UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004
Commission File No. 1-7434

AFLAC INCORPORATED

(Exact name of Registrant as specified in its charter)

GEORGIA	**58-1167100**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1932 Wynnton Road, Columbus, Georgia	**31999**
(Address of principal executive offices)	(Zip Code)

706-323-3431

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer as defined in Rule 12b-2 of the Exchange Act. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	November 1, 2004
Common Stock, $.10 Par Value	505,983,948 shares

AFLAC INCORPORATED AND SUBSIDIARIES
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Items other than those listed above are omitted because they are not required or are not applicable.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions)

	September 30, 2004 (Unaudited)	December 31, 2003
Assets:		
Investments and cash:		
Securities available for sale, at fair value:		
Fixed maturities (amortized cost $23,933 in 2004 and $23,686 in 2003)	**$ 26,861**	$ 26,495
Perpetual debentures (amortized cost $3,670 in 2004 and $3,280 in 2003)	**3,778**	3,349
Equity securities (cost $32 in 2004 and $33 in 2003)	**73**	73
Securities held to maturity, at amortized cost:		
Fixed maturities (fair value $9,944 in 2004 and $9,263 in 2003)	**9,646**	8,752
Perpetual debentures (fair value $4,354 in 2004 and $4,412 in 2003)	**4,249**	4,297
Other investments	**38**	33
Cash and cash equivalents	**1,388**	1,052
Total investments and cash	**46,033**	44,051
Receivables, primarily premiums	**415**	547
Accrued investment income	**425**	456
Deferred policy acquisition costs	**5,236**	5,044
Property and equipment, at cost less accumulated depreciation	**490**	518
Other	**314**	348
Total assets	**$ 52,913**	$ 50,964

See the accompanying Notes to the Consolidated Financial Statements.

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AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets (continued)
(In millions, except for share and per-share amounts)

	September 30, 2004 (Unaudited)	December 31, 2003
Liabilities and shareholders' equity:		
Liabilities:		

Policy liabilities:		
Future policy benefits	**$ 36,424**	$ 35,588
Unpaid policy claims	**2,243**	2,115
Unearned premiums	**553**	516
Other policyholders' funds	**1,111**	1,021
Total policy liabilities	**40,331**	39,240
Notes payable	**1,370**	1,409
Income taxes	**2,649**	2,189
Payables for security transactions	**9**	-
Payables for return of cash collateral on loaned securities	**228**	374
Other	**1,079**	1,106
Commitments and contingent liabilities (Note 8)		
Total liabilities	**45,666**	44,318
Shareholders' equity:		
Common stock of $.10 par value. In thousands: authorized 1,000,000 shares; issued 652,509 shares in 2004 and 651,554 shares in 2003	**65**	65
Additional paid-in capital	**457**	417
Retained earnings	**6,622**	5,885
Accumulated other comprehensive income:		
Unrealized foreign currency translation gains	**210**	213
Unrealized gains on investment securities	**2,372**	2,316
Minimum pension liability adjustment	**(24)**	(36)
Treasury stock, at average cost	**(2,455)**	(2,214)
Total shareholders' equity	**7,247**	6,646
Total liabilities and shareholders' equity	**$ 52,913**	$ 50,964
Shareholders' equity per share	**$ 14.32**	$ 13.03

See the accompanying Notes to the Consolidated Financial Statements.

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AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Earnings
(In millions, except for share and per-share amounts - Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	**2004**	2003
Revenues:				
Premiums, principally supplemental health insurance	**$ 2,822**	$ 2,478	**$ 8,363**	$ 7,257

Net investment income	**491**	448	**1,448**	1,314
Realized investment gains (losses)	**(8)**	(4)	**(7)**	(17)
Other income	**16**	9	**30**	46
Total revenues	**3,321**	2,931	**9,834**	8,600
Benefits and expenses:				
Benefits and claims	**2,124**	1,872	**6,270**	5,500
Acquisition and operating expenses:				
Amortization of deferred policy acquisition costs	**125**	113	**382**	341
Insurance commissions	**310**	287	**929**	842
Insurance expenses	**274**	264	**814**	724
Interest expense	**6**	6	**17**	16
Other operating expenses	**23**	18	**64**	58
Total acquisition and operating expenses	**738**	688	**2,206**	1,981
Total benefits and expenses	**2,862**	2,560	**8,476**	7,481
Earnings before income taxes	**459**	371	**1,358**	1,119
Income taxes	**158**	134	**477**	396
Net earnings	**$ 301**	$ 237	**$ 881**	$ 723
Net earnings per share:				
Basic	**$ .59**	$ .46	**$ 1.73**	$ 1.41
Diluted	**.58**	.45	**1.70**	1.38
Common shares used in computing earnings per share (In thousands):				
Basic	**506,599**	513,385	**508,286**	513,888
Diluted	**515,576**	521,212	**517,591**	522,793
Cash dividends per share	**$ .095**	$ .08	**$ .285**	$ .22

See the accompanying Notes to the Consolidated Financial Statements.

