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## AFLAC, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions). Your first question comes from Jimmy Bhullar with JPMorgan.

#### Jimmy Bhullar – JPMorgan

Hi, thank you. I have a question on the FASB classification of the hybrid securities. Do you have a sense of the timing on when the FASB could announce decision? And then, if they do, in fact, ask companies who classify them as equities, obviously on a GAAP basis you'd impair them, but how would that impact statutory accounting. Do you think that the NAIC would file a suit if that happen?

#### Kriss Cloninger III

At present, Kriss Cloninger here. At present we doubt that the FASB is going to make a pronouncement probably until, second quarter or later. We have no indication to believe that it's going to be any sooner than that. So, we're waiting, along with others and we hope we get our chance to comment, because, if and when we do we'll make the case that we've made before, for the last 15 years, which is we believe that our hybrids are more debt-security oriented and we created them that way for 15 years because they are traded like debt, the interest is deductible like debt et cetera, et cetera and they have more debt like characteristics than equity-like characteristics. Not only that, but we view these hybrids as an excellent match to our unit liabilities in Japan. We have the ability and intent to hold them to maturity if we find that to be appropriate. So, we just don't expect any change in that status before the second part of 2009. If the FASB does pronounce that equity impairment model is necessary for hybrid accounting then we'll have to follow that, obviously. At present though, we do not believe that will carry over into statutory accounting, because that's controlled by the NAIC and the standard valuation office and they went through an extensive vetting process over the last several years to conclude that these securities are debt in nature and should be accounted for as debt in the statutory financial statements so we don't anticipate any change in statutory.

#### Jimmy Bhullar – JPMorgan

Thank you.

#### Operator

Nigel Dally with Morgan Stanley. You may ask your question.

#### Nigel Dally – Morgan Stanley

Great, thank you, good morning. With respect to the impact of the yen on your capital ratios we are now at 89 and there are certain investors that expect it to strengthen further, potentially down to 80. If we did continue to see yen strengthening can you comment on what action would to take? Does hedging or shifting some of your capital into yen denominated assets make sense at some stage to eliminate or at least reduce the vulnerability of your RBC ratios to the yen?

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