

One aspect of the ratings process is determining when a security needs to be classified as below investment grade. As you know, there are times when a security will be split rated between the two major rating agencies. We take great care when determining if a split-rated security should be categorized as below investment grade.

AFLAC Japan's Split-Rated Securities

(March 31, 2004)

	Amort. Cost (In Mil)	Moody's Rating	S&P Rating	SVO Class	Inv. Grade or BIG
Royal & Sun Alliance	¥25,000	Ba2	BBB	3	BIG
AMP Japan	6,000	Ba3	BBB-	3	BIG
SB Treasury Co.	2,944	Baa3	B+	P4	BIG
Tyco International	1,871	Ba2	BBB-	3	BIG
Sumitomo Mitsui	38,380	Baa1	BB+	2/P2	Inv.
UFJ Finance	11,026	Baa1	BB+	2/P2	Inv.
Fujitsu	7,345	Baa2	BB+	2	Inv.
Mizuho Finance	1,872	Baa1	BB+	2	Inv.
Union Carbide	1,615	B1	BBB-	4	Inv.
Total	¥96,053				

At the end of the March 2004, we had ¥96.1 billion, or $909 million of securities that were split rated between investment grade and below investment grade by the two major rating agencies. These split-rated securities represented 2.4% of AFLAC Japan's total investments and cash at the end of the quarter. In making a determination about whether a split-rated security should be classified as investment grade or below investment grade, our policy is to take each issue on a case-by-case basis. We look at the NAIC designations, in addition to other factors, including if the security or issuer is on a watch list for possible downgrade. And we also evaluate the current market pricing. Approximately 37% of split-rated securities were classified as below investment grade at the end of the first quarter.

AFLAC Japan Credit Ratings*

	2002	2003	3/04
AAA	2.3%	2.4%	3.1%
AA	38.0	34.2	34.7
A	34.7	31.6	31.6
BBB	22.9	29.0	27.8
BB or lower	2.1	2.8	2.8
Total	100.0%	100.0%	100.0%

*At amortized cost

Overall, the credit quality of AFLAC Japan's portfolio remains high. More than 69% of our holdings were rated "A" or better at the end of the first quarter of this year, while 28% were rated "BBB." Let me point out that only 3% of total debt securities were rated "BBB-" at the end of March. We have seen our below-investment-grade securities increase somewhat in the last few years as the overall credit environment deteriorated. At the end of the first quarter, 2.8% of AFLAC Japan's debt securities were rated below investment grade. I should note that AFLAC

Japan represents about 88% of total company below investment-grade holdings at carrying value.

As I mentioned earlier, we are precluded from buying junk. However, if an issuer is downgraded to junk, we do not automatically liquidate the position. Our first action is to move the security to available for sale if it is not already in that category. In doing so, the unrealized gain or loss on the security then becomes part of the FASB 115 adjustment to shareholders' equity. Then we carefully review our credit work to determine if the security needs to be impaired.

Below-Investment-Grade Holdings

(March 31, 2004, Yen in Millions)

	Amort. Cost	Fair Value	Unrealized Gain (Loss)
Ahold	¥ 32,000	¥23,181	¥ (8,819)
KLM Royal Dutch	30,000	25,512	(4,488)
Royal & Sun Alliance	25,000	17,557	(7,443)
Toys "R" Us Japan	10,000	11,641	1,641
AMP Japan	6,000	7,242	1,242
SB Treasury	2,944	3,462	518
Tyco International	1,871	2,322	451
Total	¥107,815	¥90,917	¥(16,898)

This chart shows a list of AFLAC Japan's below-investment-grade holdings. The only new addition to this category in the first quarter of 2004 was Toys "R" Us Japan. This security is 80% guaranteed by Toys "R" Us and 20% by McDonald's Japan. It has a yield of 6.46% in yen and we believe there is no danger of default. Toys "R" Us is still traded on the investment-grade bond trading desk of most firms. Once we designate a security as below investment grade, we begin a more intensive monitoring of the issuer. This involves a written evaluation of the issuer and its current credit posture as well as an assessment of the future prospects for the company. Designating a security as below investment grade does not mean that we immediately write off the difference between fair value and carrying value. We verify the fair value of all of our below-investment-grade securities with independent pricing sources.

It is worth noting that four of our below-investment-grade issues were in an unrealized gain position at the end of the first quarter of 2004. Once the fair value is established, our analysis focuses on whether the decline in fair value is "other than temporary."

Aging Schedule of AFLAC Japan's Below-Investment-Grade Holdings

(March 31, 2004, Yen in Millions)

Months Below Investment Grade	Amort. Cost	Fair Value	Unrealized Gain (Loss)
Less than 6 months	¥ 10,000	¥ 11,641	¥ 1,641
6 to 12 months	—	—	—
12 to 24 months	67,815	53,764	(14,051)
More than 24 months	30,000	25,512	(4,488)
Total	¥107,815	¥90,917	¥(16,898)

One consideration for "other than temporary" declines in value is the length of time a security has been below investment grade. The preceding chart shows an aging schedule of how long our issues have been below investment grade. Approximately 91% of the below-investment-grade portfolio has been in that rating category for more than one year. The unrealized losses on those holdings were about $175 million at the end of March 2004. The remaining 9% that is less than one year is Toys "R" Us Japan. Although one could argue that any security that has been below investment grade for more than a year is "other than temporary," it is equally valid that industry and economic cycles occur over long periods of time.

Aging of Unrealized Losses on Below-Investment-Grade Holdings

(March 31, 2004, Yen in Millions)

	Unrealized Loss	% Decline from Cost	Number of Months 20% or More Below Cost
Ahold	¥8,819	27.6%	2
Royal & Sun Alliance	7,443	29.8	5
KLM Royal Dutch Airlines	4,488	15.0	—

This chart shows that none of our below-investment-grade holdings have been below 20% of book value for more than one year. Again, I would caution you about looking at these numbers in a vacuum. Our ability and intent to hold a security over a long period of time can mean that there is sufficient time for the security to recover in value, meaning the "other than temporary" decline in market value would not necessarily apply.

AFLAC's Impairment Policy

- **Percentage decline in value and the length of time during which the decline has occurred**
- **Recoverability of principal and interest**
- **Market conditions**
- **Ability and intent to hold the investment**
- **Pattern of continuing operating losses of issuer**
- **Rating agency actions**
- **Adverse changes in production or revenue sources, or technological conditions**
- **Adverse changes in issuer's economic, regulatory or political environment**

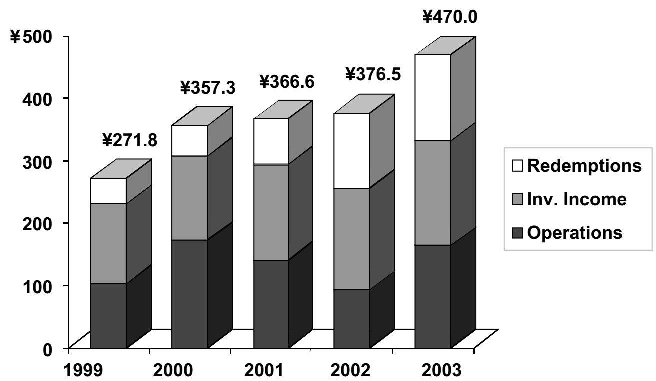
Ultimately, the most important determination of our credit work following a severe credit event is whether we believe the issuer will satisfy its principal and interest obligations under the contractual terms of the bond issue. However, the impairment policy that was approved by the Finance and Investment Committee of the board of directors goes further than that. There are several other factors we take into consideration when determining whether an impairment charge is warranted. We have consistently applied this policy when assessing whether a debt security should be impaired.

Since the end of 2000, we have impaired $54 million in bonds and $16 million in equities on a pretax basis. We determined the impairments were necessary based on market price declines and our in-house credit analysis. I want to emphasize that these were not defaults. I believe we have been quick to recognize potential credit problems in our portfolio and have dealt with them appropriately.

Let me turn to our investment activities.

Investment Cash Flow

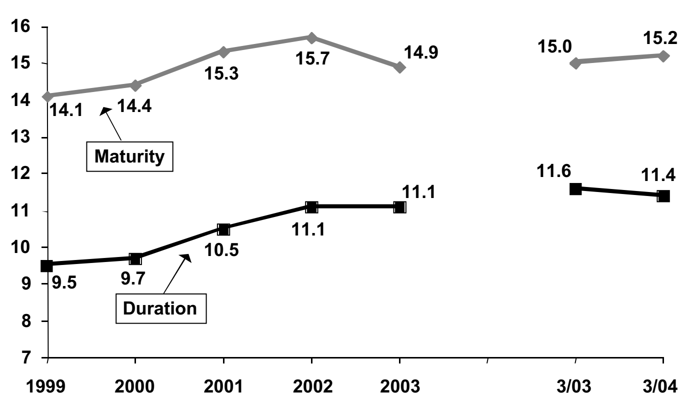
(Yen in Billions)



Our cash flows to investments are substantial. Of the ¥470 billion, or $4 billion, we invested in 2003, excluding bond swaps, 35% came from operations, while investment income accounted for 36%. Profit repatriation reduced AFLAC Japan's investable cash by ¥45.6 billion, or $385 million. Our 2004 cash flows were increased by ¥49 billion from the proceeds on the sale of Parmalat and Levi Strauss in the fourth quarter of 2003. For the full year of 2004, we plan to invest ¥441.1 billion, or about $4 billion.

Average Maturity and Duration

(Yen-Denominated, in Years)



As I mentioned at the outset, our product needs drive the investment of these huge cash flows. Our paramount consideration has been to minimize the risk to our policyholders and maximize our value to shareholders. These two constraints, along with an illiquid Japanese market, continue to dictate that we follow a prudent asset/liability matching process. Because the liability duration has not materially changed, we must still focus on finding longer duration instruments even in a low-interest-rate environment.

Our portfolio duration was 11.1 years at the end of 2003 and was 11.4 years at the end of March 2004. The average duration of AFLAC Japan's policy liability cash outflows was approximately 12 years at the end of 2003. We have lengthened the maturity and increased the duration of the portfolio in great part through our purchases of longer-dated securities. Emphasis on this area has provided the best fit for AFLAC Japan's product investment needs.

2003 Longer-Dated Yen Purchases

	Acquisition Cost (In Billions)	% of 2003 New Money	Yield	Remaining Years
Euroyen	¥174.5	37.1%	3.33%	23.6
RDC loan	152.0	32.3	4.17	27.8
Industrial	2.1	.5	1.90	20.3
Gov't. agency	1.5	.3	1.54	19.6
Samurai	.5	.1	1.46	20.0
	¥330.6	70.3%	3.69%	25.5

We have achieved improved spreads over our new business reserving assumption by focusing on longer-dated securities. They still accounted for the vast majority of new money purchases in 2003. Nearly all of these longer-dated investments were in non-Japanese issuers.

Once we have completed our credit analysis of a potential investment, we focus on the security structure, the credit level within the issuer's credit structure, and any covenants that need to be contained in the documentation. All of the privately issued securities are generally issued off of standard medium-term note documentation and are completely fungible into smaller denominations if the need arises. And as we demonstrated in 2003 with the sale of Parmalat, the market for these securities has adequate liquidity. Our Japanese legal counsel and our credit teams in the United States and Japan review all documentation. Once the documentation is complete, we look at the appropriate pricing for the issue. This process depends on the credit spread for the issuer, the general state of the interest rate and currency swap markets, and overall market conditions. After pricing is finalized, we agree on a settlement date and the issue is delivered to our global custodian.

Another consideration of our investment activities has been to produce the highest possible net investment income to meet AFLAC Incorporated's overall objectives. AFLAC Japan's holdings of U.S. dollar and reverse-dual currency assets illustrate this point.

AFLAC Japan's Dollar-Denominated Portfolio

(In Millions)

	Amount	% of Investments and Cash*	Yield
1999	$1,769	6.9%	7.62%
2000	1,903	7.4	7.64
2001	2,039	8.1	7.72
2002	2,209	7.3	7.71
2003	2,525	7.2	7.48
3/04	2,569	7.0	7.31

*At original amortized cost

AFLAC Japan's dollar-denominated portfolio represented 7.0% of AFLAC Japan's total investments and cash at the end of March. Yet it accounted for 12.2% of total net investment income. Because of our objective of hedging total company shareholders' equity through the issuance of yen-denominated debt, the growth of our dollar-denominated portfolio has been constrained. However, it has served its purpose well over the years. Our reverse-dual currency securities portfolio has also helped us in the low-interest-rate environment.

Reverse-Dual Currency Securities

Features:
- **Yen principal with dollar coupon**
- **Loan or bond format**
- **17.7% of total investments and cash at March 31, 2004**
- **Average yield of 4.72%**

Sample Issuers:
- **BMW Japan Finance Corp.**
- **Dresdner Bank**
- **Deutsche Bank**
- **Barclays Bank**
- **British Gas**

When interest rates were at historically low levels in Japan several years ago, the RDC area emerged as an attractive investment option. RDCs offered higher yields with yen-denominated principal for statutory purposes in Japan, and they fit our functional currency profile. It is important to understand that these securities are yen-denominated but pay U.S. dollar coupons. I also want to stress to you that our exposure is to the issuer itself, not the swap counterparty. If the swap counterparty defaults, we look to the credit of the issuer to make good on the principal and interest.

This portfolio is made up of high-quality issuers. In 1999, a substantial portion of our cash flow went into RDCs. We de-emphasized RDCs in terms of new investments in 2000 through 2002 when investment yields for straight yen-denominated securities improved. With yen interest rates reaching historic lows in 2003, we revisited the RDC area. Approximately 37% of our yen-denominated purchases were in RDCs last year. At the end of the first quarter of 2004, they represented 17.7% of total investments and cash, compared with 18.2% at the end of 2003. The following analysis helped us conclude that RDCs were a good investment for AFLAC.

Reverse-Dual Securities Breakeven Analysis

Forward* ¥/$ Rate	Internal Rate of Return	
¥105.69	4.34%	
100.00	4.10	
80.00	3.28	
60.00	2.46	
48.14	1.97	Current 20-yr. JGB Yield

*Assumed constant exchange rate during the period

This chart shows the break-even analysis for the entire reverse-dual portfolio versus current interest rate levels in Japan. This analysis uses the current theoretical forward currency curve for the yen/dollar relationship. Using this analysis, you can see that the exchange rate would have to move to 48.14 yen to the dollar for a reverse-dual security to yield less than a comparable Japanese domestic bond. The fact that the exchange effects of the reverse-dual portfolio move in an opposite direction from the earnings stream of AFLAC means that these securities tend to offset some of the effects of the exchange rate on our earnings from Japan.

Credit Ratings on AFLAC Japan Purchases

	2001	2002	2003	3/04
AAA	.6%	.2%	2.5%	16.4%
AA	13.9	22.7	20.6	45.5
A	46.1	49.7	31.6	37.9
BBB	39.4	27.4	45.3	.2
	100.0%	100.0%	100.0%	100.0%

In looking at the credit ratings of our purchases, you can see that we have maintained a balanced posture. From 2001 through 2003, we emphasized the “BBB” area because it was underweighted in the overall portfolio. Over the last three years, purchases of “BBB” securities averaged about 37% of total purchases for AFLAC Japan. However, an examination of credit spread at the beginning of 2004 led us to conclude that the long-term “BBB” credit risk was overpriced in the market and therefore we have de-emphasized this area. We anticipate that “BBB” securities will be about 17% of total new money purchases in 2004.

Composition of Investments and Cash*

	2002	2003	3/04
Yen-denom. bonds:			
Government	19.8%	20.2%	19.2%
Industrial	2.6	2.6	2.7
Public utility	6.3	4.3	4.1
Gov't. guaranteed	.1	–	–
Euroyen/samurai	42.7	43.1	45.3
Yen-denom. stocks	.4	.1	.1
Dollar-denom. securities	7.1	7.2	6.9
Loans	17.2	20.3	19.7
Cash & short-term invest.	3.8	2.2	2.0
Total	100.0%	100.0%	100.0%

*At amortized cost

Let me turn to the composition of our investments. Privately issued securities now represent 64.0% of AFLAC Japan’s total portfolio, which reflects our desire for higher rates in addition to appropriate asset-liability matching. The “loan” category reflects our conversion of reverse-dual currency bonds into a loan format to better comply with Japanese mark-to-market accounting requirements. The terms and conditions of these instruments did not change. Longer-dated yen securities were 56.0% of the total portfolio at a yield of 3.95%. The sector weightings of the portfolio look fairly similar to last year.

Largest Investment Concentrations*

(March 31, 2004, Yen in Millions)

		Rating Category
Japanese Government Bonds	¥748,567	AA
HSBC	92,229	A
Credit Suisse Group	88,069	A
Banque Centrale De Tunisie	80,036	BBB
Takefuji	73,529	BBB
Israel Electric Corp.	72,386	BBB
HBOS	68,500	AA
Republic of South Africa	64,062	BBB
Mizuho Holdings	53,904	BBB
Fortis Bank	50,000	A

*At amortized cost

In response to our experience with Parmalat in 2003, we examined our top 30 investment positions to determine if the investment concentration was still appropriate for our portfolio. We stress-tested all of these holdings and reviewed our credit work on each issuer in the top 30. The only below-investment-grade credit in the top 30 is Ahold. Our credit exposures are determined by examining historical default rates for each rating class and assigning a total overall issuer limit based on the industry, the level of subordination, and the consolidated equity of AFLAC. Based on our analysis, we may selectively reduce certain investment concentrations but it will not mean a wholesale restructuring of the portfolio. We continue to believe our approach is sound and we intend to stick with it.

Our largest concentration continues to be Japanese government bonds. Our next largest holding is Hong Kong Shanghai Banking Corporation, which increased in size following the purchase of Household International. Takefuji is the leading consumer finance company in Japan. We have been closely monitoring this credit and the issuer has been very transparent about its situation. The operations of Takefuji are sound and we do not see the need to reduce our exposure to this credit at this time. Israel Electric is 99.8% owned by the government of Israel and has been aggressively expanding its generating capacity to meet growing demand in the region. With government ownership and the yields we have obtained, we feel this credit will maintain investment-grade status even with the political questions that hang over the region.

Our largest exposure to Japanese financials is Mizuho. Our total exposure to the Japanese banking system was 3.7% of AFLAC Japan's investments at the end of the first quarter. The ratings of these institutions have stabilized recently, reflecting the improved state of the Japanese banking system. Our credit research continues to show continued improvement in these credits. In fact, the Japanese bank investments we own are currently rated investment grade by Moody's with a stable outlook. And all but two of the issues we own are designated a one or two by the SVO. The overall weighted-average yield of our holdings in the Japanese banking sector is 4.54%.

Industry and Geographic Breakdown

(March 31, 2004, Yen in Billions)

	North America	Europe	Asia	Other	Total
Utility	¥ 13	¥ 90	¥ 178	¥ 34	¥ 315
Bank & Finance	247	963	256	103	1,569
Industrial	199	381	120	59	759
Sovereign	43	54	764	351	1,212
Securitized	12	–	10	–	22
Total	¥514	¥1,488	¥1,328	¥547	¥3,877

This chart shows the industry breakdown of AFLAC Japan's assets. The largest concentration is in the banking and finance area as we have been active in supplying capital needs to the world banking system. Additionally, we believe this sector gives us an added measure of safety because of the regulatory monitoring process. You can also see from this chart that Europe is the main area of geographic concentration followed by Asia. The requirement that all new purchases be investment grade has kept us out of many regions of the globe. We continue to avoid areas such as China for legal reasons.

It's interesting to look at a comparison of invested assets for AFLAC Japan versus other Japanese life insurers, especially given the many failures in the industry. The principal reason cited for these failures is the negative spread that resulted from an extended period of low rates in Japan. However, I believe the problem has been compounded for many insurers in Japan because of asset allocation issues.

Invested Asset Comparison

(FSA Basis, March 31, 2003)

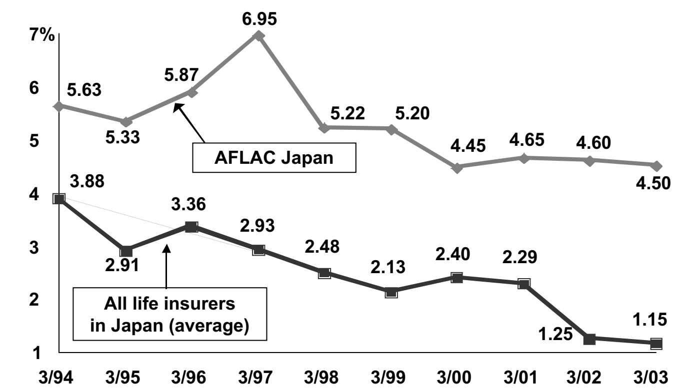
	Industry	AFLAC
Cash	1.4%	1.4%
Securities:		
JGB	20.0	23.0
Municipal	4.2	—
Corporate	11.0	9.9
Stocks	9.9	.3
Foreign	16.6	48.2
Other	1.7	—
Loans	25.5	16.7
Real estate	4.4	.5
Other	5.3	—
	100.0%	100.0%

This chart shows the differences between the asset composition of AFLAC and the industry as a whole. The industry has significant ownership of stocks, real estate and loans, although the weightings have declined a bit in recent years. By comparison, we had .3% of assets in equities, less than 1% in company-owned real estate, and 16.7% of assets in loans at March 31, 2003. By taking a longer view, we have also minimized our overall exposure to corporate Japan and its lower quality credit environment. Our exposure to corporate Japan outside of the government and utility sectors is only 7.3% of total investments and cash.

This comparison points to one of the problems of the Japanese insurance industry. The industry has about 40% of its assets invested in the three sectors that have suffered the most over the last 10 years. The issues related to equities and real estate have obviously been well publicized. However, the issue with loans is less well-known. These loans are generally made to Japanese companies of lower credit standing at below-market interest rates for business relationship purposes. Currently, the FSA requires only that the insurance company make a "self-assessment" of the value of the loan. Therefore, the value of a large portion of the industry's asset base is to a great extent unknown. By comparison, our loans primarily include the previously mentioned RDC bonds that we converted to a loan format and are priced by independent pricing services.

This next chart shows AFLAC's overall portfolio yield as calculated on an FSA basis versus the industry average in Japan.

Comparison of Yields in Japan

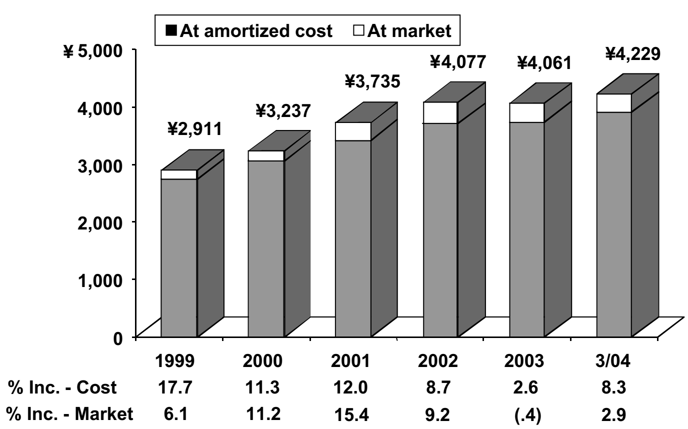


Over the past 10 years, our portfolio yield has held up very well on a Financial Services Agency reporting basis.

By comparison, the average yield for the industry has fallen off sharply. Part of the reason for the decline in yields of other Japanese life companies is their emphasis on short-term asset products of a five-year nature. As their products matured, the higher yielding assets backing those instruments also matured, lowering their overall yields. Still, a large amount of long-duration liabilities held by these companies is not adequately matched by corresponding assets. Companies trying to "wait out" the low interest-rate environment have done so at great risk. We, on the other hand, have focused on the long-term aspect of the insurance business. The overall economics of a transaction are still paramount in our minds.

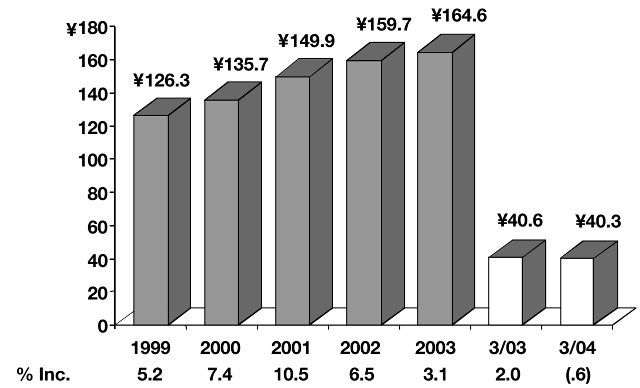
Investments and Cash

(Yen in Billions)



The persistency of our products in Japan has helped produce an average increase of 10.5% in invested assets in yen at amortized cost over the last five years. We still face the challenge of investing these funds at a reasonable spread to meet product needs and grow investment income. However, we believe that our performance has been very good, especially considering the harsh investment conditions in which we operated over the last 10 years.

Net Investment Income



AFLAC Japan's net investment income growth rate has averaged 6.5% per year over the last five-year period despite the effect of low rates. In the first quarter of 2004, the stronger yen suppressed investment income growth in yen because about 29% of this year's projected net investment income is in dollars. In addition, much of the impact on net investment income growth comes from timing and size of the investments as opposed to just the yield. Therefore, we focus on maximizing net investment income growth in line with AFLAC corporate objectives.

In conclusion, we believe we have followed the highest fiduciary standards in investing funds for AFLAC. It is a complicated task that demands considerable judgment due to AFLAC's unique corporate structure. Yet, it is a task that we believe we have excelled at over many years in a challenging Japanese economic environment. Looking ahead, we will continue to focus on achieving superior investment performance by purchasing securities that are in the best interests of AFLAC's policyholders and shareholders.

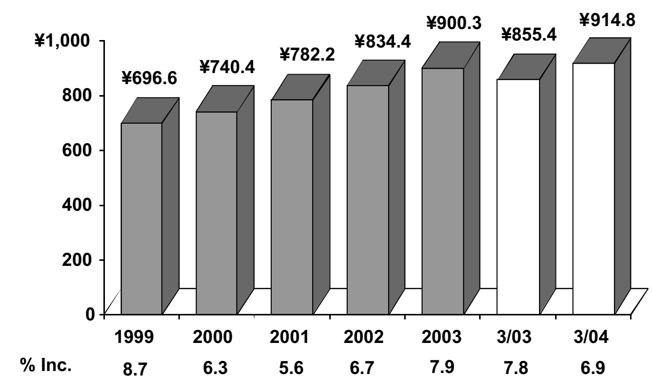
AFLAC Japan Financial Results

Allan O'Bryant
President, AFLAC International, Inc.;
Deputy Chief Financial Officer, AFLAC Incorporated

In concluding our section on AFLAC Japan, I would like to review our operations from a financial perspective. Although there is some indication that Japan's economy is improving, the weak economic environment has clearly posed many challenges to us for several years. Despite the obstacles, we have continued to produce a steady record of growth.