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AFLAC INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

(In millions, except for per-share amounts - Unaudited)

	Nine Months Ended September 30,	
	2004	2003
Common stock:		
Balance, beginning and end of period	**$ 65**	$ 65
Additional paid-in capital:		
Balance, beginning of period	**417**	371
Exercise of stock options, including income tax benefits	**12**	16
Gain on treasury stock reissued	**28**	18
Balance, end of period	**457**	405
Retained earnings:		
Balance, beginning of period	**5,885**	5,244
Net earnings	**881**	723
Dividends to shareholders ($.285 per share in 2004 and $.22 per share in 2003)	**(144)**	(113)
Balance, end of period	**6,622**	5,854
Accumulated other comprehensive income:		
Balance, beginning of period	**2,493**	2,630
Change in unrealized foreign currency translation gains (losses) during period, net of income taxes	**(3)**	(6)
Change in unrealized gains (losses) on investment securities during period, net of income taxes	**56**	(180)
Minimum pension liability adjustment during period, net of income taxes	**12**	(3)
Balance, end of period	**2,558**	2,441
Treasury stock:		
Balance, beginning of period	**(2,214)**	(1,916)
Purchases of treasury stock	**(278)**	(216)
Cost of shares issued	**37**	34
Balance, end of period	**(2,455)**	(2,098)
Total shareholders' equity	**$ 7,247**	$ 6,667

See the accompanying Notes to the Consolidated Financial Statements.

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AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions - Unaudited)

	Nine Months Ended September 30,	
	2004	2003

Cash flows from operating activities:		
Net earnings	**$ 881**	$ 723
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Change in receivables and advance premiums	**151**	(43)
Increase in deferred policy acquisition costs	**(316)**	(279)
Increase in policy liabilities	**2,254**	1,897
Change in income tax liabilities	**433**	229
Realized investment losses	**7**	17
Other, net	**120**	62
Net cash provided by operating activities	**3,530**	2,606
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Securities available for sale:		
Fixed maturities sold	**1,306**	1,195
Fixed maturities matured	**617**	945
Perpetual debentures sold	**-**	101
Equity securities and other	**-**	222
Costs of investments acquired:		
Securities available for sale:		
Fixed maturities	**(2,752)**	(3,849)
Perpetual debentures	**(464)**	(287)
Equity securities	**-**	(3)
Securities held to maturity:		
Fixed maturities	**(1,371)**	(328)
Perpetual debentures	**(129)**	(169)
Cash received as collateral on loaned securities, net	**(142)**	(499)
Other, net	**(15)**	(18)
Net cash used by investing activities	**$ (2,950)**	$ (2,690)

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AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
(In millions - Unaudited)

	Nine Months Ended September 30,	
	2004	2003
Cash flows from financing activities:		
Purchases of treasury stock	**$ (278)**	$ (216)
Change in investment-type contracts, net	**164**	124
Dividends paid to shareholders	**(137)**	(107)
Treasury stock reissued	**33**	24
Principal payments under debt obligations	**(10)**	(11)
Other, net	**13**	15

	2004	2003
Net cash used by financing activities	**(215)**	(171)
Effect of exchange rate changes on cash and cash equivalents	**(29)**	52
Net change in cash and cash equivalents	**336**	(203)
Cash and cash equivalents, beginning of period	**1,052**	1,379
Cash and cash equivalents, end of period	**$ 1,388**	$ 1,176
Supplemental disclosures of cash flow information:		
Income taxes paid	**$ 56**	$ 164
Interest paid	**12**	9
Noncash financing activities:		
Treasury shares issued to AFL Stock Plan for:		
Associate stock bonus	**25**	22
Shareholder dividend reinvestment	**7**	6
Capitalized lease obligations	**5**	8

See the accompanying Notes to the Consolidated Financial Statements.

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AFLAC INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In millions - Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	**2004**	2003
Net earnings	**$ 301**	$ 237	**$ 881**	$ 723
Other comprehensive income before income taxes:				
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses) during period	**17**	(94)	**32**	(80)
Unrealized gains (losses) on investment securities:				
Unrealized holding gains (losses) arising during period	**1,295**	(1,563)	**67**	(445)
Reclassification adjustment for realized (gains) losses included in net earnings	**8**	4	**7**	17
Minimum pension liability adjustment during period	**-**	-	**19**	(3)
Total other comprehensive income (loss) before income taxes	**1,320**	(1,653)	**125**	(511)
Income tax expense (benefit) related to items of other comprehensive income (loss)	**424**	(602)	**60**	(322)
Other comprehensive income (loss)				

net of income taxes	**896**	(1,051)	**65**	(189)
Total comprehensive income (loss)	**$ 1,197**	$ (814)	**$ 946**	$ 534

See the accompanying Notes to the Consolidated Financial Statements.