Annualized Premiums in Force

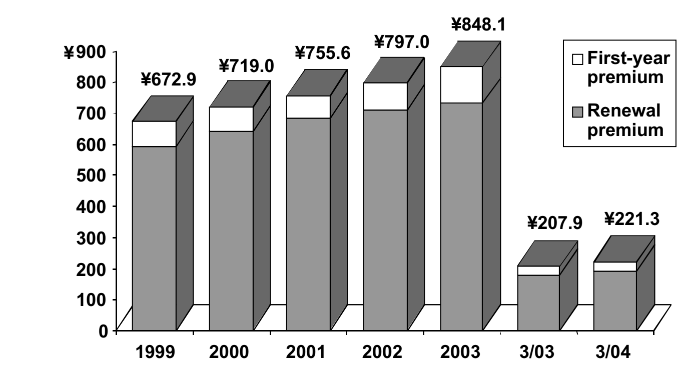
(Yen in Billions)



Let me begin by focusing on premium income. AFLAC Japan's annualized premiums in force have grown at a compound annual rate of 7% over the last five years. The improved growth rate since 2001 reflects the strong recovery of total new annualized premium sales.

Premium Income

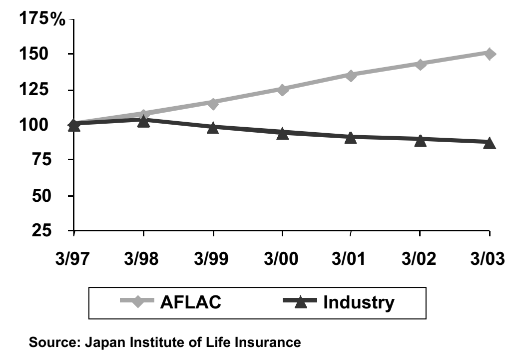
(Yen in Billions)



AFLAC Japan's premium income is directly influenced by the growth of premiums in force. The rate of earned premium growth has slowed in recent years, reflecting the effect of slower additions to premium in force. New sales make up a relatively small portion of premium income. We estimate that almost 87% of total premium income for 2004 will come from policies already in force at the beginning of the year. This relationship adds to the stability and predictability of our revenues.

Comparison of Premium Income Growth

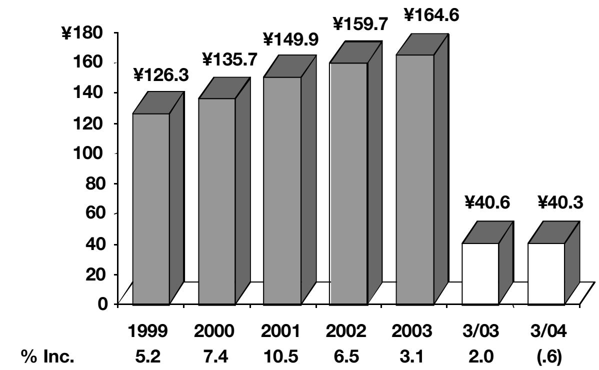
(FSA Basis, 3/97 = 100)



Premium income growth has compared very favorably with Japan's life insurance industry. Although these numbers are based on Japanese statutory reporting and are somewhat different than U.S. GAAP, the picture tells the same story. The weak economy, the failures of Japanese insurance companies, and negative spreads have taken their toll on the industry in recent years. As a result, in-force premiums of many insurers and the life insurance industry in general continue to decline. AFLAC is not completely shielded from this negative impact, but we have produced consistent growth in premium income.

Net Investment Income

(Yen in Billions)



The other significant revenue component is net investment income. Investment income growth in yen is affected by new cash flow available for investment activities and the level of yields available in the market. Although our investment approach has produced superior relative returns, low investment yields continue to restrain our investment income growth.

Our yen-based investment income growth is also influenced by currency rates because approximately 29% of AFLAC Japan's investment income is dollar-denominated. The effect of a weakening yen magnifies the growth of investment income in yen terms as we translate dollar-denominated investment income into more yen. And the reverse happens when the yen strengthens. Using the first quarter of 2004 as an example, investment income declined slightly. If the average yen/dollar exchange rate had been identical to the first quarter of 2003, we would have reported a 2.5% increase. This translation effect does not impact the company in dollar terms. However, it can influence our yen-based income statements and operating ratios. Despite our superior performance in the investment area, finding suitable credits with attractive investment yields remains our greatest challenge in Japan.

AFLAC Japan Investment Margin

(Yen in Billions)

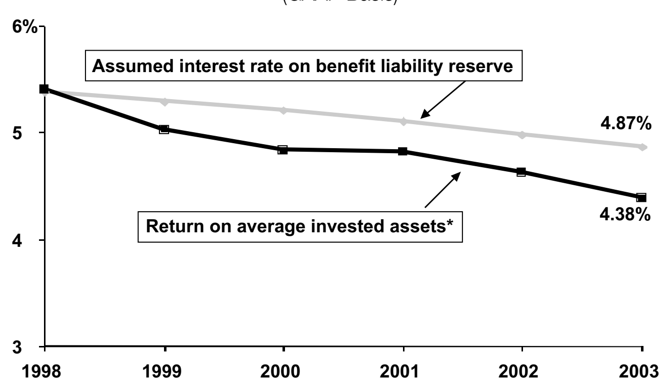
	2002		2003	
	Amount	Average Rate*	Amount	Average Rate*
Investment inc.	¥ 160	4.63 %	¥ 165	4.38 %
Actuarial assumed int.				
ben. reserve liability	(149)	(4.98)	(159)	(4.87)
Yield spread	¥ 11	(.35)%	¥ 6	(.49)%
% yield spread to				
investment income	7.0%		3.4%	

*Monthly averages

This chart compares the investment income assumption, or required interest, with actual investment income for AFLAC Japan. On an overall basis, the weighted-average interest rate assumed in calculating future policy benefit reserves declined from 4.98% in 2002 to 4.87% in 2003. Our actual investment yield rates declined at a slightly greater rate. As a result, the negative spread between the actual investment yield rate and the yield rate required in the benefit reserve calculations increased from 35 to 49 basis points.

Investment Margin Trends

(GAAP Basis)



*Monthly average basis

Over the last several years, the assumed interest rate on the benefit liability reserve has declined as products with lower assumed rates have become a greater portion of our block of business. The slope of the decline has not been very steep due in part to the high persistency of our business. The negative spread has the effect of pressuring profits. However, investment margins are only one of AFLAC Japan's profit sources. In fact, our morbidity and expense margins have more than offset the effect of declining yields in recent years.

Assumed Interest Rates for Product Pricing

	Jul. 1994	Sept. 1995	Oct. 1996	Jul. 1999	Apr. 2001
Cancer life	4.5%	4.5%	3.1%	2.35%	2.35%
Care	5.5	4.5	3.1	2.35	2.35
LBL	—	4.5	3.1	2.35	2.35
Medical	5.5	4.5	3.1	2.35	2.35
Ordinary life	—	—	—	2.35*	1.85
Annuity**	—	—	—	2.15	1.65

*Changed in April 1999 **Periodic payment only

We began lowering assumed interest rates along with the industry in 1994 and have lowered rates periodically since then as required by the FSA. The last change to our interest rate assumption for health products occurred in 1999. Lowering assumed interest rates has resulted in increased premium rates for new policy issues.

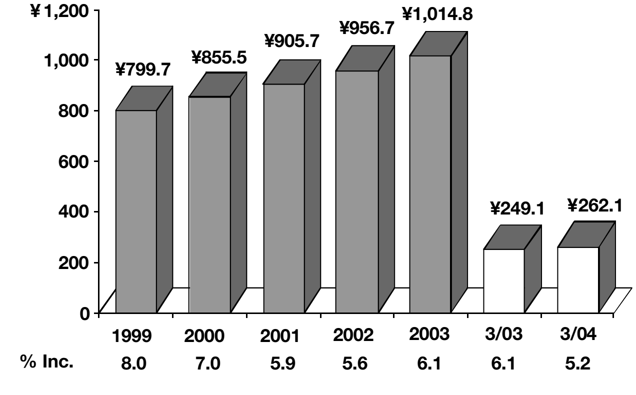
Required Interest for New Business and New Money Investment Yields

	Required Interest	Yen New Money Yield	Spread	Blended New Money Yield	Spread
1998	3.50%	3.84%	.34%	4.19%	.69%
1999	3.42	4.54	1.12	4.74	1.32
2000	3.00	3.57	.57	3.78	.78
2001	2.99	3.58	.59	3.86	.87
2002	2.98	3.65	.67	3.93	.95
2003	2.98	3.20	.22	3.61	.63

Another way to look at the effect of lower assumed interest rates is to compare AFLAC Japan's GAAP interest rate assumptions for new business with yen-denominated new money yields and blended new money yields. Lowering assumed interest rates has not only resulted in increased premium rates for new policy issues, but also decreased required interest thresholds for new business in the aggregate. As a result, the new money yields are well above the interest required by the new business. The premium rate increases on new business effectively replace a portion of the lost investment income from low investment yields with higher premium income.

Total Revenues

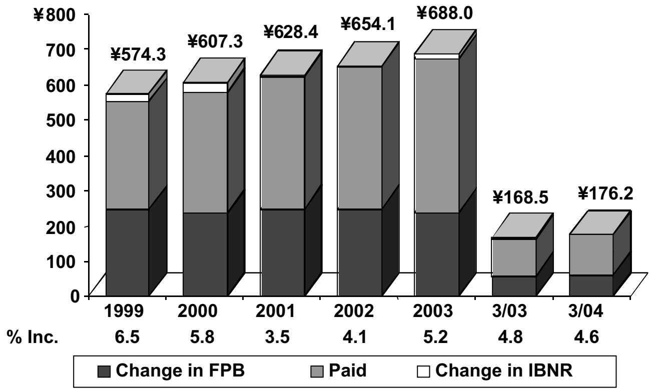
(Yen in Billions)



Growth in total revenues for AFLAC Japan has closely tracked the growth of premium income. Over time, we expect the mix of total revenues to change as higher premium income is substituted for lower investment income, resulting from product pricing changes. This shows that we have done a pretty good job at growing the top line in a very difficult environment.

Total Benefits

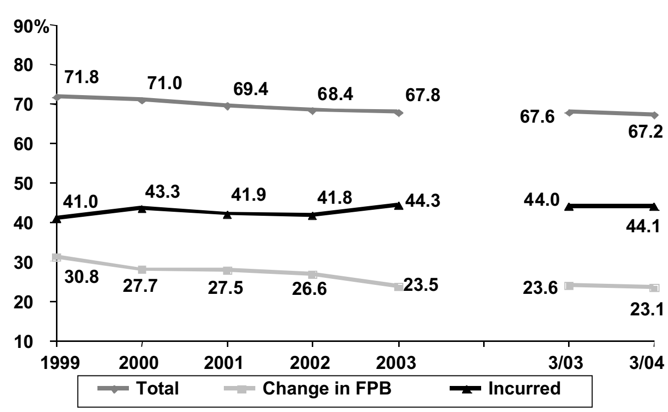
(Yen in Billions)



Total benefits include three major elements. The first element is the amount we actually pay in claims during the period. The next is the allowance we make for claims that are incurred in the period but are not reported or paid in the period. This is generally known as the "incurred but not reported reserve," or IBNR. We refer to the sum of paid claims and the change in IBNR as "incurred claims." The final element is the charge against current revenues for policy benefits that will be incurred in future years. Total benefits increased 4.6% in the first quarter of 2004, which was significantly lower than the 5.2% revenue growth we produced.

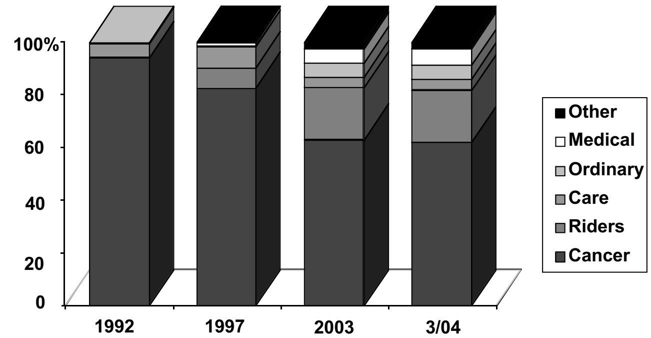
Benefit Ratios to Total Revenues

(In Yen)



After peaking at 73.4% of revenues in 1996, our total benefit ratio has trended downward, reaching 67.2% in the first quarter of 2004. In looking at the components of the benefit ratio, you can see that the future policy benefits have been increasing at a slower rate than incurred claims. The interplay between those two components of benefits reflects the aging of our cancer business and the addition of new, shorter duration products to our product line. For newer products like Rider MAX, claims tend to emerge earlier and therefore require less buildup of future policy benefits.

Premiums In Force by Product



The primary factor influencing the decrease in our benefit ratio in recent years has been the steady change in our business mix. As a result of product broadening, the mix of our in-force business has changed significantly. In 1992 for instance, cancer life accounted for 94.1% of premiums in force. By 1997, cancer life had declined to 82.6%. At the end of the first quarter, cancer life premiums in force represented 62.0% of total premiums in force. The greatest contributors to in-force business in the last five years have been riders to our cancer products, such as Rider Wide and Rider MAX. At the end of the first quarter, those two riders accounted for 19.8% of premiums in force, compared with less than 7.6% at the end of 1997. This mix change is significant because the benefit ratios vary quite a bit by product.

Benefit Ratios by Product

Traditional cancer life - full CSV	**68% - 73%**
Cancer life - reduced CSV	**63% - 68%**
21st Century Cancer Life - full CSV	**60% - 65%**
21st Century Cancer Life - reduced CSV	**55% - 60%**
Cancer riders (Wide, MAX, Pack)	**55% - 60%**
Ordinary life products	**70% - 75%**
EVER	**55% - 60%**

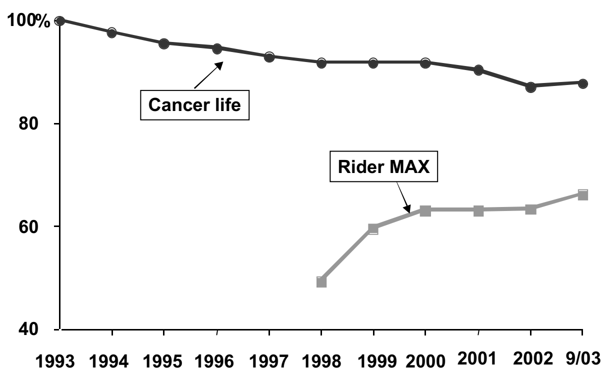
Our traditional cancer life product, with a full cash surrender value, has a benefit ratio in the area of 68% to 73%. To offset some of the effect of the rate increase in 1999 on cancer life policies, we elected to reduce the cash surrender value, which was well received by consumers looking to maximize their premium value. Reducing the CSV also brought down the benefit ratio as well. Our 21st Century Cancer Life product has a reduced death benefit in both the full CSV version as well as the reduced CSV product. Both versions also have lower benefit ratios than our traditional cancer life business. In short, we are changing the mix of cancer life versus non-cancer life business, and we are also changing the mix within our cancer life block of business toward more profitable products.

In addition, our cancer life riders have noticeably lower benefit ratios than the benefit ratio of our traditional cancer life business. And as I mentioned, they are becoming an increasingly large part of our in-force business. Although we can't change pricing on existing business, the lower benefit ratio riders help restore margins on the older block of cancer life policies that had been negatively affected by low interest rates. And our stand-alone medical product, EVER, also has a favorable benefit ratio, compared with our older block of business.

The combination of increasing premiums in force from riders and from the reduced cash surrender value cancer policies de-emphasizes the death benefit in the mix of benefits. With our continued marketing success of the riders, the low cash surrender value cancer products and EVER, we expect the benefit mix to continue to trend toward health benefits rather than life benefits, which is more like our benefit mix at AFLAC U.S.

Actual vs. Expected Claims

(Expected = 100%)



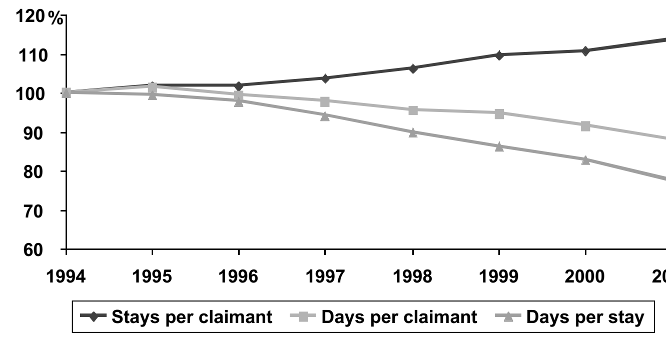
Another factor that has influenced the benefit ratio is favorable claims experience. Rider MAX claims have been better than expected since that product's introduction in 1998. After closely monitoring Rider MAX claims for more than three years, we decided at the end of 2001 to lower the actuarial factor that we use to estimate incurred claims for Rider MAX to more closely reflect actual experience. Actual cancer life claims as a percentage of expected claims have declined since 1993 and were about 88% of expected claims as of September 2003.

As we have also discussed, our claims experience related to the average length of stay in the hospital for cancer treatment has declined steadily for some time now. The Ministry of Health, Labor and Welfare has tried to control escalating national health care costs by limiting reimbursements to hospitals for longer hospital stays. For example, hospitals that have average stays of 21 days or less were reimbursed at a rate of ¥12,090 per day in 2003. The reimbursement rate drops to ¥9,740 per day for hospitals where the average stay exceeds 28 days. These financial incentives have the effect of shortening hospital stays.

Treatment patterns in Japan are being influenced by significant advances in early detection techniques and by the increased use of pathological diagnosis rather than clinical exams. As a result, the diagnoses of prostate and lung cancers have increased as percentage over the years while the diagnoses of liver and stomach cancers have decreased. Until very recently, almost all cases of stomach cancer were treated by the radical resection or removal of the stomach. Today, however, more cases are being treated by removing the cancerous lesion and leaving the stomach largely intact. Follow-up radiation and chemotherapy treatments are occurring more often on an outpatient basis. Such changes in treatment not only increase the quality of life and initial outcomes for the patients, but also decrease the average length of each hospital stay. In short, more people are surviving cancer, and those who do not are generally living longer.

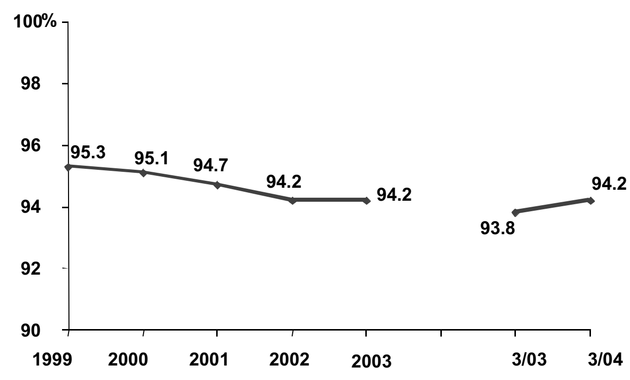
Trends in Hospitalization

(Cancer Only, 24-Month Runoff)



Despite the significant decline in the average length of stay per hospitalization, we have also noted that the number of hospital stays per claimant has been increasing. This trend indicates that those who survive their initial treatments are returning to the hospital more often and, thus, will have additional claims in the future. Please note that our analysis of claims data shows that the total number of days hospitalized per claimant is still declining, but only slightly. Looking ahead, we anticipate that we will continue to experience more hospital stays of shorter durations, meaning that the total benefits we ultimately pay to claimants will not change much. As a result, our total benefit provision should remain largely unchanged. However we have reflected a change between our current liabilities, or incurred claims, and our long-term liabilities, or future policyholder benefits, to acknowledge these changes in duration and frequency.

Persistency Rates*



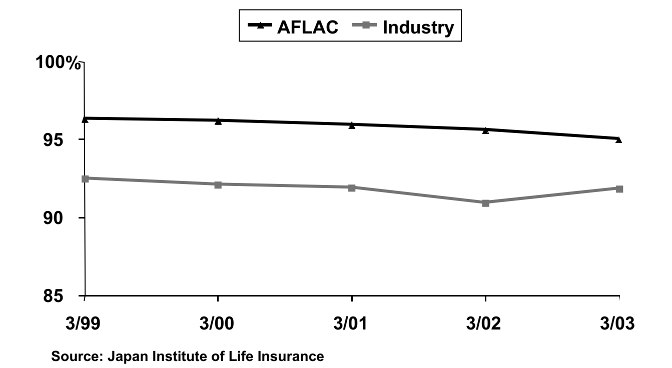
*All product lines, excluding annuities

Although our persistency rate is lower than it was in the mid-1990s, it remains very strong and has been stable since 2002. Cancer life has the highest persistency of our products, so as we add other products to our in-force business, overall persistency will likely decline a bit. Cancer life persistency has also declined a bit in recent years, which we believe is due to the weak economy. In addition, we have been writing more direct business in recent years, which has a higher lapse rate than payroll business. As we continue to increase the number of individual agents who write direct business for us and with Dai-ichi Life's sales contributions, which are largely on a direct basis, a trend of lower persistency could continue.

Japanese consumers generally tend to hold on to their insurance policies much longer than consumers in other countries such as the United States. AFLAC Japan has maintained the highest level of persistency in the Japanese life insurance industry and has done it consistently over the years.

Comparison of Persistency Rates

(FSA Policy Basis)

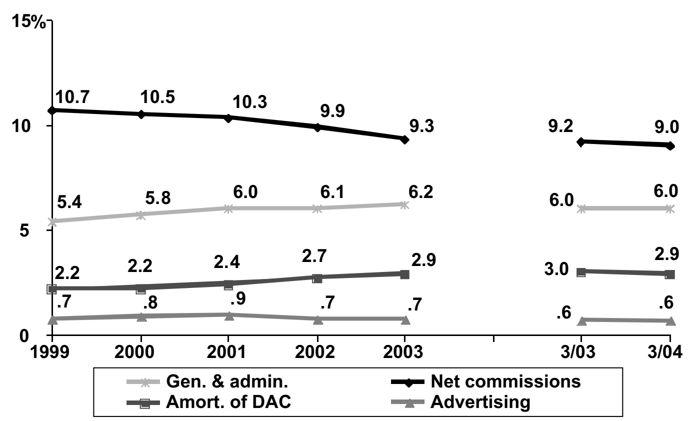


These rates are policy-based calculations using FSA data. Among companies that are producing new business, AFLAC has maintained the number one position in terms of persistency. We expect to stay above the industry average because of the need for our products and their low premiums. We also believe that our persistency rate is indicative of the high level of customer satisfaction based on the way we service our customers.

You have heard us say before that we offer the best product at the best price and pay the highest commission to the agent. What allows us to do that is our greatest strength, and that is the efficiency of our internal operations.

Operating Expenses to Total Revenues

(In Yen)

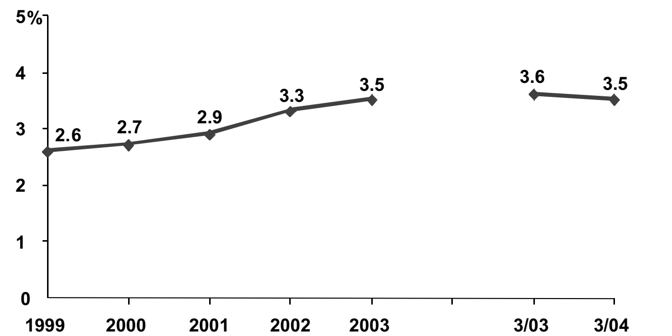


The ratio of total operating expenses to total revenues has remained very stable over the last several years. The ratio of net commissions as a percentage of total revenues has decreased slightly due to the growing renewal premium base and the effect of the alternative commission contract we began offering in 2000. On the other hand, the general operating expense ratio has increased slightly, which in part reflected increased marketing expenses. General expenses were also up due to development costs for the administrative systems project.

Following the move of ordinary products to our new systems platform in 2002, we implemented the new claims system in mid-2003. This new system has allowed us to achieve greater efficiency by simplifying our audit and disbursement processes. As a result, it took less than two days to pay claims in March 2004. Due to changes in customer service requirements, business processes, and new technologies, new systems development is taking a more holistic approach to the overall strategy and execution of activities to minimize business risks and achieve the desired future state. This approach will allow us to meet our original objectives while accommodating new requirements to provide a higher level of service to our policyholders.

Amortization of DAC to Premium Income

(In Yen)



As you can see in this chart, DAC amortization as a percentage of premium income has trended up recently. Although this reflects slightly lower persistency, it is primarily being influenced by our alternative commission contract.

Deferred Policy Acquisition Cost Ratios

	Commission Amort. as a % of Premium Inc.	Net Commissions as a % of Premium Inc.	Total Net Commissions as a % of Premium Inc.	DAC Asset to Premiums in Force
1999	1.7%	12.7%	14.4%	41.9%
2000	1.8	12.5	14.3	41.9
2001	1.9	12.3	14.2	41.7
2002	2.3	11.8	14.1	41.2
2003	2.6	11.1	13.7	40.9
3/03	2.6	11.1	13.7	40.9
3/04	2.6	10.7	13.3	41.0

Because our alternative commission contract has a limited renewal period and higher first-year commissions, there is more commission to capitalize. This leads to lower commission expense, but the amortization is greater. As you can see in the first two columns, the components of our commission expense have changed. Yet total net commissions as a percentage of premium income have remained pretty stable.

Since we believe our efficiency is our greatest competitive advantage, let me show you how AFLAC compares with some others in the industry using FSA-based data.

Average Premium Per Policy

(FSA Basis, 3/03)

Rank by Assets		Premium Income (In Millions)	Policies in Force	Average Premium Per Policy
1	Nippon	¥5,420,252	15,223,775	¥356,039
2	Dai-ichi	3,561,159	11,880,552	299,747
3	Sumitomo	2,693,060	10,233,982	263,149
4	Meiji	2,184,114	6,039,197	361,656
5	Yasuda	1,294,309	4,772,546	271,199
8	Taiyo	887,784	4,197,019	211,527
11	AFLAC	832,638	15,749,965	52,866
15	Sony	489,548	2,975,045	164,551
16	Alico	585,164	3,905,228	149,841

Source: Insurance Research Institute

Our average premium per policy in force is significantly lower than that of other large insurers in Japan. The primary reason we have been able to produce reasonable profitability from such low-premium products is our low-cost operating infrastructure. An insurer that has been accustomed to large premium policies and has not developed an infrastructure to support significantly lower premium products will find it difficult to compete with us.

Maintenance Expenses Per Policy in Force

(FSA Basis, 3/03)

Rank by Assets		General Operating Expenses (In Millions)*	Policies in Force	Cost Per Policy
1	Nippon	¥275,059	15,223,775	¥18,068
2	Dai-ichi	189,978	11,880,552	15,991
3	Sumitomo	184,638	10,233,982	18,042
4	Meiji	135,088	6,039,197	22,369
5	Yasuda	93,343	4,772,546	19,558
8	Taiyo	52,650	4,197,019	12,545
11	AFLAC	64,490	15,749,965	4,095
15	Sony	22,906	2,975,045	7,699
16	Alico	40,562	3,905,228	10,387

*Excludes renewal commissions
Source: Disclosure statements from each company

We derive much of our expense advantages in Japan through the economies of scale we have achieved. AFLAC Japan has the largest number of individual life insurance policies in force among any insurance company in Japan. Our maintenance expenses per policy in force are significantly lower than every other company in Japan. These figures exclude both first-year and renewal commissions.

In addition to the "Kaizen" program that Charles Lake mentioned in his presentation, AFLAC Japan has an "Efficiency Bonus" program to reward employees of departments that maintain tight fiscal controls and spend less than their targeted budgets. In 2003, employees of 163 of AFLAC Japan's total 176 departments received bonuses under this plan. Active participation by our employees strongly contributes to making AFLAC Japan a low-cost operation.

We are also expanding the use of technology to lower our operating costs. E-app, AFLAC Japan's second-generation laptop application system, now accounts for over 9% of all new policy sales and has lowered costs in underwriting and new business. AFLAC Japan is the first company to test the video capabilities of the FOMA cell phone so doctors can follow up on underwriting questions and perform interviews via video conferences rather than personal visits. It is critical to understand that this extremely efficient operation enables us to competitively price our policies and pay the highest commissions in the industry.

Marketing Costs Per New Policy

(FSA Basis, 3/03)

Rank by Assets		Total Marketing Expenses (In Millions)*	New Individual Policy Sales	Cost Per New Policy
1	Nippon	¥333,181	1,005,644	¥331,311
2	Dai-ichi	268,719	973,243	276,107
3	Sumitomo	206,857	696,879	296,833
4	Meiji	138,195	524,985	263,236
5	Yasuda	83,662	774,472	108,025
8	Taiyo	33,492	383,662	87,296
11	AFLAC	134,685	1,337,962	100,664
15	Sony	54,969	414,631	132,573
16	Alico	94,510	818,045	115,532

*Includes renewal commissions
Source: Disclosure statements from each company

Operating with industry-low maintenance expenses allows us to spend more in other areas, including agent compensation, advertising and other marketing-related expenses. This does not equate to a GAAP-based acquisition cost. I believe it's noteworthy that we generally spend less when acquiring a new contract in Japan, compared with other companies.

At the same time, our efficient operation and a prudent investment policy make us a very strong company financially.

Comparison of Solvency Margins

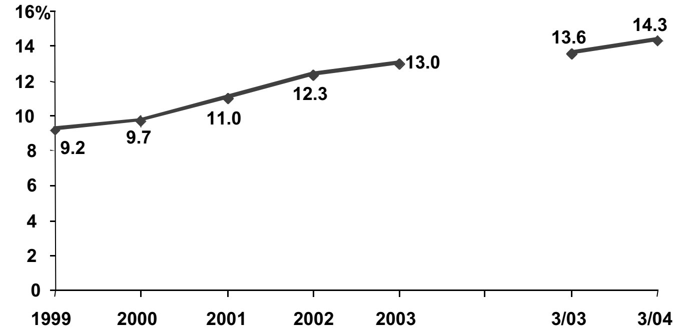
(FSA Basis)

Rank by Assets*		3/03 Solvency Margin	9/03 Solvency Margin
1	Nippon	631%	801%
2	Dai-ichi	544	694
3	Sumitomo	498	602
4	Meiji	532	661
5	Yasuda	618	630
8	Taiyo	682	833
11	AFLAC	1,292	1,129
15	Sony	1,354	1,473
16	Alico	1,153	980

*As of 3/31/03
Source: Disclosure statements from each company

Our financial strength reflects a very strong solvency margin. Our solvency margin was higher than that of any of the eight largest life insurers in Japan as of last March and September. Our solvency margin has benefited from the significant unrealized gains on our yen-denominated fixed-maturity securities. As a result, rising interest rates in Japan would obviously reduce the value of our bond holdings and therefore lower our solvency margin. AFLAC's financial strength is also reflected in the ratings from the major credit agencies.

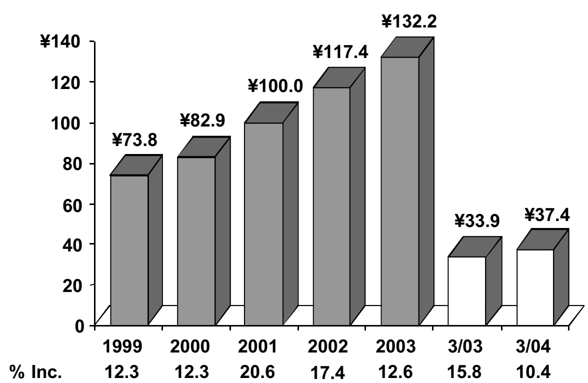
Profit Margins
(In Yen)



AFLAC Japan's profit margin has trended up in the last three years. Even though the margin has been negatively impacted by lower interest rates and profit repatriation, premium rate increases help offset some of the impact of the lower interest rates. As I discussed, the improvement in the benefit ratio has been the significant contributor to our improved profit margin. Recalling my earlier comments about the exchange rate's impact on our yen-based results, had the yen remained unchanged from the first quarter of 2003, the margin would have been 14.6% rather than the 14.3% we reported.

As a result of our consistent top-line growth and improved operating trends, AFLAC Japan has generated solid growth in pretax earnings in yen.

Pretax Earnings in Yen
(Yen in Billions)



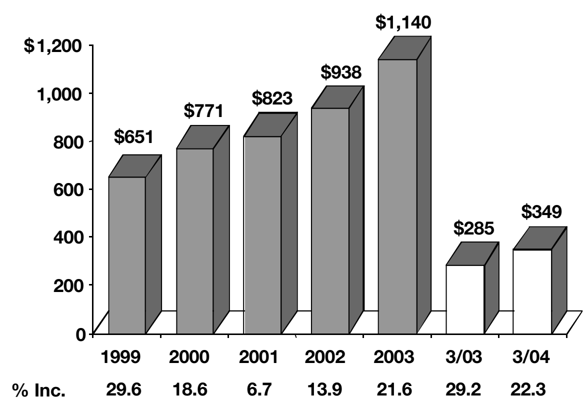
Due to the higher profit margin, pretax earnings increased 10.4% to ¥37.4 billion in the first quarter of 2004. Excluding the impact of foreign currency on AFLAC Japan's dollar-denominated income and expenses, pretax earnings were up 13.8% in the quarter.

Yen/Dollar Exchange Rates
(1999 - 3/04)

Source: Bloomberg Financial Markets

AFLAC Japan's income statement in dollars reflects the average yen/dollar exchange rates for the reporting period. Since the end of 2002, the yen has strengthened to the dollar, which has magnified our rates of growth in dollar terms.

Pretax Earnings in Dollars
(Dollars in Millions)



In 2003, pretax operating earnings in dollars increased sharply due to the expanding profit margin and a stronger yen/dollar exchange rate. That was also true for the first quarter of 2004. As a result, AFLAC Japan's pretax operating earnings increase of 10.4% in yen translated to a 22.3% increase in dollars.

Overall, we remain very pleased with the operations and financial performance of AFLAC Japan. Our business in Japan contributed 72% to consolidated insurance earnings last year and remains the principal earnings driver of our overall operations. As we look ahead, we believe that our competitive advantages will translate into continued strong financial results. Most importantly, we believe AFLAC Japan will continue to perform in a way that will enable us to achieve the earnings objectives of AFLAC Incorporated in 2004 and beyond.

Section III

AFLAC U.S.

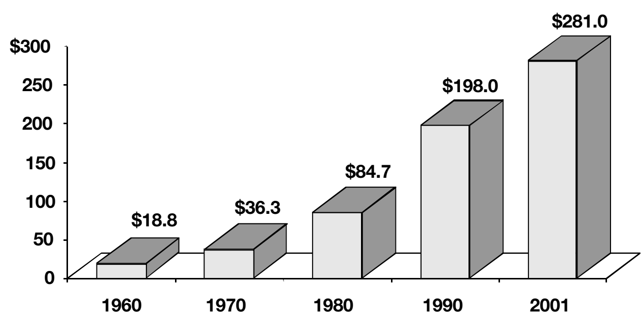
Introduction to AFLAC U.S.

Akitoshi Kan
Executive Vice President
U.S. Internal Operations

This presentation includes a brief introduction to the U.S. insurance market and an update on what we are doing to make our operation more efficient. I'll also discuss how we plan to accommodate the anticipated growth of our U.S. business.

Our mission is to design insurance products that provide cash directly to consumers to help fill gaps in existing primary insurance coverage. These out-of-pocket expenses have become an increasingly large burden to many U.S. consumers, which is why the need for our products has grown steadily over the years.

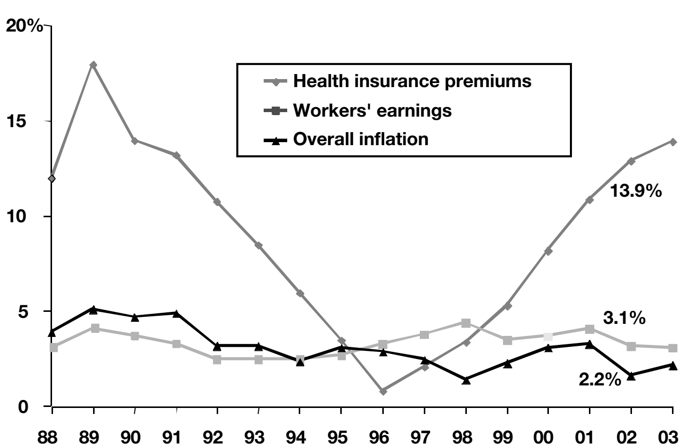
Growth in Out-of-Pocket Expenses
(In Billions)



Source: Centers for Disease Control and Prevention, 2003

Out-of-pocket expenses in the United States increased from $18.8 billion in 1960 to $281 billion in 2001. These expenses are primarily medical and include hospital care, physician services, dental services, home health care, medications, nursing care and other professional services that are not covered by major medical.

Health Insurance Premium Increases and Other Indicators

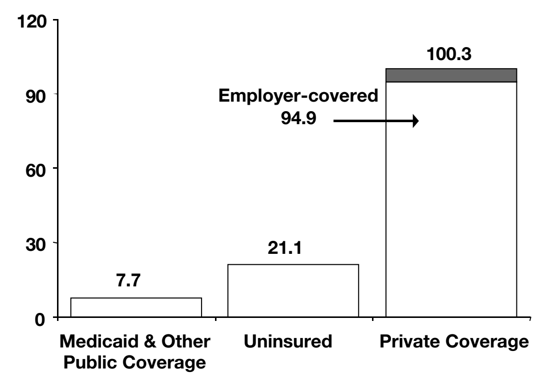


Sources: The Kaiser Family Foundation; KFF/HRET and KPMG Surveys of Employer-Sponsored Health Benefits

Recent health insurance premium increases, which have risen at a faster rate than worker pay, further illustrate this trend. The result is that consumers have two choices, and neither of them is good: They either have to pay a greater percentage of their income for medical premiums, or they must reduce coverage.

The financial burden of health care is even greater when you include nonmedical, out-of-pocket expenses such as transportation to and from treatment centers, food and lodging, special equipment, household help or childcare, and lost wages because of missed work. But remember, the financial burden borne by employers is also greater most of the time because they usually share the burden of rising premium rates.

Insurance of U.S. Workers
(In Millions)



*Age 18-64, includes the self-employed
Source: HIAA Source Book of Health Insurance Data, 2002

We focus on marketing our products at the worksite because that's where most Americans buy their insurance. According to the Health Insurance Association of America, approximately 95 million people in the United States are insured at their places of employment. And many of those employees are at small businesses, which is our primary marketing focus.

The Small-Business Market
(2001)

Size of Firm	Number of Firms (000)	Number of Employees (000)	% of Total Employees
0 - 19 Workers	5,037	20,603	17.9%
20 - 99 Workers	518	20,370	17.7
100 - 499 Workers	85	16,410	14.3
Total	5,640	57,383	49.9%

Source: U.S. Census Bureau Tabulations by Enterprise Size, 2001

Data from the small business administration indicate that there are more than 5.6 million businesses with fewer than 500 workers, which represent more than 99% of employers in the United States. Small businesses, which the Small Business Administration defines as those with fewer than 500 workers, account for 50% of the total private workers in the United States. That's AFLAC's primary market. Our more than 294,000 payroll accounts translate into a penetration rate of about 5% of the small-business market.

The Competition

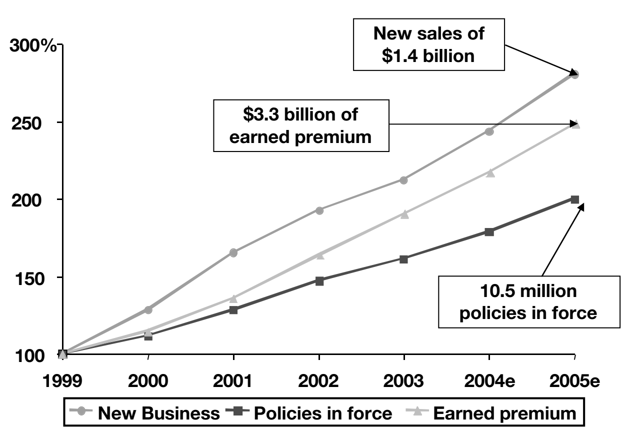
- Colonial Life & Accident Insurance
- American Heritage Life Insurance
- American Fidelity Assurance
- Combined Insurance Company of America
- Conseco Health Insurance Company
- Transamerica Occidental Life Insurance Co.
- American General Life & Accident Co.
- USAble Life
- Central States Health & Life of Omaha
- Metropolitan Life Insurance Co.

We are certainly not the only company to recognize the potential of selling supplemental insurance in the United States. Actually, we have competed with many companies, both large and small, since we pioneered the supplemental insurance market many years ago. But the key difference between AFLAC and other companies is that voluntary supplemental insurance products represent our primary focus, whereas they tend to be a secondary line of business for our competitors.

Most of our competition is in governmental accounts and larger private sector accounts, and it comes from several regional carriers. Because our products are supplemental, voluntary and indemnity in nature, the concept is different from benefits that employees might be offered by group carriers such as group health, life, or disability.

AFLAC U.S. Performance Goals

(1999 = 100)



As this chart suggests, we have produced strong growth during the last four years. Although new annualized premium sales increased by just 5.4% in 2003, earned premium increased 16.8%, and policies in force were up 9.3%. And we expect that growth to continue. If we assume a 12% increase in new business in 2004 and 2005, we will have about 10.5 million policies in force in 2005, which is double the in-force of 1999, with premium income of nearly $3.3 billion.

This rapid growth led to an examination of our infrastructure to ensure that we can efficiently handle the dramatic expansion of our business. When I assumed my current responsibilities in 2000, I was already aware that we needed to expand our capacity and efficiency. And when the AFLAC Duck campaign triggered an explosion in new business, we felt the shock wave on the administrative side of the business in 2001. That wave hit every phase of our insurance operations, including new business, underwriting, commissions, billing, conservation, customer service, and claims.

Required Operational Infrastructure

- Double processing capacity
- Improved operational efficiency
- Improved customer satisfaction

To accommodate greater business volume with improved customer satisfaction while also maintaining our low-costs producer status, we are focused on the improvement of our infrastructure. Specifically, we want to accomplish three basic things over the next few years.

First, we must have a technology platform in place that allows us to process more than twice our current volume of in-force business. Second, we must improve operational efficiencies, or our processing capability, to take advantage of economies of scale. Third, we must improve our customer satisfaction levels.

This is not a one-time activity with a set ending point. Instead, it is an ongoing process. And as part of that process, we are committed to making a long-term investment. We will continue to build a new technological infrastructure and our employees' level of expertise so we can transform our business into an even more effective customer-centric structure.

We started implementing our long-term strategic IT plan in 2002. My goal is to have this plan, which will cost us around $60 million, implemented by mid-2005. Let me highlight some of the initiatives of our strategic plan in terms of our IT and business infrastructures.

Processing Capacity

- Added New IBM 390 with New OS
- Rebuilt network
- Disaster recovery
- Database conversion
- Structured development environment
- Advanced technology
  - SmartApp NG
  - Common interface
  - Web portal

Revamping our IT infrastructure is a high priority. We have already added a new mainframe for the development environment that is completely segregated from the everyday production environment. It has significantly improved IT service productivity. Previously, we had one mainframe computer that handled every technological aspect of our business.

In addition, we rebuilt our network system so that it can operate every day around-the-clock. It also has built-in disaster recovery capabilities. These improvements to the hardware provide the foundation that is needed for us to process more business in the future. Most of this work was completed by the end of 2003.

The software side has two phases. The first is to structure our software development environment so that every project follows standardized methodology, project governance expertise, and project management discipline. To further maximize our software development capability, we have converted our old databases to those with more advanced computer language. The second phase is the actual improvement to our software with advanced technology.

To AFLAC U.S. -
- **Reduces data entry labor**
- **Eliminates need for paper applications**
- **Reduces pended business**
- **Accelerates policy issuance**

To the sales associate -
- **Enhances professional enrollment**
- **Eliminates paper transmittal forms**
- **Provides immediate commissions**

SmartApp Advantages

As you know, SmartApp is a proprietary laptop-based, point-of-sale device that allows our sales associates to enroll their customers electronically. In 2003 we processed 85% of all new payroll business using SmartApp. Of that amount, 54% was jet-issued, meaning that no human intervention was needed to process the application and send out the policies. SmartApp results in significantly reduced labor, paper, and time, and a much more professional presentation at the time of enrollment. Another advantage for our agents is that AFLAC can direct deposit commissions within 48 hours of receiving the applications.

We have reworked this technology over the past two years and have just rolled out SmartApp Next Generation. The new version allows our field force to process new applications more efficiently and complete some critical administrative tasks with more enhanced security features. I expect to see higher utilization and jet-issue rates in 2004 because of SmartApp NG.

We are developing a common interface system that will allow our employees to perform multiple and cross-divisional tasks. This will improve our customer service by allowing a single employee to answer questions involving multiple departments instead of having to transfer the customer from one department to the next to answer each question. We are also developing a Web portal system that enables exclusive interactive communication and data processing among AFLAC, the field force and payroll accounts. The field force part of the project was completed earlier this year. We anticipate completing the payroll account part in early 2005.

Operational Efficiency and Customer Satisfaction - Process

- **Revision of business rules**
- **Process re-engineering – billing, claims**
- **Restructured software development environment**

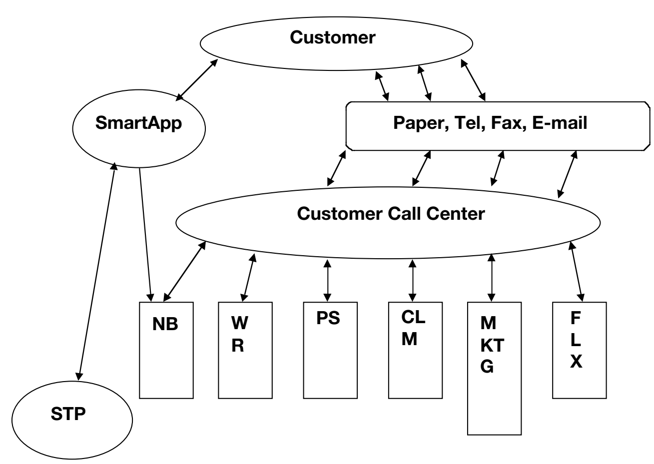
Currently, one of our major projects is the reconstruction of the billing/collection operation. We have revised business rules and have standardized our billing procedures. We are also improving our Internet billing procedures and auto reconciliation, which will ultimately become a part of the Web portal system for our payroll accounts. We are also looking closely at the processes in our claims area to reduce the amount of time it takes for us to pay claims. Our restructured software development environment and methodology have significantly improved the time line, budget and system quality that supports transaction processing.

Operational Efficiency and Customer Satisfaction - Organization

- **Account Implementation Management (AIM)**
- **Cohesively interactive**
- **Digitization**

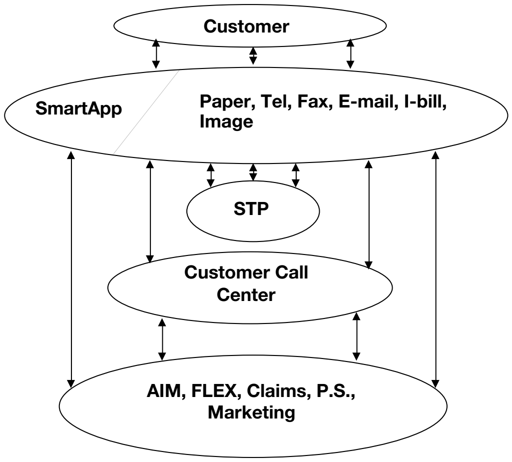
In the area of organization, one of our most important customer service goals has been to focus even more on the management of new payroll accounts. To that end, we recently created a division called Account Implementation Management, or AIM, which is designed to work with all processes involving the establishment of new payroll accounts and processing new business.

Past Organization



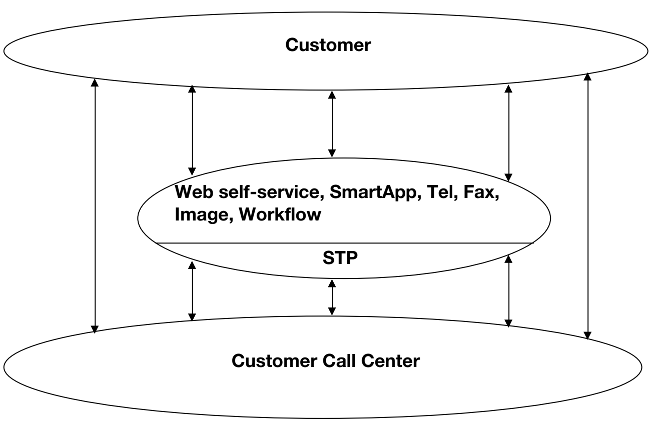
In the past, multiple departments were responsible for handling various issues related to the establishment of new accounts. If there were issues related to setting up an account, the questions or problems in areas like underwriting, billing, conservation and marketing were addressed by different divisions that operated independently with their own particular systems. And none of those systems could communicate with each other. Furthermore, most customers needed multiple functions to be serviced almost simultaneously.

Current Organization



We believe the AIM division, with assistance from other divisions, will help us improve our relationship with newer accounts and create greater customer satisfaction. Established accounts, or those after a six-month start-up period, are then handled by the Client Services area.

Future Organization



Thanks to the advanced technology that allows information sharing among the multiple divisions, our administrative divisions are now much more cohesive and interactive. Also, to eliminate redundant communication between customers and AFLAC, we are pursuing a digitization strategy. When we receive customer information, the information will be digitized through the Web, imaging, scanning, and Interactive Voice Response technology that will immediately be available across the entire customer service organization. There will be no redundant data entry in the future.

Operational Efficiency and Customer Satisfaction – People

- **Management Incentive Plan**
- **Corrective Action Response System**

Obviously, none of these changes can occur without effective and motivated employees. Our employees demonstrate these qualities, and there is a tremendous incentive for all managers in our organization to help us improve our relationship with our customers. AFLAC's bonus structure for officers and managers is now tied to the customer satisfaction levels and operating efficiency improvements in each division. This gives all of our leaders a stake in making sure our customers receive good service.

One of our most important customer-service initiatives is our Corrective Action Response System, or CARS. We have a centralized database that will be accessible to all customer service-related departments and will ensure that all departments share the same information. CARS is our version of a quality control initiative, and once it is up and running full-scale throughout our company in early 2005, it should improve efficiency and customer service.

Improvement Indicators

	2001	2002	2003	3/04
SmartApp usage	80%	83%	85%	86%
% Jet issue	53%	54%	54%	54%
I-Bill - # of accounts	1,598	5,149	8,764	10,323
- Annual prem.*	$29	$95	$362	$421
- % of in-force	.8	1.9	8.5	13.2
# of CCC calls*	4.6%	5.2%	6.5%	1.9%
% of IVR calls	7	9	25	36
# of claims*	3.7%	4.1%	4.8%	1.4%
Days in house	3.5	4.3	3.6	3.4
Unit cost - PIF	$46.00	$45.50	$46.80	$11.60
w/o IT Invest.	$45.80	$43.90	$45.90	$11.40

*In Millions

I believe it will take a couple of years to realize the full benefit of the major infrastructure initiatives I have discussed. However, this chart suggests that we are already improving in many key areas. SmartApp use has been steadily increasing and will probably be at 86% or 87% in 2004. The jet-issue rate was flat last year because of the introduction of newly revised products and other systems development requirements. But it should improve to 55% or 56% this year. The number of accounts using Internet Billing is now over 10,000, which accounts for 13% of annual premiums. The percentage of the calls being handled by our Interactive Voice Response System has dramatically increased to 36%. And while the number of claims has significantly increased, the number of days that a claim is in house was 3.6 in 2003, or close to the level of 2001. Our unit cost per policy in force, which we define as operating costs excluding advertising and field force related bonus before DAC calculation, has been fairly flat. Excluding our strategic IT investment, the unit cost has averaged $44.90 over the last two years, which is below 2001. I expect this favorable trend to be more noticeable when we start fully benefiting from the infrastructure initiatives. I also believe that these initiatives will benefit our persistency. Although our persistency is negatively impacted by a mobile workforce and changing business mix, it has been fairly stable on a product-by-product basis, and our first-year persistency has gradually improved in recent years.

As you can see, we have many ongoing projects that should benefit our business. Our objective is to be proactive and create improved processes now so we don't have to solve problems later. Being proactive is one reason AFLAC has been so successful over the years. Whether it's product development, investing, or recruiting, we have anticipated problems and created solutions in many cases before the problem surfaced. By constantly improving our operations, we believe we can accommodate the kind of size and growth that the U.S. market should provide AFLAC in the future.