AFLAC INCORPORATED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1. BASIS OF PRESENTATION

In the opinion of management, the accompanying consolidated financial statements of AFLAC Incorporated and subsidiaries (the "Company") contain all adjustments, consisting of normal recurring accruals, which are necessary to fairly present the consolidated balance sheets as of September 30, 2004, and December 31, 2003, and the consolidated statements of earnings and comprehensive income for the three- and nine-month periods ended September 30, 2004, and 2003, and consolidated statements of shareholders' equity and cash flows for the nine-month periods ended September 30, 2004, and 2003. Results of operations for interim periods are not necessarily indicative of results for the entire year.

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). These principles are established primarily by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants. The preparation of financial statements in conformity with GAAP requires us to make estimates when recording transactions resulting from business operations based on information currently available. The most significant items on our balance sheet that involve a greater degree of accounting estimates and actuarial determinations subject to changes in the future are the valuation of investments, deferred policy acquisition costs, and liabilities for future policy benefits and unpaid policy claims. The accounting estimates and actuarial determinations are sensitive to market conditions, investment yields, mortality, morbidity, commission and other acquisition expenses, and terminations by policyholders. As additional information becomes available, or actual amounts are determinable, the recorded estimates will be revised and reflected in operating results. Although some variability is inherent in these estimates, we believe the amounts provided are adequate.

These financial statements should be read in conjunction with the financial statements included in our annual report to shareholders for the year ended December 31, 2003.

Employee Stock Options: We apply the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for our employee stock option plan. No compensation expense is reflected in net earnings as all options granted under our stock option plan have an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share, assuming we had applied the fair value recognition provisions of Statements of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except for per-share amounts)	**2004**	2003	**2004**	2003
Net earnings, as reported	**$ 301**	$ 237	**$ 881**	$ 723
Deduct compensation expense determined under a fair value method, net of tax	**8**	6	**25**	21
Pro forma net earnings	**$ 293**	$ 231	**$ 856**	$ 702

Earnings per share:				
Basic - as reported	**$ .59**	$ .46	**$ 1.73**	$ 1.41
Basic - pro forma	**.58**	.45	**1.68**	1.37
Diluted - as reported	**$ .58**	$ .45	**$ 1.70**	$ 1.38
Diluted - pro forma	**.57**	.44	**1.65**	1.34

New Accounting Pronouncements: In March 2004, the FASB's Emerging Issues Task Force (EITF) finalized new guidance on other-than-temporary impairment of debt and equity securities. The impairment evaluation guidance in Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," was originally effective for reporting periods beginning after June 15, 2004. In September 2004, the FASB issued a staff position delaying the effective date of the guidance in EITF No. 03-1 related to interest rate changes and sector credit spread increases. The FASB also released for comment a second staff position to provide clarification of the delayed implementation guidance. Depending on the outcome of the comment process, the proposed staff position could impact how we manage our available-for-sale portfolio. AFLAC had previously been evaluating impairments of debt and equity securities using much of the guidance incorporated in the original EITF Issue. If cleared by the FASB in the fourth quarter, the guidance in the second staff position would be effective as of December 31, 2004.

For additional information on new accounting pronouncements and their impact, if any, on our financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

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2. BUSINESS SEGMENT INFORMATION

The Company consists of two reportable insurance business segments: AFLAC Japan and AFLAC U.S. We sell supplemental health and life insurance through AFLAC Japan and AFLAC U.S. Most of our policies are individually underwritten and marketed at worksites through independent agents with premiums paid by the employee.

Operating business segments that are not individually reportable are included in the "Other business segments" category. We do not allocate corporate overhead expenses to business segments. We evaluate and manage our business segments using a financial performance measure called pretax operating earnings. Our definition of operating earnings as presented in this report excludes from net earnings the following items on an after-tax basis: realized investment gains/losses, the change in fair values related to hedging activities (impact from SFAS 133) and nonrecurring items. We then exclude income taxes related to operations to arrive at pretax operating earnings. Information regarding operations by segment follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2004**	2003	**2004**	2003
Revenues:				
AFLAC Japan:				
Earned premiums	**$ 2,077**	$ 1,818	**$ 6,182**	$ 5,336
Net investment income	**390**	355	**1,151**	1,044
Other income	**5**	5	**12**	16
Total AFLAC Japan	**2,472**	2,178	**7,345**	6,396
AFLAC U.S.:				
Earned premiums	**745**	660	**2,181**	1,921
Net investment income	**100**	92	**295**	267
Other income	**2**	3	**8**	7
Total AFLAC U.S.	**847**	755	**2,484**	2,195