AFLAC's Branding Initiatives

Kathelen V. Spencer
Executive Vice President;
Director, Corporate Communications; Deputy Counsel

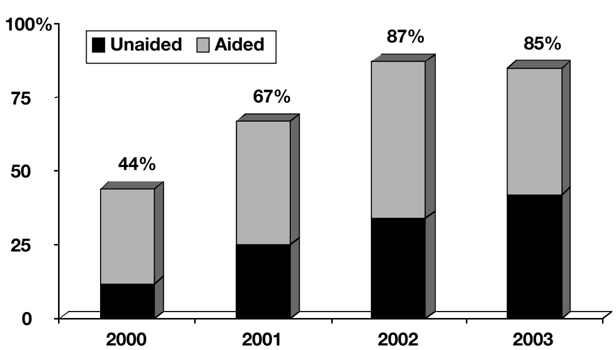
The growth of our U.S. operation and the remarkable increase in AFLAC's name recognition over the last four years has created a wonderful opportunity to solidify AFLAC as one of America's leading brands.

Our national advertising campaign and the enduring popularity of the AFLAC Duck have made AFLAC a household name and have created a positive image of AFLAC in the public's mind. Having reached the enviable position of nearly 90% name recognition, we have not been satisfied to stop there and to simply maintain the status quo.

To better understand how we can impact our business through our communications efforts, we conducted extensive branding research in 2003 among a wide range of constituencies, which included the media, the investment community, potential and existing customers, and our own sales associates and employees. When we began delving into the essence of the AFLAC brand, we had a pretty good sense of where we were starting.

Total Brand Awareness

(Random Market)



A snapshot of what AFLAC looked like in 2003 shows that our total brand awareness was about 85%, which is close to Coca-Cola and McDonald's. We don't expect to impact the overall number very much, but we will continue to focus on moving the unaided awareness portion of total brand awareness number. Unaided awareness is the best measure of how top-of-mind AFLAC is when people think of our type of products and services. In 2003 our unaided awareness rose eight percentage points, from 34% to 42%.

2003 Commercials

The four commercials we launched in 2003 carried the AFLAC message in a strong and effective manner. In fact, we received a the 2004 Grand Advertising/Marketing Effectiveness award sponsored by the New York Festivals, which uses marketing professionals to assess the effectiveness and creativity of advertising and marketing campaigns.

The findings of the branding research were very instructive. Among those we surveyed, it appears the world is divided into two very distinct categories: Those who are already a part of the AFLAC world, such as customers, employees, shareholders and sales associates; and those we have not yet reached.

Those who are already in the AFLAC world believe in us for all of the attributes and traits we espouse – that we are caring, innovative, easy to deal with, and helpful. But what we learned when we went to a deeper level has been really important. For those not in the AFLAC world, what they know is extremely limited. They know the duck, but they know nothing substantive. Furthermore, what they know or feel about the insurance category is mostly negative and a turnoff. And most significantly, what they know or don't know about AFLAC or insurance influences the likelihood of their considering or purchasing our products. The result is that AFLAC is a very well-known brand that no one knows much about.

AFLAC's Brand Strategy

1990 to Present	=	AFLAC Brand Awareness
2004 and Beyond	=	AFLAC Brand Definition

While nearly nine of 10 people know the AFLAC name, many of them equate AFLAC with health insurance, which almost universally carries negative connotations. Associating AFLAC with insurance, given the limited definition that most people have about insurance, hinders rather than helps the AFLAC brand.

We will continue to maintain the momentum and level of name recognition that we have achieved through our national advertising plan. But going forward, to be a strong brand, and not just a very well-known brand, we must give more definition to our brand and communicate that to all of our constituencies.

First and foremost, our brand message must be clear and consistent. It is imperative that we are who we say we are. The experience with the sales office in any community, the call center representative, or a media interview must give the experience that reflects our brand values.

Through the creation of the office of a brand director, (headed by Al Johnson, formerly our national advertising manager), and a brand steering committee, made up of senior company leadership, we are defining the AFLAC brand first to our internal audiences and then to our external audiences through numerous vehicles. Once the brand mission is clearly defined and fully understood by our internal audiences, we are going to work to ensure that the brand essence is fully integrated into all external communications. These include the national advertising, aflac.com, our philanthropic relationships, and our other cause-related marketing sponsorships. We expect to launch our brand mission to our employees and sales force in the fourth quarter of 2004.

Forbes "Power Brands"

We are embarking on this new effort at a time when things are going very well for AFLAC. We were featured in the April 19, 2004, issue of *Forbes* as being number 21 among the corporate "Power Brands." This ranking put AFLAC ahead of such great brands as Nike, General Mills, Kellogg and Harley Davidson.

Companies were ranked by a calculation of the impact that intangibles such as reputation, innovation and management had on the market value of the company. We are proud to note that AFLAC was the only insurance company on the list, and prouder still that the notable trait highlighted for us was human capital.

The founding principle the Amos brothers had of putting people first has not only endured a half-century as AFLAC's guiding principle, but has also created a value promise that the marketplace and the media have recognized. These qualities of human capital, innovation, sound management and reputation are the essence of the AFLAC brand.

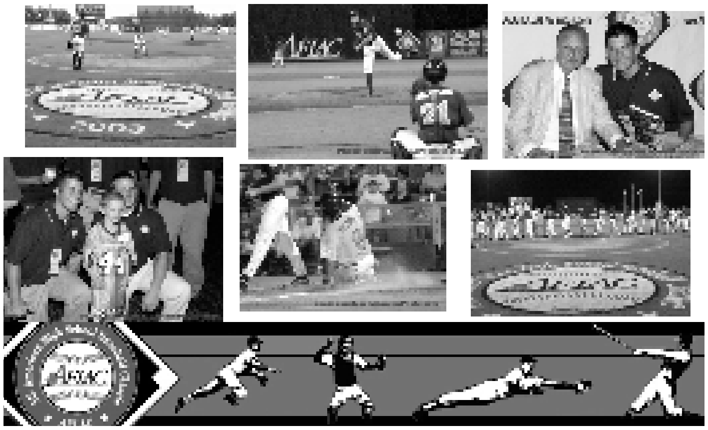
A wildly successful advertising effort has given us the mind share of our audiences on one level. A strong branding effort will secure an even stronger position for AFLAC as we move forward. In the meantime, we continue to develop and broaden the programs that will raise visibility of, and create greater affinity for, the AFLAC brand.

2003 Holiday Ducks

- **60,000 ducks sold**
- **75 stores nationwide**
- **Proceeds benefited eight pediatric cancer hospitals**
- **$312,000 raised (150% increase over 2002)**

During the 2003 holiday season, we expanded our very successful holiday duck program to the West Coast through the addition of Bon-Macy's to the other stores in the Federated Department Stores chain. That gave us 75 stores that marketed our special edition AFLAC Duck and expanded the reach of our winsome and coveted symbol of our corporate philanthropy. In addition, the project raised $312,000 for eight regional pediatric cancer centers around the country, and we were able to forge new relationships with those children's hospitals.

2003 AFLAC All–American Game



Our sponsorship of the AFLAC All-American baseball game has tied together our long-standing relationship with baseball and our philanthropic interest in pediatric cancer. Our strategy is for this game to become the same type of talent showcase for high school baseball as the McDonald's All-American game is for high school basketball. As such, the designation of an athlete as an "AFLAC All-American" becomes a part of the athlete's permanent sports biography.

2004 AFLAC All-American Kickoff

A perpetual AFLAC All-American trophy will be given to each player's high school. The selection of the 2004 AFLAC All-American team was kicked off by baseball great Cal Ripken on May 1, 2004. The game will be played at Ripken Stadium in Aberdeen, Maryland, and will be broadcast nationally on FOX Sports on August 8, 2004. This type of alliance between AFLAC and another well-established institution, such as Major League Baseball, is an example of the type of opportunity that will expand our message and reinforce AFLAC within our target audiences.

With the expansion of our opportunities afforded by both the performance of the company and the success of our branding efforts, we have seen an even greater demand for the capabilities that allow us to communicate more effectively and efficiently.

Synchronized Swimming

The AFLAC Duck is going to be with us as we go to the next level. We debuted our most recent spot the week of May 3 and have received very positive feedback from our preliminary testing, which showed it to be one of the highest-scoring commercials we have ever made.

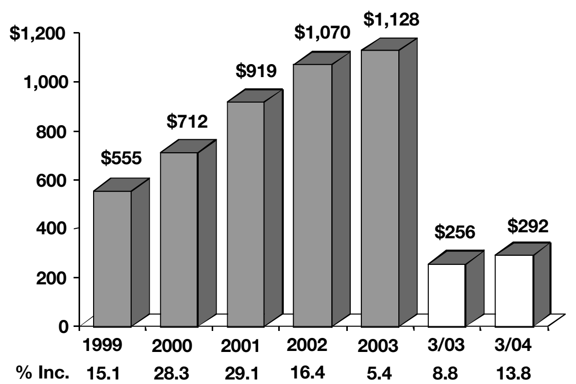
AFLAC U.S. Marketing and Sales

Bradley S. Jones
Senior Vice President;
Director of Sales

AFLAC's strategy of product broadening and distribution expansion has produced tremendous results for many years. In addition to those elements of our strategy, our sales success has reflected our effective branding and our focus on providing the insurance products that we believe offer a great value to employees of businesses and organizations across the country.

AFLAC U.S. New Annualized Premium Sales

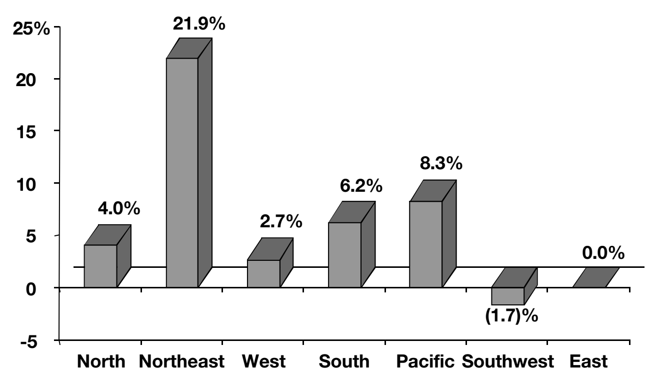
(In Millions)



This chart shows that record of success. Over the last five years, our new annualized premium sales compounded at 18.5% annually. As you know, however, our rapid sales growth slowed in 2003. Even though our 2003 sales were the best in AFLAC U.S. history, they did not meet our standards or our expectations. However, we were absolutely convinced that our sales model was not broken, and we had not come close to reaching market saturation.

Sales Growth by Territory

(2003)



It's worth noting that some areas of the country produced very strong sales throughout last year. The Northeast Territory had a very strong increase in sales of 21.9% in 2003. This told us that the business model was still valid, but the execution of that model needed refining.

Top-Producing States

(2003)

Sales Ranking		Sales (Millions)	Percentage Increase
1	Texas	$103	(4.1)%
2	Florida	87	8.0
3	California	75	9.6
4	Georgia	58	7.4
5	Pennsylvania	51	26.5
6	North Carolina	47	(.4)
7	Michigan	41	(4.8)
8	Ohio	39	1.8
9	Illinois	37	10.2
10	New York	34	16.3

A look at our top 10 producing states in 2003 further supports that point. Our top 10 states account for about 50% of total company sales, and it is common to see a significant difference in sales growth by state. In 2003 we probably had a wider variance in results than is usual, and we certainly had too many states that experienced production declines. But we also had states with very strong sales increases. And some of those states, including Illinois, Alabama, Oregon and Wisconsin, were outside of the Northeast. That further told us that our sales slowdown in 2003 was not related to the model. Since the economy, competition, and penetration of the market do not vary significantly by state, we also concluded that those issues did not impact our sales growth.

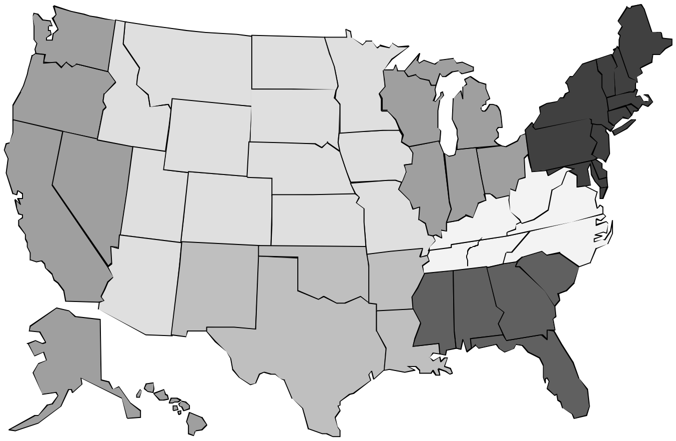
Instead, we believe the primary reason for the sales slowdown was that our field management infrastructure did not keep pace with AFLAC's explosive growth that followed the emergence of the AFLAC Duck in 2000. There were secondary issues as well. And as we analyzed our sales force, we identified areas we needed to focus on.

Keys to Sales Success

- **Coordinator expansion**
- **Recruiting**
- **Training**
- **Opening new accounts**

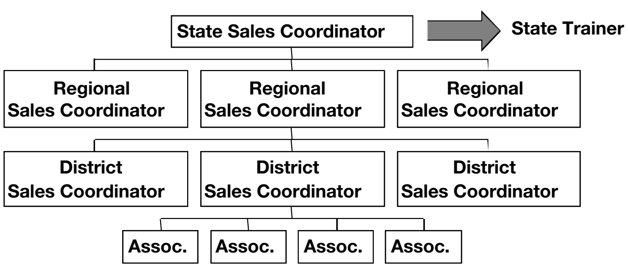
I believe there are four keys to growing our business, the first of which is coordinator expansion. As we evaluated our business last year, it became apparent that we needed to expand our sales coordinator base. Because our sales and recruiting had increased so rapidly for several years, our business outgrew our field management's ability to effectively manage. For instance, we had a 20.4% compound annual increase in the number of recruits from 2000 through 2002. But the problem was that the number of district coordinators, who are primarily responsible for training new associates, grew at a rate of only 12.9% compounded annually during that same time. Supervisors can effectively manage only a limited number of people. And because we outgrew our sales management team, that meant that our managers were spread too thinly to devote adequate time to the things that made us strong.

AFLAC U.S. Sales Territories



The first change we made to our U.S. sales organization in 2003 was to divide the United States into new sales territories. In the second quarter of 2003, we increased the number of territories from five to seven. The average population of each of the seven territories is approximately 42 million people. The territory directors who are responsible for these seven territories are officers of AFLAC U.S.

Field Force Organization



Reporting to our territory directors are state sales coordinators, who supervise activities in large, geographically defined sales areas that may include a state, a portion of a state, or combined states. Each state coordinator operates his or her state with a great deal of autonomy. Regional coordinators are primarily responsible for recruiting new sales force members and for assisting with training. District sales coordinators train and direct producing associates. They are also required to achieve personal and district production goals. All levels of field management, excluding the territory directors, are independent contractors who are compensated on a commission-only basis. Our sales associates are also compensated on a commission-only basis.

Coordinator Expansion

	12/31/02	12/31/03	3/31/04
Territories	5	7	7
States	63	73	85
Regions	430	477	528
Districts	2,095	2,366	2,497

Coordinator expansion is a strategy we have used for many years to help improve the management of sales activities and growth. But in 2003 we made more changes to our sales management infrastructure than in any year in our history. For example, we had 85 state sales coordinators on January 1, 2004, which is a 34.9% increase over the end of 2002. Of the 85 state operations, 38 are managed by state sales coordinators who are in their first year. When we bring in new state coordinators, we give them the freedom to run their state as if it is their business. By giving them a high level of autonomy, we see new ideas emerge, such as LEASE, that can sometimes be implemented throughout the entire sales organization. And my philosophy is that as long as they make their sales numbers, they can run it their way.

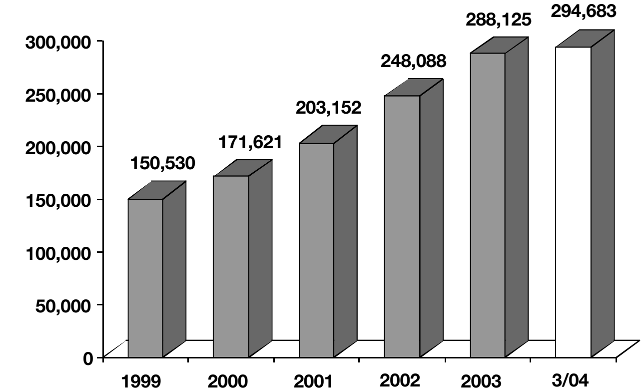
We also increased the number of regional sales coordinators. Regional coordinators grew by 10.9% in 2003 and further increased to 528 at the end of March 2004. And we increased the number of district coordinators as well. The number of AFLAC districts has grown by 19.1% since the end of 2002. We will continually look at expanding our sales management team to keep up with our recruiting. That means every level of our sales management.

Just as we have strengthened coordinator expansion, we also remain very focused on recruiting, which is another key to growing sales. It's important to understand that at AFLAC, we push the recruiting function out to the field, and the costs of recruiting are largely borne by the sales management. Our sales coordinators know that they need to grow the number of new associates to increase their reach into the market. We will continue to increase recruiting in the future, but at a more moderate rate than the 20% annual growth of 2000 through 2002. As we know, that growth proved to be problematic, and we do not want a repeat of 2003. We want to provide a strong training program to help ensure that new recruits succeed.

We strengthened our training of new associates and new coordinators in 2003. For instance, we introduced *AFLAC University* and our LEASE training program nationwide. Warren Steele's presentation, which begins on page 52, goes into greater detail about these programs to show how they have strengthened our training. The LEASE program is important because it focuses our agents on selling at smaller businesses where associates are more likely to be successful. It also allows us to monitor the number of times we call on businesses.

The final key to growing our business is to open new payroll accounts. This is critical to our business because AFLAC's marketing efforts are almost exclusively focused on the payroll market in the United States. In fact, 98.7% of the policies issued by AFLAC U.S. were on a payroll-deduction basis last year.

AFLAC Payroll Accounts



AFLAC U.S. Payroll Product Line

- **Cancer**
- **Intensive care**
- **Accident/disability**
- **Short-term disability**
- **Hospital indemnity**
- **Group term life**
- **Individual payroll life**
- **Payroll long-term care**
- **Specified event**
- **Fixed-benefit dental**
- **Personal sickness indemnity**

We continue to see good growth in the number of new payroll accounts. In 2003 we had a net increase of more than 40,000 payroll accounts. At the end of March 2004, the number of AFLAC's payroll accounts exceeded 294,000, which is nearly three times the number of payroll accounts we had just 10 years ago. But with our penetration rate of businesses with fewer than 500 workers at only 5%, I expect to see payroll account growth for many years to come.

Our focus on smaller businesses is not new. AFLAC's strength has always been in providing employers and employees at smaller businesses with the same valuable products and services that are usually associated with larger firms. But with the success of the AFLAC Duck and some very large businesses that we have enrolled in recent years, I am convinced that some members of our sales force have probably been too focused on large accounts. And that is not our primary market. Don't get me wrong. We will vigorously pursue the large account market. However, that needs to be coordinated by our veteran sales associates with the help of our sales management. For the majority of our sales force, their efforts will continue to be most effective in the small-business market.

Since starting in my new position in October 2003, my approach has been to get us back to the basics that made us so strong. We are also putting every level of sales management back through training to get them back to the basics. For us to maintain 12% to 15% annual sales growth for years to come, we must stay focused on the four areas I just discussed. By doing so, we are building our foundation for the future. And when you build the foundation, you will almost always achieve your sales growth.

I monitor and measure these indicators every week, month and quarter. We will make sure that our people are achieving these objectives and will promote only those individuals who will reach these objectives. By frequently monitoring key indicators, we will be better able to determine if we need to make changes to avoid sales slumps.

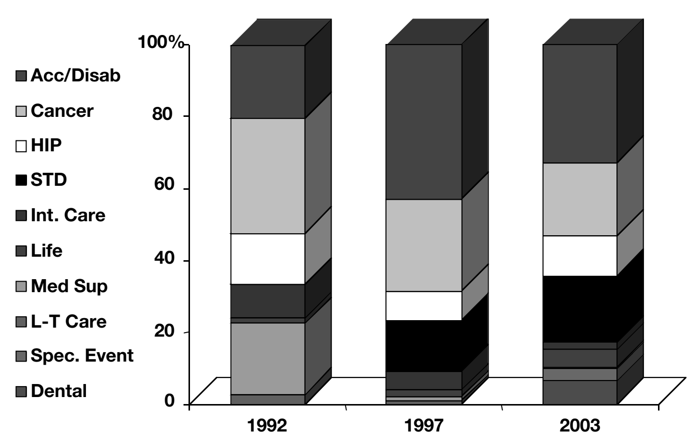
Our focus on these four areas has not taken away from the area of product broadening, which, as you know, is one of the many competitive strengths of our company.

We offer a variety of affordable insurance products that meet varying consumers' needs. But just as sales coordinator expansion is ongoing, so is product line broadening. Product line expansion is a bottom-up process. We regularly survey our field force to assess what consumers want and need. As we determine which products should be developed based on the input from our field force, we put together a product development advisory team to develop the product. This team is made up of our field force and various departments from our worldwide headquarters.

When it comes to our existing product line, we are constantly looking to improve our benefits, again, to ensure that we offer products that consumers want and need. Last year, for instance, we introduced revised versions of our cancer and accident/disability products. Those product categories represent approximately 70% of our sales. We also strengthened the hospital indemnity category that has sold very well, and we are in the process of revising our popular fixed-benefit dental product.

We are also introducing direct rates on SmartApp to enable us to capture microaccounts, or those businesses with fewer than five employees. This is virtually an untapped market, and we see tremendous growth opportunity. The number of businesses with fewer than five employees represents the largest category of businesses in the United States. We truly are excited about this market opportunity.

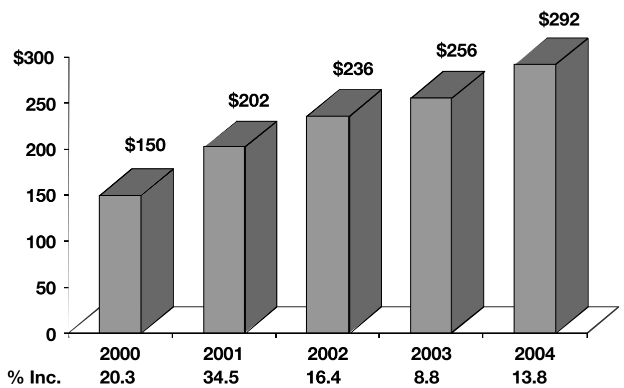
New Sales Product Mix



Product broadening has significantly changed our mix of new sales. For example, as recently as 1992, about 20% of our new sales came from Medicare supplement, a product we no longer market. Cancer expense insurance, which once dominated our new sales, made up less than a third of new business in 1992. Today, it represents about 20% of new annualized premium sales. The success of product broadening can clearly be seen through the growth of the accident/disability line, which has been our best-selling product category for 10 consecutive years. The accident/disability product category became our number one product in terms of in-force premiums in 2000. At the same time, our supplemental life plans, specified event, and fixed-benefit dental coverage have significantly impacted our mix even though they have been sold for only a short time.

First-Quarter New Annualized Premium Sales

(In Millions)



I am convinced that the many changes we have made to our business are already paying off. During the first quarter of 2004, new sales increased by 13.8%, compared with the first quarter in 2003. That growth was a continuation of the improved sales growth that began in the fourth quarter of 2003.

Top-Producing States

(First Quarter 2004)

Sales Ranking		Sales (Millions)	Percentage Increase
1	Texas	$26	17.3%
2	Florida	21	6.4
3	California	19	8.3
4	Georgia	16	21.9
5	Michigan	12	18.0
6	North Carolina	11	6.5
7	Pennsylvania	11	12.8
8	Ohio	11	11.8
9	New York	10	16.9
10	Illinois	9	(4.3)

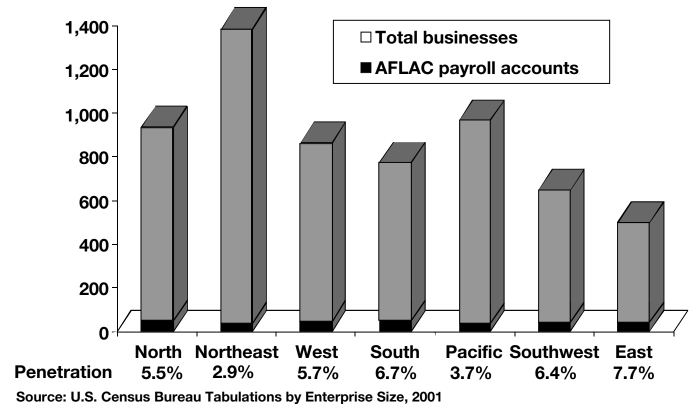
And the improvement in sales this year has been broad-based. Six of our top 10 states produced strong double-digit growth during the first quarter of 2004. You'll note that states like Texas and Michigan, both of which had sales declines in 2003, have recovered nicely. And I don't for a minute believe that our strong first-quarter results are a fluke. Instead, I believe this is the start of a trend based on the competitive strengths of our sales force and product line, combined with the opportunities we see in the marketplace.

Opportunities for Growth

We believe that rising health care costs, which tend to increase out-of-pocket expenses for consumers, will continue to drive the need for our products. And as I discussed, our focus on coordinator expansion, recruiting, training and product broadening should help us meet that growing need.

Penetration by Sales Territory

(In Thousands)



In looking at the number of AFLAC payroll accounts as a percentage of total firms by territory, it's obvious that we have just scratched the surface of the U.S. market. The Northeast Territory has a penetration rate of just 2.9%, while the Pacific Territory is at 3.7%. Even in the most penetrated areas of the country, the South and the East territories, there are more than one million firms that our sales force can approach.

AFLAC U.S. 2004 Objectives

- **Increase recruiting 10%**
- **Adequately train new associates and coordinators**
- **Increase new annualized premium sales 10% to 12%**

In my 20 years with the company, it has been proven that if you stay focused on recruiting and training, you will reach your sales objectives. Even though recruiting was down in the first quarter of 2004, I am pushing our coordinators to increase recruiting 10% for the full year. We will also continue to ensure that our sales force receives the training it needs to be effective in the field. We will continue to look at training through *AFLAC University*, LEASE and the other training methods we currently have in place. On an ongoing basis, we will retrain our associates along with our sales management team. By doing so, I believe we will be able to achieve our target of 10% to 12% growth in new sales this year.

It is my belief that our best years are ahead of us. We have the right products and people, and a good strategic plan to penetrate the market potential.

AFLAC U.S. Payroll Product Line

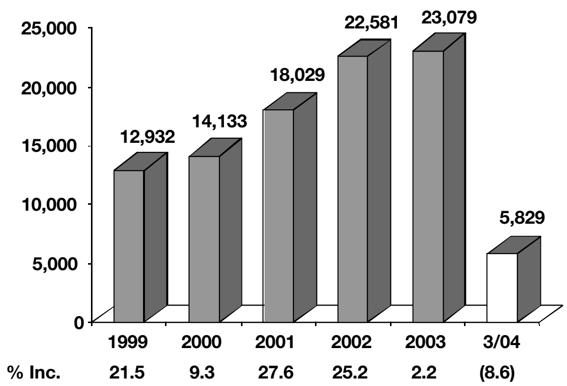
	Benefit Amounts	Monthly Premium Rates (Payroll)
		Individual/Family
Accident/Sickness/Disability		
Accident emergency treatment	$120/$70	$15.90 - $49.60
Initial accident hospitalization	$1,000 - $2,000	
Accidental-death	$5,000 - $150,000	
Accident specific-sum injuries	$25 - $12,500	
Accident hospital confinement	$200 - $250/day	
Accident Rehabilitation Confinement	$150 - $200/year	$200/day
Intensive care	$400/day	
Wellness	$60/year	
Major diagnostic exams	$150 - $200/year	
Initial Accident Hospitalization	$1,000 - $2,000	
Sickness Indemnity Plan		
Physician's Visit (payable for accident, sickness, or wellness)	$15 - $25/visit 3/8 visits/year	$19 - $105.90
The following benefits are payable for sickness only:		
Hospital Confinement	$50 - $200/day	
Initial Hospitalization	$250	
Diagnostic Exams	$150/year	
Surgical Schedule	$100 - $2,000/year	
Long-Term Care		
First Occurrence	$1,800 - $6,000	$8.40 - $278
Nursing Home Daily Benefit	$60 - $200/day	
Assisted Living Daily Benefit	$48 - $160/day	
Home Health Care Daily Benefit	$30 - $100/day	
(Benefit periods vary)		
Cancer Indemnity		
Wellness benefit	$40 - $75/year	$18.70 - $55.90
First-occurrence benefit	$1,500 - $5,000 ($2,250 - $7,500 children)	
Hospital confinement	$200 - $300/day	
Radiation/chemotherapy	$200 - $300	
National cancer institute (evaluation/consultation)	$500	
Stem cell transplantation	$2,500 - $5,000	
Immunotherapy	$300 - $500	
Medical imaging	$100 - $200	
Critical Illness		
Covers: heart attack, stroke, coronary artery bypass surgery, coma, paralysis, major third-degree burns, end-stage renal failure, major human organ transplant		
First occurrence	$2,000 - $5,000	$5.50 - $66.90
Reoccurrence	$1,000 - $2,500	
Hospitalization	$200 - $300/day	
Continuing care	$100/day	
Ambulance, lodging, transportation		
Short-Term Disability		
Disability benefits for sickness and off-the-job injury	$500 - $3,000	$10.50 - $282
Elimination periods 0-180 days. Benefit periods 3-24 months		
(group guaranteed issue benefit option)		
Hospital Indemnity Plan		
Hospital confinement	$50 - $400/day	$12.20 - $86.90
Surgical	$50 - $1,000	$35 (average)
Heart attack/stroke	$500 - $2,000	
Wellness	$50/year	
Initial hospitalization (rider)	$250 or $500	
Payroll Life		
Whole life face amounts	$10,000 - $50,000	$31.05 (average)
10-year term face amounts	$12,500 - $100,000	
Accelerated death benefit		
Waiver of premium		
Dependent coverage available, optional accidental-death benefit rider		
Simplified-issue, rates guaranteed		
Hospital Intensive Care		
Hospital intensive care unit	$600 (days 1-7) $1,000 (days 8-15)	$8.70 - $15.96
Sub-acute intensive care unit benefit	$250/day	
Organ transplant	$25,000	
Dental		
Dental Wellness (Preventive)	$25-$75/year	$18.90 - Individual (Level I)
Scheduled benefits	$10 - $950	$109.30 - Two-parent family (Level 8)

Field Force Development

Warren B. Steele II
Senior Vice President;
Assistant Director of Marketing

AFLAC's distribution model uses independent agents to solicit business. This method has been successful over the years as evidenced by our exceptional sales growth. However, you tend to have less control and greater turnover in the independent agent model, compared with a salaried distribution system. And while there is no magic formula for determining who will be a successful AFLAC sales associate, we believe our distribution approach attracts goal-oriented, self-motivated salespeople who realize that they can be extremely successful if they work hard.

Recruited Sales Associates

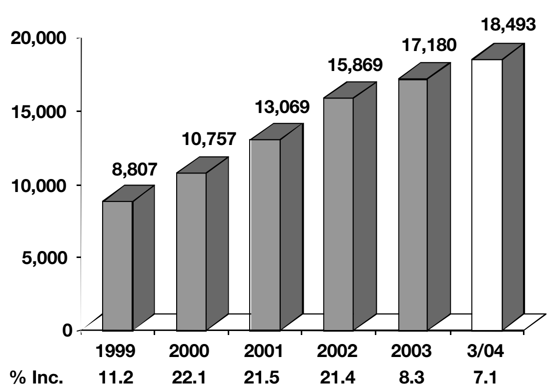


We had incredible recruiting growth from 2000 through 2002. Going forward, we feel that to grow our sales 12% to 15% annually for the next several years, we need to increase the number of newly recruited agents by roughly 8% to 12% each year. That means that our goal for 2004 is to recruit around 25,000 new agents. Through the first quarter we have recruited 5,800 new associates.

Following a slowdown in sales and new associate growth in the fourth quarter of 2002, we initially urged our field management to increase recruiting at the start of 2003. And we recruited nearly 6,400 new agents during the first quarter of 2003, which was a quarterly record. However, we quickly realized that we first needed to increase our sales force management to accommodate our larger sales force. As a result, we backed off from recruiting and focused more on coordinator expansion.

Number of Producing Sales Associates

(Monthly Average)



Although we certainly need to continue our recruiting activities, we believe that the number of producing agents, rather than the number of recruits, is a better indicator of our field force's performance. The monthly average number of producing sales associates increased 7.1% in the first quarter, which is an improvement over the second half of 2003.

First-Quarter Sales Force Data

	2003	2004	% Inc.
Licensed associates	55,356	57,670	4.2%
Total producers	24,485	26,404	7.8
New producers*	1,428	1,663	16.5
Fast Start qualifiers**	693	869	25.4

*New associates producing $3,500 of new annualized premium in first 52 weeks

**New associates producing $7,500 of new annualized premium in first 5 weeks

This chart suggests that recruiting is just one aspect of distribution expansion. Even though recruiting was down in the quarter, the number of licensed agents increased over the prior year. And the total number of producing sales associates in the first quarter exceeded 26,000, which was higher than the entire year of 2000. In addition, we assess the productivity of our new agents and the success of some of our training programs and initiatives by looking at other measures. For instance, the number of new producers, or those who have written $3,500 of new annualized premium in their first year, rose 16.5% in the first quarter of 2004. By comparison, that number was down 21.9% in the first quarter of 2003.

We also closely monitor the number of Fast Start qualifiers. New sales associates become Fast Start qualifiers if they write $7,500 in new premium, which represents approximately 20 to 25 policies, during their first five weeks as associates. During the first quarter, the number of Fast Start qualifiers were up 25.4%, which compares with a 9.7% decline a year ago. That our producing associates, new producers, and Fast Start qualifiers show solid growth at a time when recruiting is down, is an indication that our new agents are becoming more productive.

Training Initiatives

- ***AFLAC University***
- **LEASE training**
- **Direct rates for payroll products**

We also believe that three recent training initiatives are having an impact on the productivity of our field force. First is AFLAC University, a comprehensive online training program. Second is LEASE, which is a field training program that focuses new agents on small accounts. And third is the introduction of direct rates for a variety of our products. Writing direct business allows new associates to sell without having to open new payroll accounts.

We believe these three initiatives can increase our agents' productivity and, ultimately, help recruiting by demonstrating to potential recruits that new agents can be successful quickly. Fifty-two percent of our recruits say they chose AFLAC because of recommendations from a family member, friend, or other AFLAC associate. We expect the number of referrals and, therefore, the number of recruits to increase as we have more successful agents.

System elevated to production on 8/8/03

Let me talk a bit more about our training programs, beginning with *AFLAC University*, which we expanded in April 2004 to include our School of Leadership, a coordinator section of *AFLAC University*.

AFLAC University Features

- **A 24/7 online training resource**
  - **Complete core curriculum**
  - **Numerous sales guides and related information**
  - **60+ online courses**
  - **Ability for student to take tests and view transcript**
- **Certification programs**

AFLAC University is a one-stop training resource that is available to our coordinators and sales associates 24/7. *AFLAC University* has a complete curriculum that includes information on everything from AFLAC products, including sales guides, and technology, such as SmartApp, to career and personal development, such as time management. An important element of the *AFLAC University* concept is the testing feature that is available with most courses. Testing provides immediate feedback and includes explanations of incorrectly answered questions. The testing feature not only benefits student associates, it is also a good management tool for coordinators. *AFLAC University* also has certification programs.

Field Comment on *AFLAC University*

"I think we just took training to a whole new level. There isn't anything else you could possibly ask for. Our new associates have no idea how lucky they are to have all of these tools available to get started with AFLAC."

- D.W., District Sales Coordinator

We have had very positive feedback about the value of *AFLAC University* from our sales force. Since *AFLAC University's* inception in August 2003, there have been more than 100,000 hits on its website and more than 14,000 courses viewed.

Coordinator Accreditation

- **Revising district coordinator accreditation program**
- **New regional coordinator accreditation program**
- **Instruction for both programs includes the following topics:**
  - **Orientation, education and field training, recruiting, planning, organizing, time management, coaching, counseling, communication, leadership, and bonus systems**

In addition to training at *AFLAC University*, we are also revising our Coordinator Accreditation Program (CAP) for district sales coordinators and regional sales coordinators. CAP provides training on many topics to help coordinators become better managers.

LEASE

Larger Earnings by Acquiring Smaller Employers

LEASE, which stands for Larger Earnings by Acquiring Smaller Employers, is new training program developed by one of our state coordinators in the Northeast Territory with assistance from our marketing department. It is a detailed, step-by-step program that helps new associates generate earnings more quickly.

AFLAC's LEASE Program

- **Introduced within Northeast Territory in 1999**
- **Nationwide rollout in December 2003**
- **70% of state organizations currently using LEASE**
- **Benefits include:**
  - **Easy and quick-to-learn process**
  - **New associates become independent sooner**
  - **Immediate feedback and reinforcement**

Following its introduction in 1999, other states within the Northeast Territory implemented LEASE. By the middle of 2003, several states outside the Northeast were asking the developer of LEASE to train their field force. Other states were asking for this training program because the Northeast Territory's increases in recruiting, first-year associate contest winners, and the number of new payroll accounts were significantly higher than the rest of the nation. We rolled LEASE out nationally toward the end of last year. Currently, 70% of our 85 state organizations are using the LEASE program. Many of the remaining states are using programs similar to LEASE. We will be monitoring their results compared to those using LEASE.

LEASE focuses an associate's attention on smaller accounts, primarily those with fewer than 20 workers, because they typically don't have rich benefit packages. In addition, there are fewer obstacles in getting to the decision-maker and making a sale. We believe that calling on smaller accounts will increase the likelihood of a new associate's success. That should lead to better sales growth and agent retention.

During improved sales school, which is three to five days for most state organizations, new recruits go into the market to hone their skills on setting appointments at small businesses. As part of the training, they list businesses they are familiar with or that they do business with. They are then asked to set an appointment with that employer to discuss our products. With new agents making appointments on their own, district coordinators are free to do other things. For example, the district coordinator can follow up on appointments and secure authorizations from accounts rather than spend time helping new associates make appointments or call on businesses.

Another benefit of LEASE training is that associates get immediate feedback. New associates are able to return to the classroom after a day in the field, share their results, hear comments from the other trainees, and get feedback on how they did. Reinforcing what they have done and sharing experiences with other new associates and trainees are powerful tools that can encourage and motivate new associates to stick with their new careers.

Although it's a bit too early to draw definite conclusions, early indications suggest that LEASE is leading to a significant increase in activity of these new agents. District coordinators and state trainers say they are excited and inspired by the activity that this process is creating. And we believe it's likely that LEASE is benefiting the new producer and Fast Start numbers I shared with you earlier. We believe that by the end of this year, we will be able to report that those state organizations that are using LEASE training are opening more accounts and are having better retention and better productivity from new associates.

Direct Rates on SmartApp

- **Cancer**
- **Accident**
- **Dental**
- **Hospital Indemnity**
- **Personal Sickness Indemnity**
- **Specified Health Event**

Another program that we believe will help train new associates and get them off to a quick start is selling direct-rate business on SmartApp. In March 2004 we introduced direct-rate products on a COD basis in five states. In addition to cancer and accident insurance, we now have direct rates for our dental product; hospital indemnity plans, which include personal sickness indemnity; and our specified health event policy, which is AFLAC's version of a critical illness product.

Of the six million small businesses in the United States, three million have fewer than five employees. That market has been difficult for us to penetrate from a payroll deduction standpoint because most state insurance regulations require that at least three individuals must purchase a product before they can receive the payroll rate discount, or the franchise rate. Therefore, our agents have had to walk away from many very small businesses. This initiative will also help us reach association members, credit union members, sole proprietors, and independent 1099 individuals.

We believe that making multiple products with direct rates available on SmartApp opens up a large part of the small business market for our 57,000 licensed agents. It also allows new agents to write direct policies to generate income when they are new in the business and not as accomplished at opening up accounts. Although it's too early to determine the actual impact of direct rates, I can tell you that our field force is excited about having this new training and market development tool. We have 20 more states scheduled for introduction through the end of July 2004 and expect to have the majority of states introduced by the end of 2004.

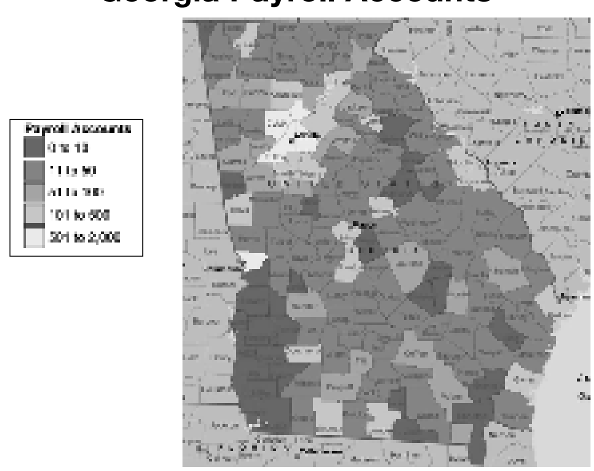
Recruits by County

	Number of Counties	% of Total
Zero	**1,089**	**33.7%**
One	**615**	**19.0**
Two	**348**	**10.8**
More than two	**1,177**	**36.5**
Total	**3,229**	**100.0%**

(2003)

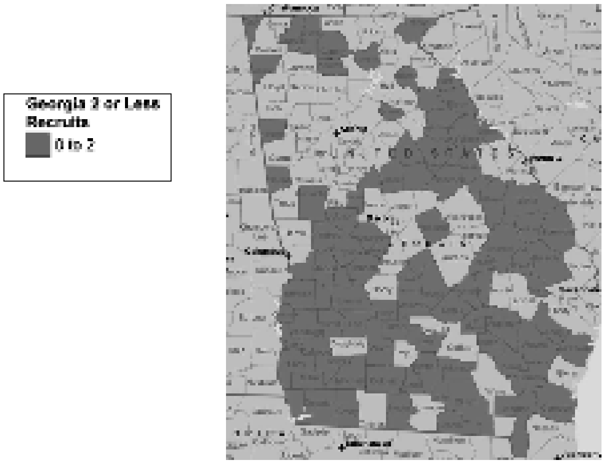
As we look ahead, we believe there is ample opportunity to expand our sales force. And we believe we have the programs in place to see that our new sales associates are adequately trained. The locations of our regional offices tends to be the centers of activity in terms of where the majority of recruits come from and where the majority of payroll accounts are written. That being said, I think it's noteworthy that a total of 2,052 counties, or 63.5% of all U.S. counties, had two or fewer recruits in 2003, which suggests the potential we see for growing our distribution system.

Georgia Payroll Accounts



Even in Georgia, where our headquarters is located, we see potential for strong growth. Although Georgia is our most penetrated state, counties with fewer than 100 payroll accounts dominate the state. Only the counties of metro Atlanta and Muscogee County (Columbus) have more than 500 accounts each.

Georgia Recruits



The number of accounts in a county is affected by the number of sales associates in that county. The counties in Georgia that had fewer payroll accounts had fewer recruits as well. We are using mapping software across the country to help our field management identify underpenetrated counties on an account basis and a recruit basis. By doing so, they can focus recruiting efforts in more rural areas where we do not have a presence. We think this strategy will allow us to better target areas that need recruits so we can help the states manage their growth beyond where existing sales offices are located.

We are excited about the opportunities ahead of us. Although we are the largest player in the voluntary worksite market, we see a lot of potential for us to grow the market, expand our market share, and increase our penetration.

Operations of a State Sales Coordinator

Paul S. Amos II
State Sales Coordinator, Georgia North

In this presentation, I'll discuss the day-to-day focus of the state sales coordinator position.

SSC Focus

- **Recruiting**
- **Training**
- **New accounts**
- **Coordinator expansion**
- **Communication**
- **Production**

There are six key areas where SSCs place 90% of their attention. These areas include recruiting, training, gaining new accounts, coordinator expansion, communication, and increased production. State sales coordinators have quite a bit of autonomy, so keep in mind that my approach and tactics might be different than those of SSCs in other states. Let me begin with recruiting, which is the key indicator for Georgia North.

Recruiting

- **812 Recruits in 2003**
  - **#1 in AFLAC**
- **60/40 Career to Broker**
  - **Shifting focus to more career associates**
  - **Emphasizing full-time commitment**

Our team led AFLAC in 2003 with 812 new recruits. We are targeting a minimum of a 20% increase this year, but our focus has shifted. Of the 812 new associates in 2003, about 40% were brokers rather than career AFLAC associates. An analysis of Georgia North has shown that while brokers are important to our business, they do not produce at the same level as new associates. Although we will continue to recruit brokers in 2004, our coordinators are now specifically held accountable for the number of career people they contract.

One of my first initiatives after joining Georgia North was to institute better tracking procedures to identify any activity that was negatively impacting our organization. One issue we found related to the number of part-time associates we were hiring. Although we certainly permit part-time sales associates, it's clear that they can monopolize a vital coordinator resource – field training time. As a result, we are now focusing our coordinators on recruiting more full-time people and are allocating more of our training resources to full-time associates.

As an SSC, I am responsible for where we are recruiting and whom we need to be recruiting. From semiannual statewide events to monthly regional opportunity nights to career fairs, my focus is to increase recruiting activity and the quality of our recruits. While recruiting is the key indicator for Georgia North, it must be paired with an equally strong training program.

Training

- **LEASE Program**
  - **Associate Level 1 Training Sequence (10 weeks)**
  - **11 cycles per year**
- **Coordinator Training**

Training has always been important, but we are focusing even more attention on our training system this year. Georgia North adopted the LEASE program in January 2004. Even though our state employs two full-time trainers, I have personally overseen and taught this new system to our coordinators and new associates. LEASE is a simple, easily transferable program that focuses on businesses with 20 or less employees. LEASE is a great program for us because it is estimated that nearly 90% of the businesses in Georgia North have between one and 19 employees.

The first 10 weeks of an associate's career with Georgia North are spent in the Associate Level 1 Training Sequence. This sequence, which is offered 11 times annually, combines a series of different classroom-based modules with field training and administrative training. By balancing these training activities, associates are better prepared for what they will encounter in the field. There is a direct correlation between the time it takes for an associate to write the first piece of business, thus getting paid, and the time when he or she begins looking for another job. By focusing on businesses with 20 or fewer employees, the LEASE program, with its field-tested scripts, has dramatically increased the speed at which associates begin writing business.

Writing Associates

- **Prior to LEASE: 24% of new associates produce business within the first 30 days**
- **With LEASE: 58% of new associates produce business within the first 30 days**

Before we implemented LEASE, about 24% of new associates wrote business within the first 30 days of becoming an AFLAC agent. After implementing LEASE, that percentage rose to 58%. This increase has naturally led to a much higher retention rate, as well as more independent associates. It is vital for associates to become independent so that coordinators can begin to train newer people.

In addition to new associate training, we have launched several coordinator training initiatives. Through field observation and coordinator surveys, we learned that our coordinators did not have the time or resources to grow themselves effectively. Consequently, we have added bi-annual three-day educational conferences, monthly training seminars, and monthly lunch and learn meetings, in addition to strengthening our Coordinator in Training Program. Over the past year, these changes have increased coordinator confidence, while lowering the number of administrative problems.

New Accounts

- **1,617 new accounts in 2003**
- **LEASE program**
  - **Small-market focus**
  - **New account goal for 2004: 3,000**
- **652 new accounts in first quarter**

By focusing on businesses with 20 or fewer employees, the number of new accounts written this year has gone up 78.6%. Our data shows that the small-employer market provides workers with the lowest level of benefits, and these businesses are the most negatively affected by turnover and training costs. By providing increased benefits at no cost to the employer, the employee feels better appreciated, and is thus less likely to leave for another job. Providing these benefits results in a win-win situation for AFLAC and the small employer.

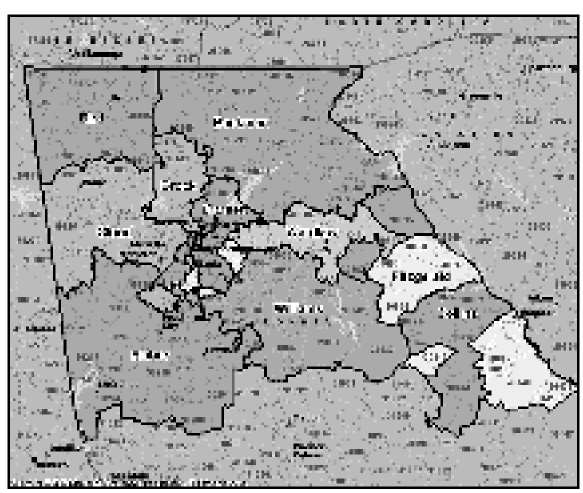
It is also a state sales coordinator's job to ensure that large accounts are handled effectively. From the very beginning, accounts with more than 500 employees require a different level of attention. Very few sales associates write large, multiple-location accounts. Instead, it usually requires more senior field management to provide knowledge and experience in helping to manage these larger accounts.

Coordinator Expansion

- **284 writing associates vs. 241 in 2003**
- **29 CITs in 2004 vs. 24 in 2003**
- **12 RSCs in 2004 vs. 7 RSCs in 2003**
- **71 DSCs in 2004 vs. 40 DSCs in 2003**
- **Target geographic markets/coordinator expansion**

While AFLAC grew at double-digit rates in terms of sales and new recruits over the past five years, our coordinator base did not grow at the same pace. Georgia North was no exception to that problem. In 2003, coordinator expansion was the key focus for our team. The number of regional sales coordinators rose from seven to 12, with seven being new to the regional coordinator position. Additionally, we expanded the number of district sales coordinators from 40 to 71. The 78% increase in DSCs created a ripple effect in terms of recruiting, training, and getting new accounts.

Georgia North Regional Areas



In looking at our market, Georgia North is made up of 87 counties, including the 19 counties of the metro Atlanta area, as well as the cities of Augusta, Athens and Dalton. We conducted a study of the demographics and geography of our area to guide many of the choices we made for coordinator expansion. While we do not have strictly defined boundaries as seen in the preceding chart, we have charged our new coordinators with growing these underdeveloped markets.

Coordinator Office Locations

This chart shows the locations of our coordinators' offices. The Atlanta Metro area obviously dominates, but we are seeing consistent expansion into the outlying areas through this initiative.

Communication

- **GA/N communication system**
- **Contests**
- **Newsletter**
- **Web site**
- **Reports**
- **Calendar**

As a state sales coordinator, I must keep the score and communicate the score. We know that as long as activity stays high, production will follow, and we therefore use a communication system that tracks activity rather than sales results. This system gives each level of management a snapshot of its organization, which can be used to quickly assess problem areas, as well as reward hard work. We also communicate to all levels of the field force hierarchy through a newsletter, website, contest reports, and accountability reports. The most important form of communication, however, is person-to-person. We strive to communicate daily among our entire team.

As in any commission-based sales organization, communication and administration of contests are important to the organization's success. We are running nine separate contests this year that vary from winner-take-all prizes to trips to such places as Puerto Rico, Seattle, and the Ritz Carlton at Lake Oconee.

Production

- **Gross production**
  - **#2 in AFLAC**
  - **#1 in the South**
- **New associate premium**
  - **78% increase**

Production is the one area that tends to get the most attention, yet it is the one over which we have the least amount of direct control. However, if we effectively manage the first five areas I mentioned, then production should not be an issue. We do manage production in terms of goal-setting and communication to the team, but a greater focus is given to what drives the numbers. For example, we place a strong emphasis on new associate premium, which is premium written by associates with less than 12 months service. While it can be slightly misleading at times, I believe it is a great indicator of where our organization is headed six to eight months down the road. I am proud to say our new associate premium is up 78%.

Although each of the 85 AFLAC state organizations may have its own unique market characteristics, I believe you will find that Georgia North's focus on six key areas is common throughout AFLAC. I think that you would also find that our 84 other state sales coordinators are enthusiastic about the opportunities for growth in their markets. There is no doubt that the estimated 223,000 businesses employing more than 2.5 million workers in Georgia North is a huge market. And I am very excited about our potential for tapping into that market.

AFLAC U.S. Investments

Mary Ellen Keim
Second Vice President, Fixed Income Investments

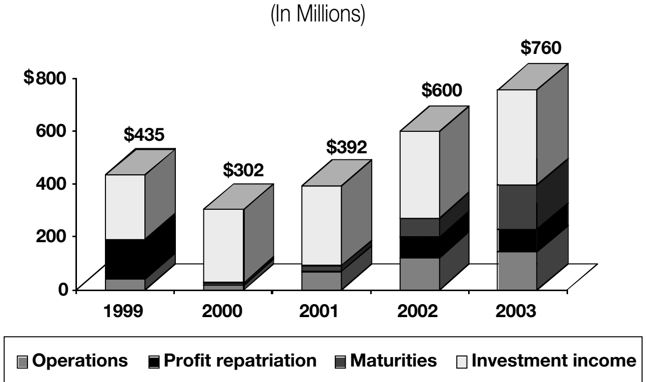
AFLAC's 2003 annual report theme of "honing our edge" perfectly describes what we do in the investment department. We continually hone our edge because markets continue to change and available investment vehicles continue to evolve. It is critical for us to remain aware of the changing environment and to adapt to that environment without getting caught up in the hype. By doing so, we have retained our focus on a conservative investment philosophy, while at the same time, fine-tuning our approach.