Other business segments	**7**	9	**24**	29
Total business segment revenues	**3,326**	2,942	**9,853**	8,620
Realized investment gains (losses)	**(8)**	(4)	**(7)**	(17)
Japan pension obligation transfer	**-**	-	**6**	-
Corporate*	**15**	8	**23**	44
Intercompany eliminations	**(12)**	(15)	**(41)**	(47)
Total revenues	**$ 3,321**	$ 2,931	**$ 9,834**	$ 8,600

**Includes for the three-month periods, investment income of $1 in both 2004 and 2003 and $3 for the nine-month periods in both 2004 and 2003. Also, includes for the three-month periods, a gain of $6 in 2004, compared with a loss of $2 in 2003 related to the impact from SFAS 133, and for the nine-month periods, a loss of $6 in 2004 and a gain of $11 in 2003.*

(In millions)	Three Months Ended September 30, 2004	2003	Nine Months Ended September 30, 2004	2003
Operating earnings:				
AFLAC Japan	**$ 351**	$ 276	**$ 1,044**	$ 843
AFLAC U.S.	**128**	117	**372**	327
Other business segments	**-**	-	**-**	-
Total business segments	**479**	393	**1,416**	1,170
Interest expense, noninsurance operations	**(5)**	(5)	**(15)**	(14)
Corporate and eliminations	**(13)**	(10)	**(36)**	(31)
Pretax operating earnings*	**461**	378	**1,365**	1,125
Realized investment gains (losses)	**(8)**	(4)	**(7)**	(17)
Changes in fair values related to hedging activities	**6**	(3)	**(6)**	11
Japan pension obligation transfer	**-**	-	**6**	-
Total earnings before income taxes	**$ 459**	$ 371	**$ 1,358**	$ 1,119

** Income taxes applicable to pretax operating earnings for the three-month periods were $162 in 2004 and $133 in 2003, and for the nine-month periods were $479 in 2004 and $397 in 2003. The effect of foreign currency translation increased operating earnings for the three-month period by $10 in 2004, and for the nine-month periods by $35 in 2004 and $20 in 2003. The effect of foreign currency was insignificant for the three-month period in 2003.*

Assets were as follows:

(In millions)	**September 30, 2004**	December 31, 2003
Assets:		
AFLAC Japan	**$ 43,933**	$ 42,654

AFLAC U.S.	**8,550**	7,966
Other business segments	**49**	57
Total business segment assets	**52,532**	50,677
Corporate	**8,845**	8,276
Intercompany eliminations	**(8,464)**	(7,989)
Total assets	**$ 52,913**	$ 50,964

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3. INVESTMENTS

Realized Investment Gains and Losses

During the quarter ended September 30, 2004, we realized pretax investment losses of $8 million (after-tax, $.01 per diluted share) as a result of securities sales. For the nine months ended September 30, 2004, we realized pretax losses of $7 million (after-tax, $.01 per diluted share). For the quarter ended September 30, 2003, we realized pretax losses of $4 million (after-tax, $.01 per diluted share) and $17 million (after-tax, $.03 per diluted share) for the nine months ended September 30, 2003, as a result of securities sales. Impairment charges were immaterial during the nine months ended September 30, 2004 and 2003.

Unrealized Investment Gains and Losses

Unrealized gains on securities available for sale increased during the first nine months of 2004, primarily as a result of changing interest rates. The net effect on shareholders' equity of unrealized gains and losses from investment securities at the following dates was:

(In millions)	**September 30, 2004**	December 31, 2003
Unrealized gains on securities available for sale	**$ 3,077**	$ 2,918
Unamortized unrealized gains on securities transferred to held to maturity	**524**	608
Deferred income taxes	**(1,229)**	(1,210)
Shareholders' equity, net unrealized gains on investment securities	**$ 2,372**	$ 2,316

During the first quarter of 2004, we reclassified the debt security of a Japanese issuer from held to maturity to available for sale as a result of the issuer's credit rating downgrade. At the time of transfer, the debt security had an amortized cost of $118 million. Included in accumulated other comprehensive income immediately prior to the transfer was an unamortized gain of $24 million related to this security. This gain represented the remaining unamortized portion of a $32 million gain established in 2001, when we reclassified this investment from available for sale to held to maturity.

During the first quarter of 2003, we also reclassified our investments in two issuers from held to maturity to available for sale as a result of the issuers' credit rating downgrades. These debt securities had an amortized cost of $366 million as of March 31, 2003, the date of transfer. Included in accumulated other comprehensive income immediately prior to the transfer was an unamortized gain of $4 million related to one of these securities. This gain represented the remaining unamortized portion of a $5 million gain established in 1998, when we reclassified this investment from available for sale to held to maturity.