History has shown that our investment approach has been successful. But our success has not come without challenges, and that was certainly true in 2003. Interest rates were at historic lows, and as the year progressed, credit spreads tightened to unprecedented levels. The new issuance market was light, especially in long-dated investment grade instruments. Despite this backdrop, AFLAC's U.S. portfolio performed well. Investment income increased by 9.3%, and on a total return basis, the portfolio far outdistanced comparable indices.

Despite a challenging investing environment, we continued on course and did not stray from our investment objectives and goals. As we have said before, companies that find themselves in trouble are typically those that have altered the way they invest funds. While there are always bumps in the road, prudent portfolio management makes it much easier to navigate those bumps. We feel we have demonstrated such prudence and we believe that is our competitive edge in the investment universe.

Cash Flow to Investments*

(In Millions)

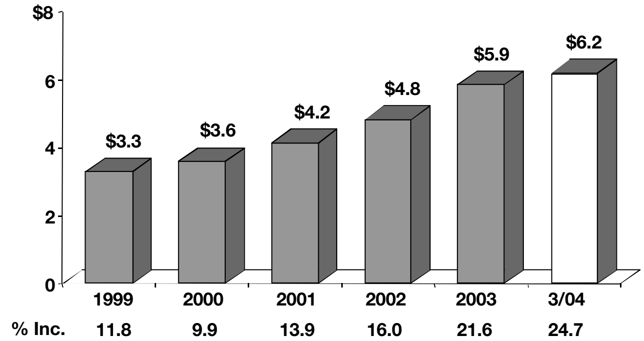


*Excludes AFLAC New York

The U.S. portfolio has been receiving larger cash flows over the past few years. Cash flow from operations was $145 million in 2003, $119 million in 2002, $67 million in 2001, and $12 million in 2000. These larger cash flows are a result of a larger renewal base in the United States. However, the greatest portion of investable cash is still self-generated through investment income and bond swaps. The bond swap portion has decreased over the last couple of years because of the lower interest rate environment. As interest rates rise, bond swaps will increase as lower yields are replaced in the portfolio.

AFLAC U.S. Investments and Cash

(In Billions, at Fair Value)



The growth of total investments and cash has been influenced by the factors that impact cash flow to investments. In addition, because this chart is shown at fair value, interest rate levels have magnified the growth of the invested asset base. However, on an original amortized cost basis, total investments and cash have still grown at a strong rate. In 2003 for example, total investments and cash grew at 16.9% on a cost basis.

AFLAC U.S. Portfolio Composition*

(Excluding Affiliates, in Millions)

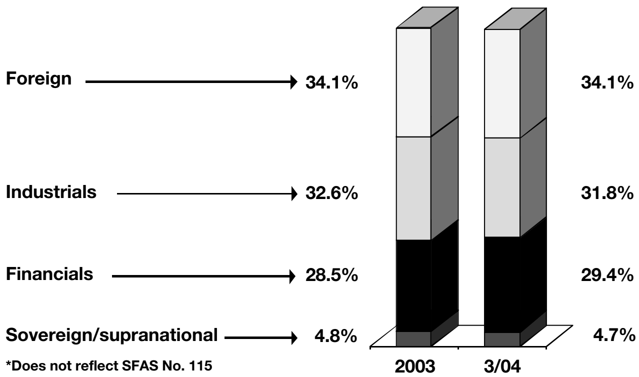
	2003	% of Total	3/04	% of Total
U.S. Treas./Agen.	$ 282	5.3%	$ 300	5.4%
Corporate bonds	4,807	90.4	4,918	89.4
Total bonds	5,089	95.7	5,218	94.8
Common stocks	1		1	—
Cash & cash equiv.	228	4.3	283	5.2
Other	1	—	1	—
Total inv. & cash	$5,319	100.0%	$5,503	100.0%

*Does not reflect SFAS No. 115

Corporate bonds remain our largest asset class. We decided in 2003 to eliminate stocks from our portfolio mix, and we dropped mortgage loans several years ago. We made those decisions because these two asset classes no longer achieved our desired goals. Our holdings of corporate bonds primarily comprise high-coupon, high-quality bonds, and represent 90.4% of the portfolio. The yield to worst on the portfolio, which reflects callable securities, was 7.56% at the end of the year and 7.52% at the end of the first quarter. This compares to a yield of 7.98% at the end of 2002. The decline in this yield resulted from lower market interest rates. Callable bonds made up 27.6% of the portfolio at the end of March 2004, and of those bonds, 37.5% had make-whole call provisions. We believe these bonds are unlikely to be called because of the prohibitive provisions in the make-whole call.

Corporate Sector Bond Holdings

(Percentage Composition)



The breakdown of our corporate bond holdings shows foreign bonds to be the largest asset sector, followed by industrials. As interest rates continued to decline throughout 2003, we invested 10.6% of new money in 2003 and 20.9% during the first quarter of 2004, in short average life agency CMOs. We undertook this strategy to park money in a low-interest-rate-environment with the intention of swapping as rates rise. We were able to invest at attractive levels in these "AAA" rated securities. We will closely monitor our CMO holdings and will execute swaps at the appropriate time to alleviate extension risk.

Largest Investment Concentrations

(March 31, 2004, in Millions)

		Rating Category
Ford Motor Company	$ 81	BBB
Sun Life Canada	72	A
Sparebanken Nord Norge	60	BBB
Royal Bank of Scotland	60	A
Development Bank of Singapore	57	AA
France Telecom	55	BBB
National Rural Utilities	54	A
Metlife	53	A
Abbey National	53	A
United Utilities	53	A

This chart shows a list of our largest investment concentrations. Ford Motor Credit is our largest holding, which represented 1.6% of the total portfolio at the end of the quarter. Even under the most ardent portfolio guidelines, this is still a very small position. While Ford has been under scrutiny in recent years, we are still very confident about this holding and own it at very attractive levels. Of the top 10 largest holdings, only three were rated "BBB" at the end of the first quarter. Those included Ford Motor; Sparebanken Nord Norge, a Norwegian bank with a senior debt rating of "A3"; and France Telecom. France Telecom is rated "Baa2/BBB+" with a positive outlook from both rating services. It also carries a coupon step-up in the event of a downgrade. The step-up clause came into effect during the most recent credit cycle and has since reversed itself.

Bond Ratings

	2002	2003	3/04
AAA	2.5%	6.8%	6.9%
AA	11.4	9.4	8.9
A	50.3	49.7	52.5
BBB	32.1	30.8	28.9
BB or lower	3.7	3.3	2.8
Total	100.0%	100.0%	100.0%

The overall credit quality of the portfolio remained "A" at the end of 2003 and at the end of the first quarter of 2004. Our greatest credit concentration is in "A" rated securities, followed by "BBB." You'll note that our "BBB" holdings have declined steadily and were 30.8% of debt securities at the end of the year.

BBB Holdings

(March 31, 2004)

	Amount In Millions	% of BBB Category	% of Total Portfolio
BBB+	$ 763	51.4%	14.9%
BBB	599	40.4	11.7
BBB-	121	8.2	2.3
Total	$1,483	100.0%	28.9%

Because the credit cycles over the past couple of years have produced so many fallen angels, I will discuss our "BBB" holdings in a little more detail. At the end of the first quarter of 2004, "BBB" securities further declined as a percentage of the U.S. portfolio to 28.9%. Of that, 51.4% were "BBB+", 40.4% were "BBB," and 8.2% were rated "BBB-." It's important to note that only five names have "BBB-" ratings. Of these names, one is due to the structure of the bond, and the remaining four are due to industry difficulties and circumstances. Our credit view on all five credits is stable at this time.

Credit Ratings on Bond Purchases

	2002	2003	3/04
AAA	1.9%	25.4%	23.2%
AA	10.4	12.0	13.9
A	42.5	34.5	62.9
BBB	45.2	28.1	—
Total	100.0%	100.0%	100.0%

Because of the tightening of the credit spreads in 2003, we began investing less money in "BBB" securities over the course of last year. For instance, we invested only 17.8% of new money in selected "BBB" securities in the fourth quarter. We invested no new money in "BBB" securities in the first quarter. As credit spreads widen, we will re-examine this strategy to determine the most appropriate action.

Below-Investment-Grade Holdings

(March 31, 2004, in Millions)

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Legrand	$ 46	$ 46	$ —
Ahold Finance	31	33	2
Tennessee Gas Pipeline	31	31	—
IKON Office Solutions	16	20	4
Cerro Negro Finance	12	13	1
PDVSA Finance	9	9	—
Total	$145	$152	$ 7

Below-investment-grade securities have also declined compared with 2003. Because of credit spread tightening and lower interest rates, we reduced the size of our positions in several names. We sold the lower yielding securities to take advantage of the higher prices of these securities. The only security to be classified as below investment grade since last year's analyst meeting was IKON Office Solutions. This security became split-rated in 2003, and we classified it as below-investment-grade in the second quarter of 2003 because of our credit views. Based on our extensive credit work and attractive yields, we have confidence in our holdings of IKON. The average yield of below-investment-grade securities was 8.39% at March 31.

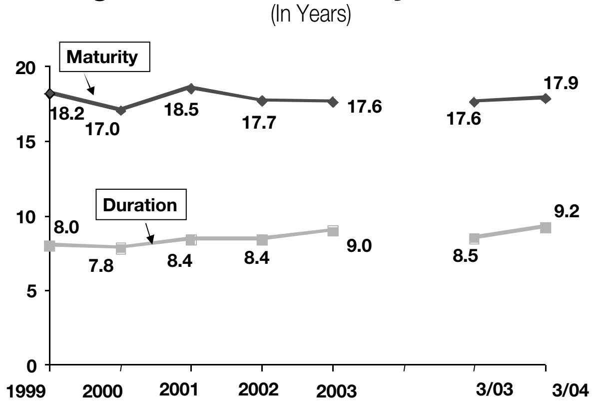
New Money Flows and Yields by Sector

	2003		3/04	
	% of Total	Yield to Worst	% of Total	Yield to Worst
Industrials	39.1%	6.32%	24.8%	5.91%
Foreign	27.2	7.03	7.9	6.37
Financials	20.6	6.74	46.4	6.10
CMOs & ABs	10.6	5.67	20.9	6.21
Agencies	2.5	5.98	—	—
Total inv. & cash	100.0%	6.52%	100.0%	6.10%

The yield to worst on our portfolio has declined over the past several years because of the overall low interest rate environment. As you know, this is an across-the-board problem for all investment money managers and we are no exception. However, I believe we have made the best of this situation and have invested our assets in securities with the lowest risk and highest reward that we could find. If interest rates continue to decline, this problem will not go away. Yet, this is where experience and prudent portfolio management comes into play. When rates begin to rise, unrealized capital gains will decline, but higher new money yields will improve the portfolio and benefit the company.

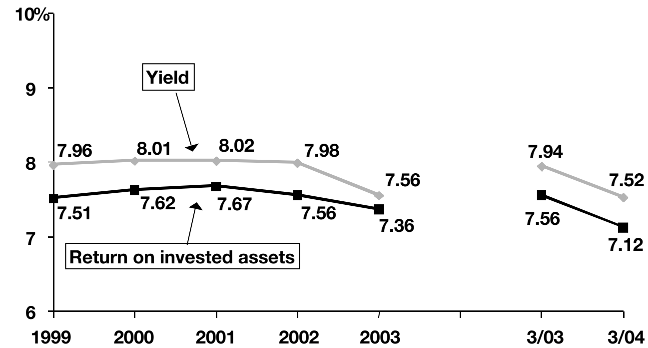
Average Portfolio Maturity and Duration

(In Years)



AFLAC U.S. has a short liability duration compared with AFLAC Japan. In addition, we have longer duration investment vehicles available in the U.S. market and the liquidity is greater as well. The average maturity of the portfolio was 17.9 years, while the duration of our assets was 9.2 years at the end of March 2004.

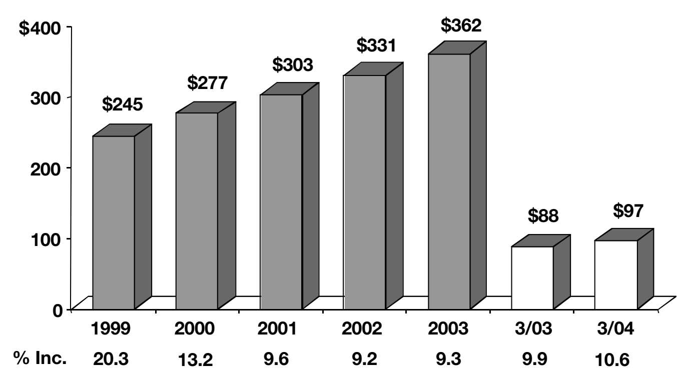
AFLAC U.S. Yield and Portfolio Return



Despite a lower-interest-rate-environment, the average yield of our fixed maturity assets has held up well. The return on average invested assets was 7.12% at the end of the first quarter, a decline of 24 basis points, compared with the full year of 2003. While the U.S. portfolio is not a total return account, an aggregate bond market index can be used to judge the performance of the portfolio. The U.S. portfolio has outperformed three major bond market indices by more than 400 basis points over the past 13 years. This was accomplished with a higher Sharpe ratio, which basically means we took on a lower level of risk but generated a higher return. Assuming a $1 million investment 13 years ago, the superior performance of the AFLAC U.S. portfolio generated a $4.4 million return, compared to a $3 million return for the best performing of the three indices.

Net Investment Income

(In Millions)



Net investment income growth has been somewhat restrained over the last few years by the low level of interest rates. Despite low rates, investment income still grew at a solid rate of 9.3% last year. During the first quarter of 2004, net investment income was up 10.6%, which was in line with our expectations for the year.

Overall, we remain very pleased with the composition and performance of the U.S. portfolio. We have taken our fiduciary responsibility very seriously in the past and will continue to do so in the future.

AFLAC U.S. Financial Results

Ralph A. Rogers, Jr.
Senior Vice President, Financial Services;
Chief Accounting Officer

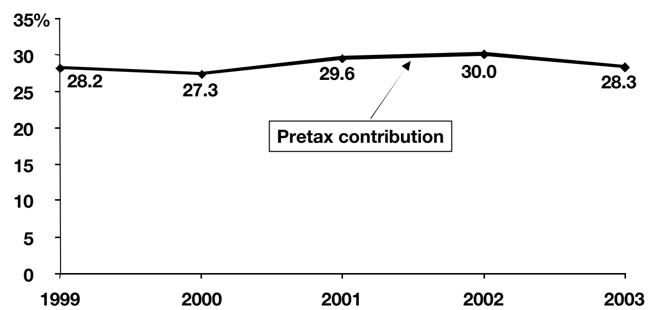
AFLAC U.S. continued to enhance its product line and to implement new technology to improve service to our customers and sales associates. Combining these efforts with discipline and a determination to achieve one major goal – providing the best products with the best service at the best price – enables us to continually build on our financial results and strengths.

Even though sales fell short of our expectations for 2003, we finished the year with a strong fourth quarter and have continued that momentum through the first quarter of 2004. Other key indicators support my statement that our performance in 2003 was strong.

Premium income was up 16.8% to $2.6 billion. Total revenues grew 15.8% to $3.0 billion. Annualized premiums in force rose 13.8% to more than $3.0 billion. Pretax operating earnings increased 12.0% to $451 million.

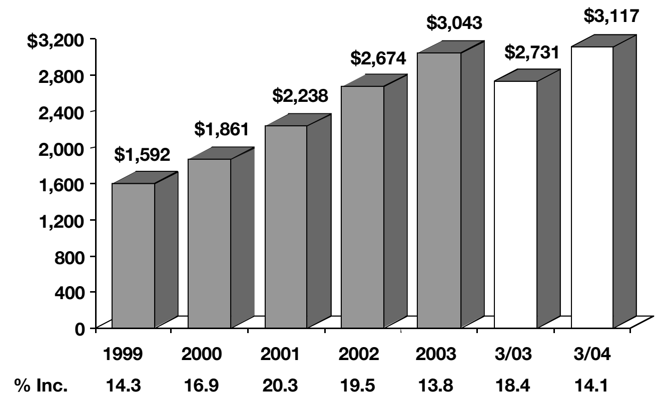
Our strong sales in 2002 drove revenue growth in 2003. Growth in revenues combined with stable expense ratios has allowed us to improve the value of our products to our customers over the last five years. It has also allowed us to grow shareholder value. As a result of its strong performance, AFLAC U.S. is a very important contributor to our total company financial performance.

AFLAC U.S. Contribution to Total Insurance Earnings



From 1990 through 1996, AFLAC U.S. averaged approximately 17% of our company's total pretax insurance earnings on a reported basis. In 2003, AFLAC U.S. represented 28.3% of pretax insurance earnings. In reviewing our U.S. income statement, I will begin with a discussion of premium income, which accounts for about 87% of AFLAC U.S. operating revenues.

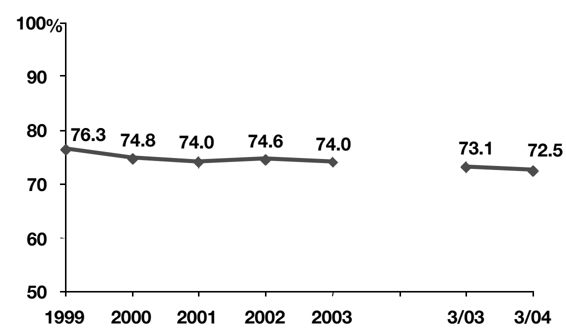
Annualized Premiums in Force
((In Millions)



Premium income represents the revenue amounts recognized in our income statement on a pro rata basis over the insurance coverage periods of the related policies. Premium income is driven by annualized premiums in force, which reflects the growth of new sales, plus premium rerates, less policy lapses. Annualized premiums in force grew at a rapid rate from 1999 through 2002, as a result of strong sales growth and relatively stable persistency for many lines of business. The slower rate of growth in annualized premiums in force of 13.8% resulted from the lower rate of sales growth in 2003. We expect the growth in annualized premiums in 2004 to reflect the growth rate in new sales for the year.

Product broadening has been a major factor in the growth of our sales and our in-force premiums. As such, most of the recent additions to annualized premiums in force have been from our new products. Our founding product, cancer insurance, accounted for 40.6% of annualized premiums in force in 1997. By June of 2000, in-force premiums of accident/disability had surpassed cancer insurance to become our number one product category in terms of premiums in force. At the end of the first quarter of 2004, accident/disability accounted for 42.9% of premiums in force versus 30.8% for cancer insurance.

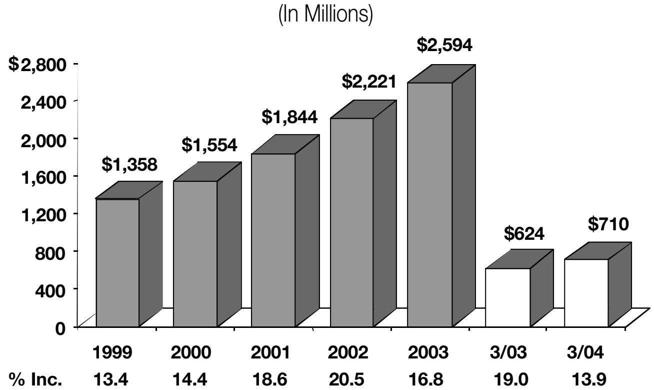
Premium Persistency Rates



The preceding chart shows the recent premium persistency rates for all lines of health insurance business combined. Persistency is the inverse of the lapse rate, which we calculate as terminated premiums as a percentage of end-of-period premiums in force plus terminations.

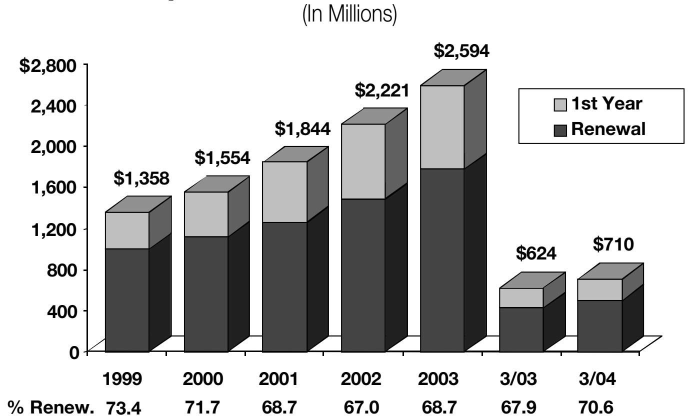
Our total premium persistency rate has declined slightly since 1999. Persistency rates have been impacted by several factors: First, our U.S. payroll business is generally less persistent than direct business. Second, persistency rates are also heavily influenced by product mix. For example, accident/disability insurance, which tends to be purchased by younger consumers, is typically less persistent than products like cancer insurance, which appeals to middle-aged consumers. And third, our strong sales growth has decreased the overall persistency rate because policies in their earlier years are generally less persistent than those in later years.

Premium Income
(In Millions)



Premium income has been favorably impacted by the rapid growth of new sales through 2002. The lower growth rate of new sales in 2003 slowed the growth rate of premium income from 20.5% in 2002 to 16.8% in 2003. However, premium growth has remained strong despite the effects of a changing business mix on persistency. We have increased premium income at a double-digit rate for 31 consecutive quarters.

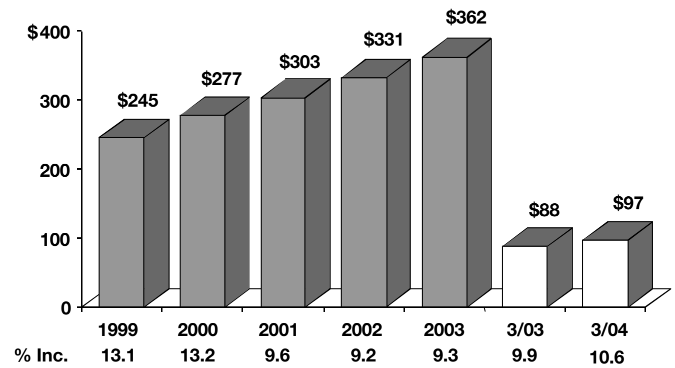
Composition of Premium Income
(In Millions)



We derive the majority of our earned premiums from policies in their renewal years. However, the strong growth in sales in recent years has lowered the ratio of renewals slightly. For instance, renewal premium represented 68.7% of total premium income in 2003 and 70.6% in the first quarter of this year. On average, 70.0% of premium income in the last five years has come from policies already in force at the beginning of the year.

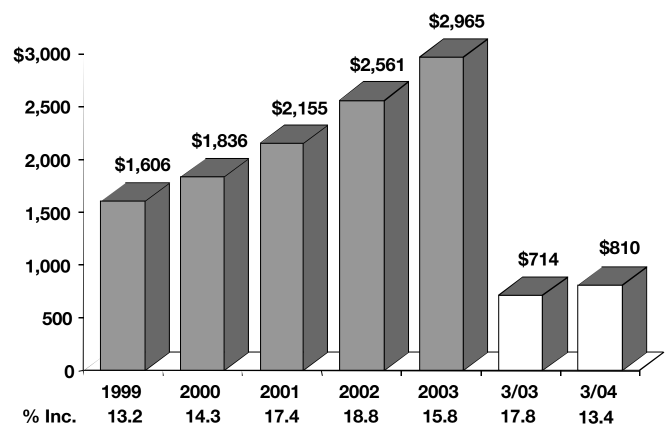
The next largest component of total revenues is investment income.

Net Investment Income
(In Millions)



Growth of investment income is impacted by the rate of return on the investment portfolio and the increase in the asset base. The asset base increases from reinvested investment income and cash flow from operations. In the last three years, the growth in investment income has been held down by the low level of investment yields available.

Total Revenues
(In Millions)

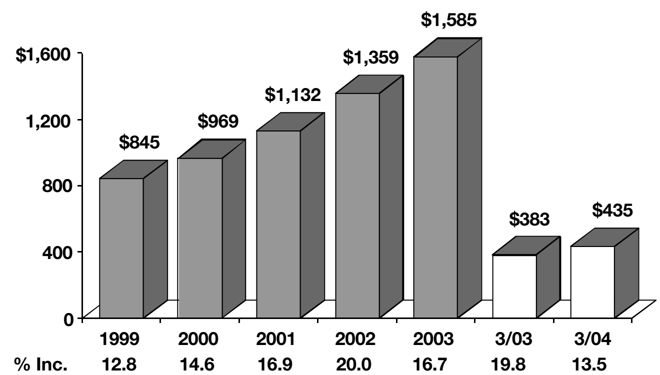


As I noted, top-line growth has been strong recently, primarily resulting from improvements in premium income. Revenues have maintained strong rates of growth over the last five years, as you can see. We expect the growth rate in revenues in 2004 to be lower than in 2003 because of the lower rate of sales growth in 2003.

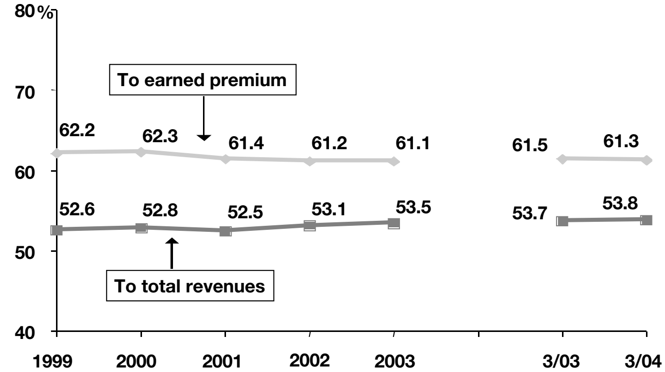
Next, let me turn to benefits and claims, which have generally increased at rates similar to the related premium increases.

Total Benefits and Claims

(In Millions)



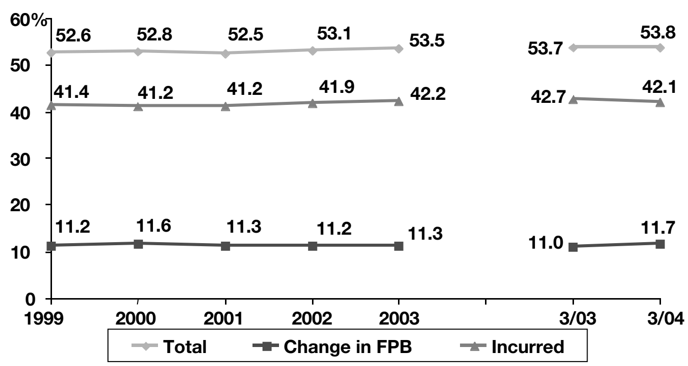
Total Benefit Ratios



Our changing product mix has tended to slow the growth of benefits and claims. Strong sales of our accident/disability and hospital indemnity plans, which have lower benefit ratios than our other products, have brought the aggregate benefit ratio down. As we introduce updated versions of our policies, we almost always improve the benefits we provide our customers. Therefore, each new generation of those policies has a higher loss ratio than the policies it replaces.

Policy Benefits and Claims

(To Total Revenues)



Two principal components make up total benefits and claims in our income statement. The first is incurred claims, which is principally the claims we pay in the current period. It also includes the change in the unpaid claim liability. The second portion is the increase in future policy benefits. Incurred claims represent approximately 79% of total benefits. The reserve for future policy benefits serves to properly match benefit expenses with revenues reported as earned in the income statement. This matching mechanism is necessary because policyholders pay level premiums, but the incidence of actual claims for most policies generally increases as the policyholders become older. Our claims experience continues to support our reserve assumptions.

Benefit ratios continue to be very stable for our cancer policy. Despite the success of newer products, cancer claims and reserves still represent a significant portion of benefit costs. The slight increase in the ratio of total benefits to total revenues has been influenced in part by slower growth in investment income. The newer products have sustained this overall benefit stability. Also, our supplemental health policy obligations do not include reimbursement of direct medical costs and therefore are not subject to the risks of medical-cost inflation. By containing the growth of controllable operating expenses, we have been able to improve policy benefits and accommodate the higher benefit ratios. We expect our benefit ratio to remain relatively stable in the future.

Some states, like New York, require minimum loss ratios. We believe one reason that not many companies currently sell a cancer expense product in New York is because the minimum loss ratio requirement is 60%. Regulators, like those in New York, usually express benefit ratios in terms of percentages of benefits to premiums. Our ratio of total benefits to premium has averaged 61.6% for the last five years and has been within a range of 1.2 percentage points.

We continually monitor our claims exposure and experience to identify the need for premium repricing actions and to evaluate the adequacy of liability reserves for financial statement purposes. Here I think the interplay between invested assets and policy benefit liabilities is worth noting.

AFLAC U.S. Investment Margin

(In Millions)

	2002		2003	
	Amount	Average Rate*	Amount	Average Rate*
Investment income	$328	7.80%	$358	7.63%
Actuarial assumed int. ben. reserve liability	(155)	(6.30)	(173)	(6.29)
Yield spread	$173	1.50%	$185	1.34%
% Yield spread to investment income	52.8%		51.5%	

*Monthly Averages

Our invested assets largely represent funds held for future policy obligations on insurance policies in force. Cash flow from premiums in early policy years is invested to cover the higher policy claims expected on those policies in later policy years. As premiums in force grow, invested assets and investment income increase.

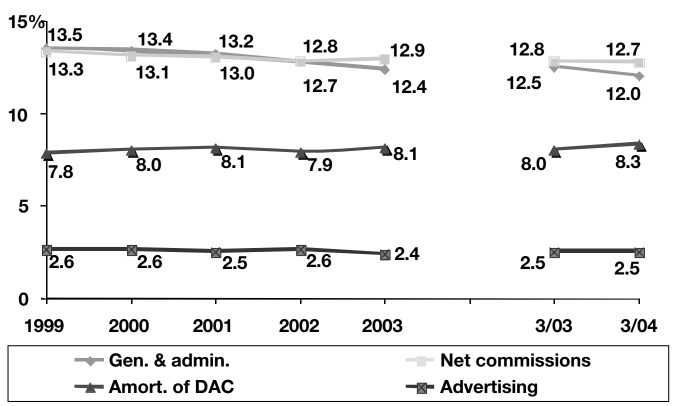
On the other hand, the liability reserve for future policy benefits and the imputed interest cost added to that policy liability increase correspondingly each year. This relationship between investment income earned on invested assets and the actuarial interest expense on the policy benefit reserves is shown on the preceding chart.

The investment margin, or the excess of investment income over the interest cost added to our actuarial benefit liability, has increased over the last several years because of the excess investment income earned from profit repatriation. In 2003, investment returns declined because of lower market returns, and average assumed interest rates on our policy reserves also declined. This resulted in a 16-basis point-tightening of the spread between the two rates.

Now, I'll review our operating expenses, which, like benefits, have generally tracked increases in revenues.

Composition of Operating Expense Ratio

(To Earned Premium)



Operating expenses consist of net commissions, general and administrative expenses (net of deferred acquisition costs), advertising expenses, and amortization of deferred acquisition costs. General and administrative expenses include salaries and employee benefits, facilities, data processing, and supplies used in our business. The G&A line also includes expenses that are less controllable, including premium taxes and some expenses that relate to producing sales, such as payments to our associates' stock bonus plan. However, we do make every effort to lower these expenses.

As you can see, net commissions have declined since 1999. Amortization of DAC has risen slightly, reflecting changes in product mix. However, we have been continually improving the efficiency of our work processes, primarily by adopting new technologies. As a result, we have been able to lower the ratio of general and administrative expenses from a high of 13.5% of premium in 1999 to a low of 12.4% in 2003. The improvement in controlling general and administrative expenses has come in great part from creating efficient technological work processes such as SmartApp. It has also been driven by management's emphasis on continually improving our operating processes. This is reflected in our management incentive program for U.S. officers, which has as one element the difference in growth of premium income and our controllable expenses. In 2003, the difference in the growth of premium income and controllable operating expenses was 1.1 percentage points.

The expense growth element in the management incentive plan is further supplemented by the efficiency measures used across the various elements of our business to augment the emphasis on expense control. These measures emphasize the need to continually evaluate our decisions and processes in light of their impact on the cost effectiveness of serving our customers. In our operations, we continue to emphasize the use of our people and technology to improve our operating efficiency. One program, called "CARS," which is an acronym for "Corrective Action Response System," relies on the knowledge and expertise of our people to identify and eliminate the root cause of service issues by improving our processes. We have found these efforts improve both our efficiency and our service to our customers.

In his presentation, Aki Kan discussed our technology initiative to improve our capabilities to support our future growth. We have committed $60 million for strategic IT spending over the period 2001 to 2005. In 2004, we will spend $22 million of these funds. Combining our technology efforts with the knowledge and expertise of our people will allow us to continue our effective customer service at a lower cost. These types of efforts have allowed us to increase our advertising expenditures to more than $62 million in 2003 without increasing our operating expense ratio. As a percent of premium income, our advertising expenditures have remained relatively stable over the last few years.

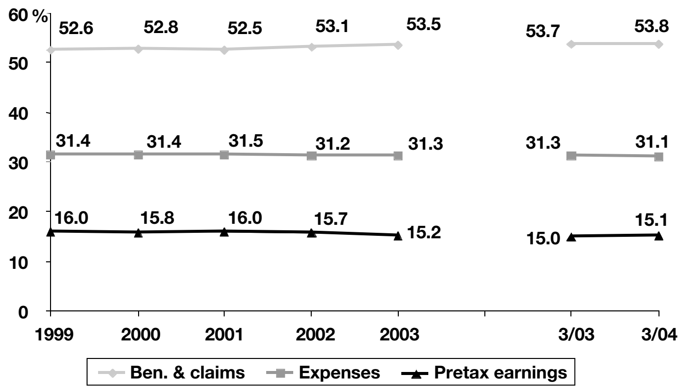
Deferred Policy Acquisition Cost Ratios

	% Acq. Costs Deferred to New Ann. Prem.	DAC Asset to Premiums in Force
1999	38.6%	52.5%
2000	37.6	52.6
2001	37.6	52.8
2002	37.9	52.7
2003	35.8	52.7
3/03	34.3	53.0
3/04	33.1	52.7

Commissions represented 74.4% of total deferred acquisition costs in 2003. In calculating deferred acquisition costs, we defer the excess of the first-year commissions for a policy over an amount equivalent to renewal-year commissions. In addition, we defer noncommission costs that relate to various marketing, policy underwriting, and issuance costs that we incur in the year a policy is issued. The key ratios for deferred acquisition costs in recent years have been fairly stable. The economies of scale we derive from our large volume of new business production should help these ratios decline in the future.

Operating Ratios

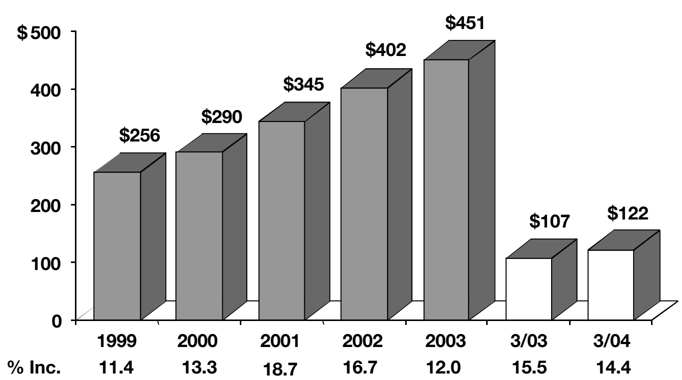
(To Total Revenues)



Our three primary operating ratios show the stability of the benefit and operating expense ratios as a percentage of total revenues. We expect our operating ratios to remain relatively stable in the future.

Pretax Operating Earnings

(In Millions)



As a result of these benefits and expense trends, pretax operating earnings for the last few years have generally increased at a rate similar to the growth in revenues. With stable operating trends and margins, we believe pretax earnings and revenues should grow at a fairly parallel rate. Although AFLAC Japan remains the dominant component of our total company results, AFLAC U.S. is a significant and growing contributor.

The actions that we have taken in recent years to improve long-term profitability are producing the desired results. These actions include diversifying our product line, expanding distribution, advertising aggressively, improving customer service activities, managing our costs prudently and, especially, exploiting technologies that allow our sales associates and employees to do their jobs faster and better at a lower cost. We expect these actions to continue to benefit the company and allow us to reach our long-term goals.

We are enjoying success now, but we are not simply resting on our accomplishments. We intend to build on that success and look to the future.

Long-Term Financial Goals

- **Produce double-digit growth in premium income and total revenues**
- **Improve productivity and manage expense growth**
- **Maintain reasonable profitability to help AFLAC Incorporated achieve its earnings targets**

We will continue to maintain an aggressive marketing orientation to expand our sales, which in turn, should continue to enhance our top-line growth. Specifically, we want to generate solid double-digit growth in premium income and total revenues.

We also want to improve our productivity. We are proud of our achievements; however, we believe we can do more. We want to remain the low-cost producer in the United States and to hone that edge even more in the years ahead. We believe we can achieve this goal.

Through strong top-line growth and improved productivity, we believe we will maintain a level of profitability that will allow AFLAC Incorporated to achieve its target rates of growth.

We believe the opportunities to grow our U.S. business are tremendous. We are continually challenging ourselves to make the most of these opportunities. The rising costs of medical treatments and procedures, and the financial strains being experienced by corporate America, should cause the need for supplemental insurance to continue to grow. By capitalizing on these opportunities, we believe AFLAC U.S. will maintain its leadership position in the worksite marketplace. At the same time, we expect to continue producing strong financial results for the benefit of our shareholders.

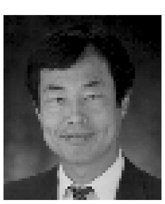
Section IV
The Management Team

Daniel P. Amos
Chairman and Chief Executive Officer,
AFLAC, AFLAC Incorporated

Dan Amos, 52, graduated from the University of Georgia with a bachelor's degree in insurance and risk management. He first joined AFLAC as a sales associate while in his teens. He served as state manager of AFLAC's Alabama/West Florida Territory for 10 years. Under his leadership, his sales territory was the number one producing area in 1981 and 1982. He was elected president of AFLAC in 1983 and chief operating officer of AFLAC in 1987. He became chief executive officer in 1990 and was named chairman in 2001. Dan serves on the boards of directors of Synovus and the Southern Company. He is the recipient of the 2004 Dr. Martin Luther King Jr. Unity Award and is the former chairman of the boards of The Japan-America Society of Georgia and the University of Georgia Foundation.

Kriss Cloninger III
President and Chief Financial Officer,
AFLAC Incorporated

Kriss Cloninger, 56, joined AFLAC Incorporated in March 1992 as senior vice president and chief financial officer. He was promoted to executive vice president in 1993 and president in May 2001. Since joining AFLAC, he has had primary responsibility for overseeing the financial management of all company operations, including AFLAC U.S., AFLAC Japan, and Communicorp. In March 2004, he was named Best CFO in the insurance/life category in America by *Institutional Investor* magazine. He is a member of the boards of directors of AFLAC Incorporated and the Tupperware Corporation. He is also on the boards of directors of the RiverCenter for the Performing Arts in Columbus, Georgia, and the Historic Columbus Foundation. He holds bachelor's and master's degrees in business administration from the University of Texas at Austin and is a Fellow of the Society of Actuaries.



Akitoshi Kan
Executive Vice President,
Internal Operations, AFLAC U.S.

Aki Kan, 56, became executive vice president, internal operations for AFLAC U.S. in 2000. He joined AFLAC Japan in 1980. In 1997 he was promoted to executive vice president for internal operations for AFLAC Japan. He relocated to AFLAC Worldwide Headquarters in 1999 when he was promoted to executive vice president, AFLAC International. He graduated from Kanagawa University in Japan in 1973 and was employed by the New York accounting firm of Cook Levine & Company, CPAs, for four years before joining AFLAC Japan.

Joey M. Loudermilk
Executive Vice President;
General Counsel;
Corporate Secretary

Joey Loudermilk, 51, earned a bachelor's degree with honors from Georgia State University and a juris doctorate from the University of Georgia School of Law. He worked in private law practice before joining AFLAC in 1983 as head of the company's then-newly formed Legal Department. In 1991 he was promoted to general counsel of AFLAC Incorporated and AFLAC. He is a member of the State Bar of Georgia, the American Corporate Counsel Association and the American Society of Corporate Secretaries. He is immediate past-president of the Columbus (GA) Rotary Club. He also serves on the boards of the Georgia Public Policy Foundation, the Georgia State University Law School and the Columbus Regional Medical Foundation.

Kathelen V. Spencer
Executive Vice President;
Director of Corporate Communications;
Deputy Counsel;
Assistant Corporate Secretary

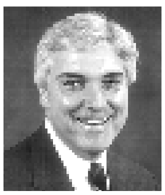
Kathelen Spencer, 46, holds a bachelor's degree in political science from Emory University and a juris doctorate from the University of Georgia School of Law. She has responsibility for AFLAC's national advertising, public and media relations, corporate philanthropy and the Shareholder Services Department. She joined AFLAC in 1985. She is president of the AFLAC Foundation, and she serves on the boards of directors of the Georgia Cancer Coalition and the Columbus Bank and Trust Company, and she is chairman of the Columbus Water Works.

Kermitt L. Cox, FSA, MAAA
Senior Vice President;
Corporate Actuary

Kermitt Cox, 60, graduated from Iowa State University with a bachelor's degree in mathematics. Following several years of teaching and four years in the Air Force, he attended the University of Nebraska for graduate study in actuarial science. He joined AFLAC in 1987 as a vice president and was promoted to senior vice president in 1998. He is a member of the Society of Actuaries, the American Academy of Actuaries, the International Actuarial Association and the Southeastern Actuarial Club. He currently serves on several committees and a task force of the American Academy of Actuaries.

Rebecca C. Davis
Senior Vice President;
Chief Administrative Officer

Becky Davis, 53, attended Auburn University and graduated from Columbus State University with a bachelor's degree in business administration. She joined AFLAC's Claims Department in 1973 and became manager of the Policyholder Service Department in 1976. She was appointed assistant vice president of the Policyholder Service Department in 1978. In 1984 she was promoted to vice president, marketing administration and operations, and was appointed vice president, client services and administration in 1987. In 1992 she was appointed senior vice president, assistant director of marketing, and she was appointed to her current position in 1999.



Phillip J. "Jack" Friou
Senior Vice President,
Governmental Relations

Jack Friou, 54, graduated from the University of Georgia in 1971 with a bachelor's degree in political science and served in the Army for two years. He joined AFLAC in 1973 and has served in various capacities in administration and marketing, including Agency Administration, the Policyholder Service Department and the Compliance Department. He also served as president of AFLAC New York and senior vice president, marketing and agency development. His current area of responsibility is state legislative relations.

Kerry W. Hand
President and Chief Executive Officer,
Communicorp, Inc.;
Senior Vice President, Support Services

Kerry Hand, 51, earned a bachelor's degree in business management from Columbus State University. Since joining AFLAC in 1972, he has held numerous managerial posts. He became president of Communicorp in 1996 and assumed the additional responsibility of CEO in 1997.

Angela S. Hart
Senior Vice President,
Community Relations

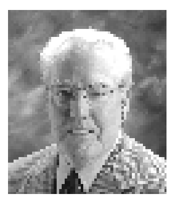
Angie Hart, 48, graduated from Columbus State University with a bachelor's of business administration degree in accounting, and she completed the Human Resources Executive Development program at Cornell University. She joined AFLAC in 1980 as comptroller, Southern Division, for the AFLAC Broadcast Group. In 1991 she was appointed second vice president, risk management and was subsequently promoted to vice president, corporate services. In 1996 she was appointed vice president, assistant director of human resources, and in 1997, she was named director of human resources. She was promoted to senior vice president in 1998 and was appointed to her current position in 2001.

Kenneth S. Janke Jr.
Senior Vice President,
Investor Relations

Ken Janke, 46, attended Michigan State University and received a bachelor's degree in political science from the University of Michigan in 1981 and a master's degree from Oakland University's School of Economics and Management in 1985. Before joining AFLAC Incorporated as manager of investor relations in 1985, he was director of corporate services for the National Association of Investors Corporation (NAIC) in Madison Heights, Michigan. He is a director of the Investment Education Institute. He also chairs AFLAC's Disclosure Committee.

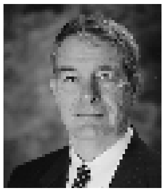
Bradley S. Jones
Senior Vice President,
Director of Sales

Brad Jones, 45, joined AFLAC as a sales associate in 1984. He was promoted to district sales coordinator in 1986, to regional sales coordinator in 1989, and to recruiting coordinator for AFLAC in 1992. In 1993 he was promoted to state sales coordinator for Maryland/Delaware/Philadelphia and held that position until January 2000 when he was promoted to vice president, territory director of the Northeast Territory. He held that position until he was promoted to his current position in October 2003.



Joseph P. Kuechenmeister
Senior Vice President;
Director of Marketing

Joe Kuechenmeister, 62, attended Marquette University in Milwaukee, Wisconsin and joined AFLAC in 1970 as a sales associate. He opened the state of Wisconsin for the company and was the Wisconsin state sales coordinator from 1971 to 1984. He joined the headquarters staff in 1987 and became second vice president, director of direct products and sales development, in 1989. He was appointed vice president, agency director of the South Territory in October 1990. He was promoted to senior vice president, director of sales and marketing in November 1990, and he was named to his current position in October 2003.



James D. Lester III
Senior Vice President;
Chief Information Officer

Jim Lester, 59, earned a bachelor's degree in mathematics from Emory University and a master's degree in computer science from Georgia Tech. During a three-year tour of duty as an officer in the U.S. Navy, he worked on computer language projects. From 1971 until 1979, he developed software and managed corporate information technology organizations for a division of Springs Mills and Scientific-Atlanta. In 1979 he formed a software company that developed and sold insurance systems. During the 20-year period before joining AFLAC, he created software systems for both property and casualty and life/health insurance.

Diane P. Orr
Senior Vice President,
Claims, Administrative Services,
AFLAC New York Administration

Diane Orr, 51, joined AFLAC in 1971 and has held numerous supervisory positions. She previously held the positions of supervisor, manager and assistant director in the Policyholder Service Department. She was appointed assistant vice president, policyholder services in 1986 and second vice president in 1990. She then served as second vice president, director, South Region, client services and administration. She was promoted to vice president, client services and administration in 1992. In 1996 she was named vice president, claims and administrative services-FLEX ONE. She was promoted to senior vice president in 1998, and in 2001, she assumed responsibility for AFLAC New York Administration.

Ralph A. Rogers Jr.
Senior Vice President,
Financial Services;
Chief Accounting Officer

Ralph Rogers, 55, graduated from Tennessee Technological University in 1970 with a bachelor's of business administration degree in accounting. He joined AFLAC in 2000 as senior vice president, financial services. He assumed the role of chief accounting officer in 2002. Before coming to AFLAC, he was a senior vice president at another large insurance company. He is a member of the American Institute of Certified Public Accountants, the Tennessee Society of Certified Public Accountants, Financial Executives International and The Institute of Management Accountants.

Susan B. Rynearson
Senior Vice President;
Deputy Corporate Actuary

Sue Rynearson, 37, graduated from the University of Missouri-Columbia with a bachelor's degree in education. She joined AFLAC's Actuarial Department in the U.S. pricing area in 1993. She was promoted to second vice president and assistant actuary in 1998. In 2000 she was promoted to vice president, and in 2002, she assumed responsibility for developing AFLAC's business and financial plans. She was promoted to her current position in March 2004. She is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

Joseph W. Smith Jr., CFA
Senior Vice President;
Chief Investment Officer

Joe Smith, 50, attended the University of the South and received his bachelor's degree in economics from the University of Alabama in 1978. He was an investment analyst for the Retirement Systems of Alabama and later became investment manager for the University of Alabama while pursuing his master's of business administration degree and advanced degrees in economics and finance. He joined AFLAC in 1985 and was promoted to his present position in 1991. He is a chartered financial analyst and a member of the Association for Investment Management Research.

Warren B. Steele II, FLMI
Senior Vice President;
Assistant Director of Marketing

Warren Steele, 42, graduated from Harvard University with a bachelor's degree in psychology and social relations. He joined AFLAC in 1984 as a management trainee. He served as an administrator in the Marketing Department, as special projects coordinator in the Compliance Department, as an assistant vice president in Administrative Systems, and as a vice president in Marketing Administration and Product Development. He is a Fellow of the Life Management Institute and serves on the Conference Board's Council of Marketing Executives.

Audrey Boone Tillman
Senior Vice President;
Director of Human Resources

Audrey Boone Tillman, 39, received a bachelor of arts degree from the University of North Carolina at Chapel Hill and a juris doctorate from the University of Georgia School of Law. Before joining AFLAC in 1996, she completed a federal judicial clerkship, worked in private practice, and she was a law school professor. She holds law licenses in Georgia, North Carolina and the District of Columbia. She was promoted to second vice president in 1997, vice president in 2000, and to her current position in 2001. She is past chair of the Corporate Law section of the National Bar Association.

Peter T. Adams, CPA
Vice President,
Human Resources Support

Peter Adams, 48, earned a bachelor's degree in business from the University of South Alabama. He joined AFLAC in August 1999 and has responsibilities for Human Resources Information Systems, Payroll, Compensation, Benefits, Risk Management and Stock Option Administration. Before joining AFLAC, he was a senior manager with KPMG LLP, where he specialized in financial and accounting consulting services for publicly held insurance companies. He is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Alabama Society of Certified Public Accountants.

William L. "Tripp" Amos III
Vice President;
Territory Director, East Territory

Tripp Amos, 33, was appointed vice president, territory director, of the East Territory in May 2003. He graduated from Furman University with a bachelor's degree in business administration. He also attended the London School of Economics and Kansai Gaidai University in Hirakata, Japan. He received his master's degree in business administration from Emory University. After an internship in The Netherlands with AEGON's Strategic Planning Division, he joined AFLAC in International Operations. Later, he moved into the Corporate and Market Development area as director of strategic planning. He then was promoted to second vice president of corporate and market development and to vice president, field force development in 1999. He is a Fellow of the Life Management Institute.

Janet P. Baker, ACS
Vice President,
Account Implementation Management

Janet Baker, 43, completed a master's degree in human resources management at Troy State University in 1995 and graduated magna cum laude in 1994 with a bachelor's of science degree in management from Troy State. She joined AFLAC in 1982 and has held various positions, including second vice president, human resources, and second vice president, client services. She was appointed vice president, marketing services, in 1999, and she was named to her current position in 2002.

Lynn G. Barnson
Vice President;
Territory Director, West Territory

Lynn Barnson, 48, joined AFLAC in February 1981 as an associate in southern Utah. He was promoted to district sales coordinator in 1981 and to regional sales coordinator in Fort Worth, Texas, in 1985. In 1987, he was promoted to director of metro development at worldwide headquarters and then promoted to vice president, agency director of the Mountain Territory in 1988. He was promoted to his current position in 1990.

Michael E. Bartow
Vice President,
Financial Services

Mike Bartow, 49, received a bachelor's of business administration degree in accounting from the University of Wisconsin at Oshkosh. He became a Fellow of the Life Management Institute in 1981 and earned a CPA designation in 1983. Before joining AFLAC in 1986, he was a manager at Sentry Insurance. He was promoted to second vice president in 1995 and to vice president in 2001. He is a member of the American Institute of Certified Public Accountants.

Debra H. Beckley
Vice President,
Financial Services

Debra Beckley, 46, attended Mercer University and graduated from West Georgia College with a bachelor's of business administration degree in accounting. She joined AFLAC's Accounting Department in 1979, and since that time she has held various positions in the Financial Division. She became a supervisor in Financial Reporting in 1984 and was later promoted to manager of the Payroll Department in 1986. In 1988 she was appointed assistant vice president, general accounting, and in 1990, she was named second vice president, general accounting. She was promoted to her present position in 1994, with responsibilities for Agents' Accounting and Remittance Processing Services.

Alfred O. Blackmar, FLMI
Vice President,
Facilities Department

Alfred Blackmar, 42, graduated from Presbyterian College with a bachelor's degree in business administration. He joined AFLAC in 1984 and has been in his current position since 1999. He previously served as vice president, deputy director, compliance. He is past executive chairman of the Life and Health Compliance Association.

Mary M. Chapman, CFA
Vice President,
Investments

Mary Chapman, 42, graduated from Harvard University with a bachelor's degree in European history, and she received her master's of business administration degree from Cornell University. Before joining AFLAC in 1993, she worked in investment banking and bond analysis. In 1997 she was promoted to her current position with responsibility for credit analysis of AFLAC's dollar- and yen-denominated portfolios. She is a chartered financial analyst and a member of the Association for Investment Management and Research.

Michael S. Chille
Vice President;
Territory Director, Northeast Territory

Michael Chille, 33, earned a bachelor's degree in finance from the State University of New York at New Paltz. He joined AFLAC in March 1995 as a personal producer, and in November of that year, he was promoted to district sales coordinator. He was named regional sales coordinator in April 1996 and state sales coordinator of Metro New York/New Jersey in June 1998. He was promoted to his present position in November 2003.

Frank R. Davies
Vice President;
Territory Director, Southwest Territory

Frank Davies, 61, attended Lenior Rhyne College in Hickory, North Carolina, and he received a bachelor of arts degree in physical education in 1965. He joined AFLAC in 1976 as an associate in North Carolina. He was promoted to district sales coordinator in 1979, to regional sales coordinator in 1981, and to state sales coordinator, Texas North, in 1988. Texas North finished number one companywide in 2002. He was named to his current position in May 2003.