Special Purpose and Variable Interest Entities

As part of our investment activities, we own investments in qualified special purpose entities (QSPEs). At September 30, 2004, available-for-sale

QSPEs totaled $1.0 billion at fair value ($1.0 billion at amortized cost), compared with $1.0 billion at fair value ($1.0 billion at amortized cost) at December 31, 2003.

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We also own yen-denominated investments in variable interest entities (VIEs) totaling $1.8 billion at fair value, ($1.9 billion at amortized cost) at September 30, 2004. We have concluded that we are the primary beneficiary of VIEs totaling $1.4 billion at fair value ($1.6 billion at amortized cost) and we have consolidated our interests in these VIEs in accordance with Financial Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities. The activities of these VIEs are limited to holding debt securities and utilizing the proceeds from the debt securities to service our investments therein. The terms of the debt securities mirror the terms of the notes held by AFLAC. The consolidation of these investments does not impact our financial position or results of operations. We also have interests in VIEs that we are not required to consolidate totaling $374 million at fair value ($369 million at amortized cost) as of September 30, 2004. The notes representing our interests in these VIEs are reported as fixed-maturity securities on the balance sheet. Any loss on these investments is limited to their cost.

Security Lending

We lend fixed-maturity securities to financial institutions in short-term security lending transactions. These securities continue to be carried as investment assets on our balance sheet during the term of the loans and are not recorded as sales. We receive cash or other securities as collateral for such loans. These short-term security lending arrangements increase investment income with minimal risk. At September 30, 2004, we had security loans outstanding with a fair value of $222 million, and we held cash in the amount of $228 million as collateral for these loaned securities. At December 31, 2003, we had security loans outstanding with a fair value of $365 million, and we held cash in the amount of $374 million as collateral for these loaned securities. For additional information, see Note 3 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

4. FINANCIAL INSTRUMENTS

We have only limited activity with derivative financial instruments. We do not use them for trading purposes, nor do we engage in leveraged derivative transactions.

We have outstanding cross-currency swap agreements related to the $450 million senior notes (Note 5). We have designated the foreign currency component of these cross-currency swaps as a hedge of the foreign currency exposure of our investment in AFLAC Japan. The notional amounts and terms of the swaps match the principal amount and terms of the senior notes.

The components of the fair value of the cross-currency swaps were reflected as an asset or (liability) in the balance sheet as follows:

(In millions)	**September 30, 2004**	December 31, 2003
Interest rate component	**$ 29**	$ 36
Foreign currency component	**(54)**	(69)
Accrued interest component	**10**	4
Total fair value of cross-currency swaps	**$ (15)**	$ (29)

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The following is a reconciliation of the foreign currency component of the cross-currency swaps as included in accumulated other comprehensive income for the nine-month periods ended September 30.

(In millions)	**2004**	2003

Balance, beginning of period	**$ (69)**	$ (18)
Increase (decrease) in fair value of cross-currency swaps	**14**	(16)
Change in interest rate component reclassified to net earnings	**1**	(16)
Balance, end of period	**$ (54)**	$ (50)

5. NOTES PAYABLE

A summary of notes payable follows:

(In millions)	**September 30, 2004**	December 31, 2003
6.50% senior notes due April 2009 (principal amount $450)	**$ 449**	$ 449
Yen-denominated Samurai notes:		
1.55% notes due October 2005 (principal amount 30 billion yen)	**270**	280
.87% notes due June 2006 (principal amount 40 billion yen)	**360**	373
.96% notes due June 2007 (principal amount 30 billion yen)	**270**	280
Capitalized lease obligations	**21**	27
Total notes payable	**$ 1,370**	$ 1,409

For our yen-denominated loans, the principal amount as stated in dollar terms will fluctuate from period to period due to changes in the yen/dollar exchange rate. We have designated these yen-denominated notes payable as a hedge of the foreign currency exposure of our investment in AFLAC Japan.

We were in compliance with all of the covenants of our notes payable at September 30, 2004. No events of default or defaults occurred during the nine months ended September 30, 2004.

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6. SHAREHOLDERS' EQUITY

The following is a reconciliation of the number of shares of our common stock for the nine months ended September 30:

(In thousands of shares)	**2004**	2003
Common stock - issued:		
Balance, beginning of period	**651,554**	648,618
Exercise of stock options	**955**	2,559
Balance, end of period	**652,509**	651,177
Treasury stock:		
Balance, beginning of period	**141,662**	134,179
Purchases of treasury stock:		
Open market	**6,931**	6,688

Other	**42**	166
Shares issued to AFL Stock Plan	**(1,186)**	(1,355)
Exercise of stock options	**(1,098)**	(919)
Balance, end of period	**146,351**	138,759
Shares outstanding, end of period	**506,158**	512,418

In February 2004, the board of directors authorized the purchase of up to an additional 30 million shares of our common stock. As of September 30, 2004, we had approximately 30 million shares available for purchase under the share repurchase programs authorized by the board of directors.