Sharon H. Douglas
Vice President; Chief People Officer,
Human Resources Services

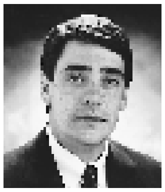
Sharon Douglas, 42, received a bachelor of science degree from Southern University and A&M College in Baton Rouge, Louisiana. She joined AFLAC in 1996 as second vice president, employee relations. She was promoted to vice president in 1999 with responsibilities for Employee Relations, Employment Services, Corporate Training and Development, and Employee/Community Services. She was promoted to chief people officer in 2001, with additional responsibilities for diversity and the human resources functions for the Nebraska Customer Call Center and AFLAC New York. Before joining AFLAC, she was vice president of customer and employee services for a public utility. She is a member of the Society of Human Resources Management.

Lynn B. Fry
Vice President,
Marketing Technology Support

Lynn Fry, 45, joined AFLAC in March 1982 in the Information Technology Division. In 1993 she was promoted to second vice president, information systems, and in 1997 she was promoted to vice president. In 2000 she moved to the Marketing Division to serve as vice president of marketing technology support, focusing on technology for the company's field force. In 2002 she assumed additional responsibilities in marketing administration.

Brett J. Gant, FSA, MAAA
Vice President;
Actuary

Brett Gant, 46, received a bachelor's degree in mathematics from Marietta College and a master's degree in statistics from Miami University in Ohio. He joined the Actuarial Department in 1981. In 1993 he was promoted to his current position of vice president with responsibility for pricing and rerating for AFLAC U.S. products. In 2003 he assumed additional responsibilities of providing actuarial support from AFLAC's headquarters for AFLAC Japan's business. He is a member of the Society of Actuaries and the American Academy of Actuaries.



Gregory J. Gantt, CFA
Vice President,
Fixed Income Investments

Greg Gantt, 45, received his bachelor's degree in accounting from Georgia State University. He joined AFLAC in 1982 as a member of the Financial Planning Department. He moved to the Investment Department in 1987, where he was in charge of investment accounting. In 1991 he was promoted to his current position with responsibility for managing AFLAC Japan's U.S. dollar fixed-income portfolio. He is a member of the Association for Investment Management and Research.

Katherine A. German
Vice President,
Application Services,
Information Technology

Anne German, 45, earned a degree in computer science from Columbus State University. Before joining AFLAC, she worked as a product development manager at Ceridian Corporation. At AFLAC she has held positions of director of client application development and vice president of the Project Management Office. Her current areas of responsibility include application development and technical project management.

David L. Hewitt
Vice President,
Market and Account Development

David Hewitt, 53, attended Texas Tech University and joined AFLAC as a regional sales coordinator in Texas in 1986. He served as Arizona state sales coordinator from 1987 to 1990. He was promoted to director of marketing for AFLAC New York in 1990. He later was promoted to vice president, and then to senior vice president and territory director for the New York/New England Territory. He assumed his current position in 2000.

Tracey A. Keiser-Frazier
Vice President;
Territory Director, Pacific Territory

Tracey Keiser-Frazier, 42, attended Wright State University in Dayton, Ohio. She joined AFLAC in 1984 as a sales associate. She was promoted to district sales coordinator in May 1985 and to regional sales coordinator in January 1986. She was promoted to state sales coordinator of Wisconsin in October 1994. In September 1997, she was promoted to her present position as vice president, territory director, Pacific Territory.

Robert C. Landi
Vice President,
Corporate Tax

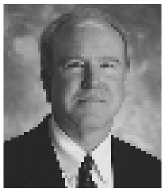
Robert Landi, 42, received a bachelor's degree in business administration from the University of Tennessee at Knoxville. He joined AFLAC in 1988 as a tax and financial analyst and was promoted to second vice president, corporate tax in 1993. He was promoted to his current position in 1999 and is responsible for corporate taxes, including federal and state income taxes, premium taxes, payroll taxes, and other state and local taxes. He is a member of the American Institute of CPAs and the Tennessee Society of CPAs.

John G. Laughbaum
Vice President,
Field Force Development

John Laughbaum, 35, graduated from George Mason University with a bachelor's degree in political science and received a master's of business administration degree in finance and marketing from the Kellogg School of Management at Northwestern University. Before attending business school, he worked in various capacities at Federal Legislative Associates, a Washington, D.C., government relations firm. Since joining AFLAC in 1997, John has served as an analyst, director, second vice president, and was named to his current position in 2003. His responsibilities include the recruiting, training, and sales promotions functions within AFLAC's Marketing Department. He is a Fellow of the Life Management Institute.

Jeffery A. Link
Vice President,
Compliance

Jeff Link, 41, graduated from Columbus State University in 1987 with a bachelor's degree in business administration. Before joining AFLAC, he held various marketing positions with Pascoe Building Systems and Premier Industrial. He joined AFLAC's Compliance Department in 1988 as an analyst. In 1996 he became a second vice president, responsible for forms filings. He was promoted to his current position in 2001. He is currently a member of the Executive Committee of the Life and Health Compliance Association.

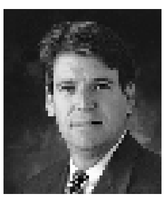


G. Bryant McKee
Vice President,
Internal Audit

Bryant McKee, 51, graduated from Vanderbilt University with a bachelor's degree in economics and business administration. While employed with Life of Georgia, he became a Fellow of the Life Management Institute in 1978 and obtained his certified internal auditor designation in 1987. He joined AFLAC in 1988 as internal audit manager and was promoted to his current position in 2000. He is responsible for corporatewide internal audit services. He is a member of the Institute of Internal Auditors and the Information Systems Audit and Control Association.

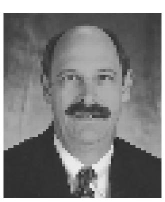
Robin Y. Mullins, CPA
Vice President,
Investor Relations

Robin Mullins, 46, graduated from the University of Georgia with a bachelor's degree in finance and is a certified public accountant. Before joining AFLAC in 1990, she worked in auditing at Nations Bank and in accounting at Charter Medical. Before joining the Investor Relations Department in November 1998, she worked as an accountant in Financial and as a senior auditor in Internal Auditing. She also worked as manager of Information Systems and Payroll in the Human Resources Division.



David A. Nelson
Vice President,
Travel, Meetings and Incentives

David Nelson, 50, joined AFLAC in 1988 as a travel analyst after working in the airline industry for 16 years. In 1995 he was promoted to director, travel, meetings and incentives. He was promoted to his current position in 1997 and is responsible for all aspects of AFLAC's corporate travel program, the planning of all business meetings, and the planning of all sales force incentive travel programs. He is a member of the National Business Travel Association, the Georgia Business Travel Association and the Insurance Conference Planners Association.



Thomas A. OKray
Vice President,
Financial Reporting and Planning

Tom OKray, 48, received his bachelor's degree in accounting and risk management and insurance from the University of Wisconsin. Before joining AFLAC in 1988, he was a staff accountant with Wausau Insurance Company. He became a second vice president in 1995 and was promoted to his current position in 2001.

David L. Pringle
Vice President,
Federal Relations

David Pringle, 48, graduated from Mississippi State University in 1979 with a degree in insurance and risk management, and he joined AFLAC's sales force that same year. Over the next several years, he served in various sales and marketing management positions, including director of training and as state sales coordinator of West Virginia. In his current position, his primary responsibility is to coordinate AFLAC's lobbying efforts in Washington, D.C. He also serves as secretary and primary fund-raiser for AFLAC's political action committee.

Gerald W. Shields
Vice President,
IT Enterprise Services

Gerald Shields, 46, graduated from Baylor University with bachelor's of business administration degrees in accounting and computer science. His primary areas of responsibility at AFLAC include infrastructure services, technology services, special services, IT-security and the vendor management office. These areas encompass all hardware and software environments within IT. Gerald came to AFLAC in 2002 with 22 years of IT experience, having previously worked as chief technology officer for Lifeway Christian Resources. He also previously had served in management and technical positions with EDS and Eastman Kodak.

Daniel F. Skelley, FSA, MAAA
Vice President;
Actuary

Dan Skelley, 55, received bachelor's and master's degrees in applied mathematics from Georgia Tech. Before joining AFLAC in 1983, he taught mathematics on the high school and college levels. He became an assistant vice president in 1986, a second vice president in 1990, and was promoted to his current position in 1993. He is a member of the Society of Actuaries and the American Academy of Actuaries.

Arthur L. Smith III
Vice President;
Senior Associate Counsel,
Legal Division

Art Smith, 48, holds a bachelor's degree in political science from Columbus State University and a juris doctoate from the Samford University School of Law. He was engaged in private law practice in Columbus, Georgia, from 1979 until he joined AFLAC as associate counsel in January 1989. He was appointed second vice president and senior associate counsel in the Legal Division in 1993 and was promoted to vice president in 1996. He is a member of the State Bar of Georgia and the American Bar Association.

Steven D. Smith

Vice President;
Assistant General Counsel;
Director, Legal Division

Steve Smith, 51, received a bachelor's degree with high honors from Auburn University and a juris doctorate from the University of Georgia School of Law. He was engaged in private law practice in Columbus, Georgia, from 1978 until he joined AFLAC in 1984. He was appointed vice president and director of the Legal Division in 1989 and was promoted to assistant general counsel in 1993. He is a member of the State Bar of Georgia, the American Bar Association and the Defense Research Institute.

James W. Thompson

Vice President;
Territory Director, South Territory

Jim Thompson, 63, attended Georgia State College, where he studied business administration. Before joining AFLAC in 1974, he held various sales and supervisory positions with Equitable Life, Union Carbide and the 3M Company. After joining AFLAC as regional sales director for the West Region, he was promoted in 1978 to vice president, agency director, Northwest Region. He has held agency director positions since that time in the West, Midwest, and South territories and was assistant to the director of marketing in 1989. From 1990 to 1994, he was director of broker operations. He was named to his current position in 1995.

David R. Turner

Vice President;
IT Advanced Technology Group

David Turner, 51, graduated with a bachelor's degree in mathematics education from Columbus State University. His entire 19-year career in the information technology field has been at AFLAC. As a member of the Information Technology Division, he has written software, managed software development projects, and managed both the software development and software testing departments within IT. He had primary planning and management responsibility for the three-year Y2K (year 2000) project. His primary areas of responsibility currently include advanced technology research, software architecture, and technology strategy development.

William D. Wenberg

Vice President;
Territory Director, North Territory

Bill Wenberg, 55, graduated from Moorhead State University with a degree in accounting. He started his career with AFLAC in October 1983 in Minneapolis, Minnesota. He spent 12 years as a regional sales coordinator. In 1998 he was promoted to state sales coordinator of Arkansas, a position he held until he was promoted to his current position in October 2003.

Teresa L. White

Vice President,
Client Services

Teresa White, 37, earned a bachelor's degree in business administration from the University of Texas at Arlington and a master's degree in management from Troy State University. She joined AFLAC in 1998 as second vice president, client services, and was promoted to her current position in 2000. She is responsible for Policyholder Services, Payroll Account Administration, and the AFLAC Customer Service Center. Before joining AFLAC, she managed the AT&T (now Citibank) Universal Card operations in Columbus, Georgia.

Jefferson W. Willis

Vice President;
Senior Associate Counsel,
Legal Division

Jeff Willis, 55, holds a bachelor's degree in economics and history from Hampden-Sydney College in Virginia. He received a juris doctorate from the Walter F. George School of Law at Mercer University in 1975 and is a licensed member of the state bars of Georgia and Virginia. Before joining AFLAC in 1988, he was a partner in a Gainesville, Georgia, law firm specializing in insurance litigation.

Mary Ellen Keim

Second Vice President
Fixed Income Investments

Mary Ellen Keim, 48, majored in psychology at the University of Alabama. Before joining AFLAC, she worked in the Trust Department of First National Bank of Tuscaloosa as a portfolio manager and trust administrator. She successfully completed the National Association of Security Dealers Series 7 and Series 63 exams in 1986. She is a member of the Association of Investment Management and Research.

Norman P. Foster

Senior Advisor,
Corporate Finance

Norm Foster, 69, graduated from the University of South Dakota with a bachelor of business administration degree in accounting. Before joining AFLAC in 1986, he was a partner with KPMG LLP, where he provided accounting, audit, and management consulting services to the insurance industry. He is a member of the board of directors and the executive and audit committees of the Georgia Life and Health Insurance Guaranty Association. He also serves on the boards of directors of the South Dakota and New Mexico life and health insurance guaranty associations. He is a member of the American Institute of CPAs.

Paul S. Amos II
State Sales Coordinator,
Georgia North

Paul Amos, 28, graduated from Duke University in 1998 with a bachelor of arts degree in economics. He then graduated from Emory University with a master's of business administration and earned a juris doctorate from Tulane University. He joined the AFLAC team in 2002 as a state sales coordinator for Georgia North. Since Paul partnered with Tom Giddens, Georgia North has grown from seven regions and 40 districts to 12 regions and 70 districts. Georgia North has also earned the Number One State in the South Territory, as well as the Number Three spot nationwide in 2003.

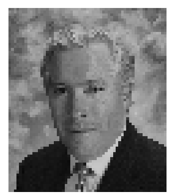
AFLAC Japan Management

Hidefumi Matsui
Chairman, AFLAC Japan

Hide Matsui, 60, graduated from Tokyo University in 1968. He served as a systems planner of manufacturing processes at Kawasaki Steel Corporation before joining AFLAC. He was a member of the team organized to obtain AFLAC's license to do business in Japan. He was named assistant vice president in 1981, vice president in 1985, senior vice president in 1987, and director of marketing in 1990. He was promoted to executive vice president in 1992 and to president of AFLAC Japan in 1995.

Charles Lake II
President, AFLAC Japan

Charles Lake, 42, received a bachelor's degree in Asian studies and political science from the University of Hawaii at Manoa in 1985 and a juris doctorate from the George Washington University School of Law in 1990. He joined AFLAC International in February 1999 and AFLAC Japan in June 1999. He became deputy vice president in 2001 and president in 2003. Before joining AFLAC, he practiced law with Dewey Ballentine LLP in Washington, D.C. He also served as director of Japan affairs and special counsel to the U.S. Trade Ambassador at the office of the U.S. Trade Representative in the executive office of the President. He currently serves on the boards of the Life Insurance Association of Japan and the American Chamber of Commerce in Japan. He also serves as an observer on the Japanese government's Financial Systems Council Working Group on Insurance and is a member of the Japan Association of Corporate Executives.



Allan O'Bryant
President, AFLAC International Inc.;
Deputy Chief Financial Officer;
Chairman, aflacdirect.com

Allan O'Bryant, 45, joined AFLAC in 1993 as a vice president for the AFLAC Broadcast Group. In 1996, he was transferred to AFLAC International to oversee AFLAC Japan's financial operations. He was named president of AFLAC International, Inc., and deputy chief financial officer for AFLAC Incorporated in 2000. He was named chairman of aflacdirect.com in 2002. Before joining AFLAC, he was a senior manager with KPMG LLP. He holds bachelor's and master's degrees from Brigham Young University. He is a member of the American Chamber of Commerce in Japan and American Institute of CPAs.

Atsushi Yagai
Executive Vice President;
Director of Marketing and Sales

Atsushi Yagai, 41, graduated from Keio University in 1985 and has a master's degree in business administration from the International Institute for Management Development in Lausanne, Switzerland. He previously worked for eight years at Dentsu, Japan's top advertising agency, and he is the author of a book on executive management. He joined AFLAC as senior vice president and director of marketing in 2001, and he was promoted to first senior vice president in 2002. He was promoted to his current position in January 2004. Before joining AFLAC, he was the chief executive of Barilla Japan, and he also previously worked as a consultant with McKinsey & Co.

Hiroshi Yamauchi
First Senior Vice President;
Director of Operations

Hiroshi Yamauchi, 52, graduated from Saitama University in 1976 and joined AFLAC that same year. He served in the Actuarial Department as section manager and assistant general manager. He was promoted to general manager in the Policy Maintenance Department in 1998 and to vice president in 1999. He was promoted to first senior vice president in 2002 and to his current position as director of operations in January 2003.

Shigehiko Akimoto
Senior Vice President, Marketing
Strategy Planning,
Sales Promotion, Sales Training
Associate Development, Bank Set, SMILE
Alliance Management;
President, aflacdirect.com

Shigehiko Akimoto, 48, a graduate of Seikei University, joined AFLAC in 1985. He served as general manager in the Sales Planning Department. He was promoted to vice president, marketing in 1999, and to senior vice president in 2001. He became president of aflacdirect.com in 2002.

Tomomichi Itoh
Senior Vice President,
Government Affairs & Competitive
Intelligence, General Affairs

Tomomichi Itoh, 54, a graduate of Tokyo University, joined AFLAC in 1976 and served as general manager of Research and Corporate Planning. He was promoted to vice president in 1997 and to senior vice president in 2001.

Hiroshi Mori
Senior Vice President,
Sales, Hojinkai Promotion

Hiroshi Mori, 57, graduated from Keio University in 1972 and worked for Nippon Orivetty and Sekisui House for several years. He joined AFLAC in 1984. He served as general manager of the Tokai-Hokuriku Sales Department and the Tokyo First Sales Department. He was promoted to vice president in 1998. He was named senior vice president in January 2003 to oversee all of the sales departments. He is also in charge of the Hojinkai Promotion Department.

Hisayuki Shinkai
Senior Vice President,
Public Relations,
Investor Relations Support Office

Hisayuki Shinkai, 53, joined AFLAC in 1999 as general manager of the Public Relations Department and was promoted to vice president in 2000 and to senior vice president in 2002. He graduated from Tohoku University in 1974 and previously worked for the Long Term Credit Bank of Japan, Ltd.

Yuji Arai, CFA
Vice President,
Investments,
Investment Analysis;
Acting Director, Financial Division

Yuji Arai, 41, graduated from Keio University in 1986 and joined AFLAC that same year. He became assistant general manager of the Investment Department in 2001, and he began supervising the Investment Department and the Investment Analysis Office in 2002. He was named acting director of the Financial Division in January 2004. He is a chartered financial analyst certified by AIMR and a charter member of the Security Analysis Association of Japan.

Naomasa Fukuda
Vice President; Chief Actuary,
Actuarial Product Development,
Corporate Actuarial

Naomasa Fukuda, 61, earned a bachelor's degree in science in 1966 and a master's degree in mathematics in 1969 from Tokyo University. He joined AFLAC in 1993. He became general manager of the Actuarial Department in 1995 and chief actuary in 1998. He was promoted to his current position in 2001.

Fujio Hanyu
Vice President;
Executive Medical Director

Fujio Hanyu, 73, is professor emeritus at the Tokyo Women's Medical University and director of the Hachioji Hospital for Digestive Diseases. A graduate of Chiba University School of Medicine, he was with the Tokyo Women's Medical University from 1965 to 1996. In 1993, he became director of the Institute of Gastroenterology. He joined AFLAC in 1994.

Jun Isonaka
Vice President;
Deputy Director of Operations,
Premium Accounting, Systems Planning,
Systems Development 2, Operation Control

Jun Isonaka, 46, graduated from Kwansei Gakuin University in 1980 and joined AFLAC that same year. He served as general manager of the Group Marketing and Marketing and Sales Promotion departments from 1999 through 2001. In 2002, he was promoted to vice president.

Masatoshi Koide
Vice President; General Counsel;
Compliance Officer,
Legal and Compliance/Inspection

Masatoshi Koide, 43, graduated from Tokyo University in 1984 and from Cornell Law School in 1989. He joined AFLAC in 1998 and served in the Compliance/Inspection Department as general manager. He was promoted to his current position in 2001. Before joining AFLAC, he worked for the Long Term Credit Bank of Japan. He is a member of the New York State Bar.

Anthony M. Kotas
Vice President,
NAPOLEON Development Department,
Information Systems Department 1

Tony Kotas, 35, holds a bachelor's degree in arts and science from Virginia Tech University. Before joining AFLAC, he was a senior manager at Cap Gemini Ernst & Young LLC. He joined AFLAC International in 2002, serving as director of policy administration/future systems development. He joined AFLAC Japan in 2004 where he oversees policy administration legacy and future systems development.

Katsunori Mieno
Vice President,
Marketing Promotion, Advertising,
IT Sales Planning, Associates
Administration, AFLAC National
Association of Agencies Office,
Direct Marketing

Katsunori Mieno, 44, graduated from Aoyama Gakuin University in 1983 and joined AFLAC that same year. He served as general manager of the IT Strategy Department and IT Sales Planning Department. In 2002 he was promoted to vice president in charge of the Sales Promotion and IT Sales Planning departments.

Masami Miyahara
Vice President, Sales;
Territory Director, Southwest Territory

Masami Miyahara, 51, graduated from Meiji University in 1976 and joined AFLAC Japan that same year. He was promoted to general manager of the Tohoku Sales Department in 1998 and to vice president in 2001. He is in charge of the Chugoku, Shikoku, Kyushu-Okinawa 1 and Kyushu 2 sales departments.

Ken Miyauchi
Vice President, Sales;
Territory Director, West Territory

Ken Miyauchi, 50, graduated from Kansai University in 1978 and joined AFLAC in 1979. He served as general manager in Kinki Sales Department 1 and Tokyo Sales Department 1. In 2002 he was promoted to vice president. He is responsible for Osaka sales departments 1 and 2, the Kinki Sales Department and the Kinki Business Promotion Department.

Yasuji Ohwada, CIA, CISA
Vice President; Internal Audit Officer,
Internal Audit, Risk Management

Yasuji Ohwada, 53, graduated from Rikkyo University in 1973 and joined AFLAC in 1982. He became general manager of the Internal Audit Department in 1999 and was promoted to his present position in 2001. He is a member of the Institute of Internal Auditors in Japan and the Information Systems Audit and Control Association.

Takashi Osako
Vice President,
Human Resources

Takashi Osako, 42, graduated from Kwansei Gakuin University in 1985 and joined AFLAC that same year. Before being promoted to his current position in 2004, he served as general manager of the Human Resource System Planning Department in 2001 and as head of the Office of the President in 2002. He is a member of the Japan Society of Human Resources Management.

Chikako Sakurai
Vice President,
Administration Efficiency Promotion,
Administration Planning
Customer Services, Underwriting,

Chikako Sakurai, 50, graduated from Tokyo Women's Christian University in 1976 and joined AFLAC that same year. She served as general manager of the Underwriting Department from 1998 through 2001. She was named to her current position in January 2003.

Hiroshi Shimizu
Vice President, Sales,
Territory Directory, Northeast Territory

Hiroshi Shimizu, 57, graduated from Toyo University in 1969 and joined AFLAC in 1976. He served as general manager of the Tokai and Hokuriku sales departments and Kinki Sales Department 2 from 1995 through 2000. He was promoted to vice president in 2001. He is currently in charge of the Hokkaido, Tohoku and Kanshinetsu sales departments.

Ko Shirai
Vice President, Sales;
Territory Director, Central Territory

Ko Shirai, 56, graduated from Komazawa University in 1970 and joined AFLAC in 1977. He served as manager of the Kyushu-Okinawa Sales Department and as general manager of the Tohoku Sales Department and Kinki Sales Department 1. He was promoted to vice president in 2002. He is currently responsible for the Tokai, Hokuriku and Aichi sales departments.

Kayoko Sugimoto
Vice President,
Claims (West Japan), Kinki Administration

Kayoko Sugimoto, 52, graduated from Sophia University in 1975 and joined AFLAC that same year. After serving as general manager of the West Japan Claims Department, she was promoted to vice president in charge of the Personnel and Human Resources departments in 2001. She is currently responsible for the West Japan Claims Department and the Kinki Administration Department.

Isao Sumikawa
Vice President, Sales;
Territory Director, Tokyo Corporate Territory

Isao Sumikawa, 49, graduated from Akita University in 1977 and joined AFLAC in 1980. He served as general manager of the Hokuriku Sales Department and Tokyo Sales Department 4. In 2002 he was promoted to his current position in charge of all of the Tokyo sales departments.

Kenji Usui
Vice President,
Financial Planning and Management,
Financial Operations

Kenji Usui, 44, graduated from Meiji University in 1984 and joined AFLAC that same year. He served as general manager of the Internal Audit Department and was promoted to his present position in 2002. He is a licensed CIA and a member of the Institute of Internal Auditors.

Tomoya Utsude
Vice President; Executive Medical Director,
Claims (East Japan), Policy Maintenance,
New Business

Tomoya Utsude MD, 42, graduated from the Medical School of Tokyo University in 1986 and joined AFLAC in 1994. Before he became vice president in 2003, he worked as medical director and oversaw the Medical Underwriting Department from 1996 to 2000. Before joining AFLAC, he was trained and had practical experience as a surgeon at the Tokyo University Hospital and as a surgical pathologist at the Cancer Institute, Japanese Foundation for Cancer Research.

Hidekatsu Yajima
Vice President, Sales;
Territory Director, Tokyo Metropolitan Territory

Hidekatsu Yajima, 53, graduated from Aoyama Gakuin University in 1975 and joined AFLAC in 1976. He served as general manager of the Hokkaido Sales Department from 1998 through 2001 and was promoted to vice president in 2002. He is currently in charge of the Shutoken sales departments 1 and 2.

Kenji Yasuda
Vice President,
Special Assignment

Kenji Yasuda, 55, graduated from Keio University in 1972 and joined AFLAC in 1975. After serving as general manager of the Corporate Planning, Agency Training, and several sales departments, he was promoted to vice president in 2000.

Yoshiki "Paul" Otake
Founder, Executive Advisor

Paul Otake, 65, is the founder and retired chairman of AFLAC Japan. A graduate of Hiroshima Prefectural University, he joined American International Underwriters (AIU) in 1967. He established the International Insurance Agency Group (IAG) in 1972. He was a representative to AFLAC's Tokyo office before the establishment of the Japan branch in 1974 and served as vice president, marketing, from 1974 until he was promoted to president of AFLAC Japan in 1986. He was named chairman of AFLAC Japan in 1995, and he became executive advisor in January 2003 after retiring as chairman.

Hachiro Mesaki
Senior Advisor

Hachiro Mesaki, 61, joined AFLAC in 2002 as a senior advisor. He graduated from Tokyo University and joined the Ministry of Finance (MOF) in 1967. He previously served as deputy director-general of the MOF's International Finance Bureau, executive director for Japan of the International Monetary Fund (IMF), and special advisor to the Ministry of Foreign Affairs. He also previously served as vice president for the Japan International Cooperation Agency (JICA).

Ken Kyo
General Manager,
Investor Relations Support Office,
AFLAC Japan

Ken Kyo, 43, holds a bachelor's degree in literature from Shandong University of China and a master's degree in economics from the post-graduate school at Tokyo University of Japan. He joined AFLAC in 1993. Before he was promoted to his current position in January 2003, he served as assistant manager of the Claims Department and the Underwriting Department and as section manager of the Public Relations Department.

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