For the nine months ended September 30, 2004, there were approximately 768,700 weighted-average shares, compared with 402,600 shares in 2003, for outstanding stock options that were not included in the calculation of weighted-average shares used in the computation of diluted earnings per share because the exercise price for these options was greater than the average market price during these periods (approximately 1,262,600 shares for the three months ended September 30, 2004, and 844,500 shares for the same period in 2003).

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7. BENEFIT PLANS

Our basic employee defined-benefit pension plans cover substantially all of our full-time employees. The components of retirement expense for the Japan and U.S. pension plans were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2004		2003		**2004**		2003	
(In thousands)	**Japan**	**U.S.**	Japan	U.S.	**Japan**	**U.S.**	Japan	U.S.
Components of net periodic pension cost:								
Service cost	**$ 978**	**$ 1,405**	$ 909	$ 1,269	**$ 3,410**	**$ 4,215**	$ 3,602	$ 3,808
Interest cost	**614**	**1,782**	658	1,567	**1,803**	**5,346**	1,839	4,701
Expected return on plan assets	**(210)**	**(1,348)**	(309)	(1,261)	**(785)**	**(4,045)**	(912)	(3,783)
Amortization of:								
Net actuarial loss	**540**	**415**	440	329	**1,932**	**1,246**	1,055	987
Transition obligation (asset)	**77**	**(30)**	76	(30)	**238**	**(91)**	227	(91)
Prior service cost	**20**	**44**	18	44	**60**	**132**	55	132
Net periodic pension cost	**$ 2,019**	**$ 2,268**	$ 1,792	$ 1,918	**$ 6,658**	**$ 6,803**	$ 5,866	$ 5,754

As of September 30, 2004, approximately $2.9 million (using the September 30, 2004 exchange rate) had been contributed to the AFLAC Japan pension plan. We currently expect to contribute a total of approximately $5.7 million to the AFLAC Japan plan for the full year.

We previously disclosed that we intended to fund approximately $10 million to the U.S. pension plan in 2004. During the second quarter of 2004, we completed a detailed study of the plan's funded status. Based upon this analysis, management has decided to contribute $18 million to the U.S. plan in 2004. We believe that this additional contribution allows the plan to maintain a stronger funded status in future periods. This change in funding did not impact net earnings.

8. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments: We have employee benefit plans that provide pension and various post-retirement benefits. For additional information regarding our benefit plans, see Note 10 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

We lease office space and equipment under various agreements that expire in various years through 2021. For further information regarding lease commitments, see Note 11 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

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Litigation: We are a defendant in various lawsuits considered to be in the normal course of business. Some of this litigation is pending in states where large punitive damages bearing little relation to the actual damages sustained by plaintiffs have been awarded against other companies, including insurers, in recent years. Although the final results of any litigation cannot be predicted with certainty, we believe the outcome of pending litigation will not have a material adverse effect on our financial position, results of operations, or cash flows.

9. SUBSEQUENT EVENT

As a result of tax law changes resulting from the enactment of the American Jobs Creation Act of 2004, we will be reducing the valuation allowance associated with a deferred tax asset by approximately $149 million, or $.29 per diluted share. We will recognize this one-time gain as a reduction in tax expense during the fourth quarter of 2004.

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REVIEW BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The September 30, 2004, and 2003, financial statements included in this filing have been reviewed by KPMG LLP, independent registered public accountants, in accordance with established professional standards and procedures for such a review.

The report of KPMG LLP commenting upon its review is included on page 19.

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KPMG LLP
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Report of Independent Registered Public Accounting Firm

The shareholders and board of directors of AFLAC Incorporated:

We have reviewed the consolidated balance sheet of AFLAC Incorporated and subsidiaries as of September 30, 2004, and the related consolidated statements of earnings and comprehensive income for the three-month and nine-month periods ended September 30, 2004, and 2003, and the consolidated statements of shareholders' equity and cash flows for the nine-month periods ended September 30, 2004, and 2003. These consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheet of AFLAC Incorporated and subsidiaries as of December 31, 2003, and the related consolidated statements of earnings, shareholders' equity, cash flows and comprehensive income for the year then ended (not presented herein); and in our report dated February 2, 2004, we expressed an unqualified opinion on those financial statements.

KPMG LLP

Atlanta, GA
October 26, 2004

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to inform the reader about matters affecting the financial condition and results of operations of AFLAC Incorporated and its subsidiaries for the period from December 31, 2003, to September 30, 2004. As a result, the following discussion should be read in conjunction with the consolidated financial statements and notes that are included in our annual report to shareholders for the year ended December 31, 2003.

Company Overview

AFLAC Incorporated (the Parent Company) and its subsidiaries (the Company) primarily sell supplemental health and life insurance in the United States and Japan. The Company's insurance business is marketed and administered through American Family Life Assurance Company of Columbus (AFLAC), which operates in the United States (AFLAC U.S.) and as a branch in Japan (AFLAC Japan). Most of AFLAC's policies are individually underwritten and marketed at worksites through independent agents, with premiums paid by the employee. Our insurance operations in the United States and our branch in Japan service the two markets for our insurance business.

Critical Accounting Estimates

There have been no changes in the items that we have identified as critical accounting estimates during the nine months ended September 30, 2004. For additional information, see MD&A Critical Accounting Estimates included in our annual report to shareholders for the year ended December 31, 2003.

New Accounting Pronouncements

During the last several years, the Financial Accounting Standards Board (FASB) has been active in soliciting comments and issuing statements, interpretations and exposure drafts on issues including derivatives, pensions, variable interest entities, special purpose entities, equity-based compensation, and impairments on investment securities. For additional information on new accounting pronouncements and the impact, if any, on our financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements.

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RESULTS OF OPERATIONS

The following table presents an analysis of net earnings and net earnings per diluted share as well as items impacting those performance measures for the following periods:

Analysis of Net Earnings

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	In millions		Per-share amounts*		In millions		Per-share amounts*	
Net earnings	$ **301**	$ 237	$ **.58**	$ .45	**$ 881**	$ 723	$ **1.70**	$ 1.38
Items impacting net earnings, net of tax:								
Realized investment gains (losses)	**(4)**	(6)	**(.01)**	(.01)	**(2)**	(16)	**(.01)**	(.03)
Changes in fair values related to hedging activities	**6**	(2)	**.01**	(.01)	**(6)**	11	**(.01)**	.02
Japan pension obligation transfer	**-**	-	**-**	-	**3**	-	**.01**	-
Foreign currency translation**	**10**	-	**.02**	-	**35**	20	**.07**	.04

** Per-share amounts are presented on a diluted basis.*
*** Translation effect on AFLAC Japan segment and Parent Company yen-denominated interest expense*

Realized Investment Gains and Losses

Our investment strategy is to invest in fixed-income securities in order to provide a reliable stream of investment income, which is one of the drivers of the company's profitability. We do not purchase securities with the intent of generating capital gains or losses. However, investment gains and losses may be realized as a result of changes in the financial markets and the creditworthiness of specific issuers of fixed-maturity securities. The realization of investment gains and losses is independent of the underwriting and administration of our insurance products, which are the principal drivers of our profitability.

During the third quarter of 2004, we received an issuer's offer to redeem certain available-for-sale yen-denominated debt securities held by the Company. We accepted the issuer's offer of $205 million for the debt securities and recorded a pretax realized loss of $23 million. This loss is included in realized investment gains and losses for the third quarter of 2004. Other investment gains and losses realized during the first nine months of 2004 and 2003 resulted from sales transactions in the normal course of business.

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Cross-Currency Swaps

We entered into cross-currency swap agreements to effectively convert our dollar-denominated senior debt obligation, which matures in 2009, into a yen-denominated obligation. The changes in fair values related to hedging activities (impact from SFAS 133) includes the portion of the change in fair value of the cross-currency swaps not qualifying for hedge accounting, which must be recognized in net earnings in accordance with generally accepted accounting principles. (See Notes 1, 4 and 6 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003, for additional information).

Nonrecurring Items

During 2003, we elected to return the substitutional portion of AFLAC Japan's pension plan to the Japanese government as allowed by the Japan Welfare Pension Insurance Law. We received government approval to complete the transfer in December 2003 and concluded the transfer process during the first quarter of 2004. Upon completion of the transfer process, we recognized a one-time gain as a result of the transfer of certain pension obligations to the Japanese government (other income) in the amount of $6 million (after-tax, $3 million, or $.01 per diluted share). For additional information on the transfer, see Note 10 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

Foreign Currency Translation

AFLAC Japan's premiums and most of its investment income are received in yen. Claims and expenses are paid in yen, and we primarily purchase yen-denominated assets to support yen-denominated policy liabilities. These and other yen-denominated financial statement items are translated into dollars for financial reporting purposes. We translate AFLAC Japan's income statement from yen into dollars using an average exchange rate for the reporting period, and we translate its balance sheet using an end-of-period exchange rate. However, it is important to distinguish between translating and converting foreign currency. Except for a limited number of transactions, we do not actually convert yen into dollars.

Due to the relative size of AFLAC Japan, fluctuations in the yen/dollar exchange rate can have a significant effect on our reported results. In periods when the yen weakens, translating yen into dollars causes fewer dollars to be reported. When the yen strengthens, translating yen into dollars causes more dollars to be reported. Consequently, yen-weakening has the effect of suppressing current period results in relation to the comparable prior period, while yen-strengthening has the effect of magnifying current period results in relation to the comparable prior period. 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 operations, management evaluates AFLAC's financial performance excluding the impact of foreign currency translation.

Income Taxes

Our combined U.S. and Japanese effective income tax rate on operating earnings was 35.1% for the nine-month period ended September 30, 2004, compared with 35.3% for the same period in 2003.

Earnings Projections

To comply with the SEC's new reporting requirements for filed documents, we were required to change the format that we use to communicate earnings guidance in this report. Previously, we communicated earnings guidance on the basis of operating earnings per diluted share growth, excluding the effect of foreign currency translation. We now communicate earnings guidance based on net earnings per diluted share growth. However, items that cannot be predicted, or that are outside of management's control, may have a significant impact on actual results. Therefore, our projections of net earnings include certain assumptions to reflect the limitations that are inherent in projections of net earnings.

In the context of a forward-looking discussion, the impact of foreign currency translation on our results of operations is inherently unpredictable. Therefore, our projections of net earnings assume no impact from foreign currency translation for a given period in relation to the comparable prior period.

Furthermore, as discussed previously, we do not purchase securities with the intent of generating capital gains or losses. Therefore, we do not attempt to predict realized investment gains and losses, which include impairment charges, as their ultimate realization will be the result of market conditions that may or may not be predictable. As a result, our projections of net earnings assume no realized investment gains or losses in future periods.

Net earnings are also impacted by the changes in fair values related to hedging activities (impact from SFAS 133), which is determined based on relative dollar and yen interest rates. Similar to foreign currency exchange rates, yen and dollar interest rates are also inherently unpredictable. Consequently, our projections of net earnings assume no impact from SFAS 133.

Finally, because nonrecurring items represent the financial impact of items that have not occurred within the past two years and are not expected to occur within the next two years, we do not attempt to predict their occurrence in future periods.

Subject to the assumptions set forth above, our objective for 2004 is to achieve net earnings per diluted share of at least $2.21, an increase of 17%. If we achieve this objective, the following table shows the likely results for 2004 net earnings per diluted share, including the impact of foreign currency translation using various yen/dollar exchange rate scenarios.

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2004 Earnings Per Share (EPS) Scenarios*

Weighted-Average Yen/dollar Exchange Rate	Net Earnings per Diluted Share	% Growth Over 2003	Yen Impact on EPS
100.00	$ 2.38	25.9%	$ .17
105.00	2.32	22.8	.11
110.00	2.27	20.1	.06
115.95**	2.21	16.9	-
120.00	2.18	15.3	(.03)
125.00	2.14	13.2	(.07)

* *Assumes: No realized investment gains/losses, no impact from SFAS 133, and no nonrecurring items in 2004 and 2003; and no impact from currency translation in 2004*

** *Actual 2003 weighted-average exchange rate*

Our objectives for 2005 and 2006 are to increase net earnings per diluted share by 15%, on the basis described above.

INSURANCE OPERATIONS

AFLAC's insurance business consists of two segments: AFLAC Japan and AFLAC U.S. GAAP financial reporting requires that an enterprise report financial and descriptive information about operating segments in its annual financial statements. Furthermore, these requirements direct a public business enterprise to report a measure of segment profit or loss, certain revenue and expense items, and segment assets. We measure and evaluate our insurance segments' financial performance using operating earnings on a pretax basis. We define segment operating earnings as the profits we derive from our operations before realized investment gains and losses, the impact from SFAS 133, and nonrecurring items. We believe that an analysis of segment operating earnings is vitally important to an understanding of the underlying profitability drivers and trends of our insurance business. Furthermore, because a significant portion of our business is conducted in Japan, we believe it is equally important to understand the impact of translating Japanese yen into U.S. dollars.

We evaluate our sales efforts using an industry operating measure - new annualized premium sales. Total new annualized premium sales, which include new sales and the incremental increase in premiums due to conversions, represent the premiums that we would collect over a 12-month period assuming the policies remain in force. Premium income, or earned premiums, is a financial performance measure that reflects collected or due premiums that have been earned ratably on policies in force during the reporting period.

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AFLAC JAPAN

AFLAC Japan, which operates as a branch of AFLAC, is the principal contributor to consolidated earnings. Based on financial results determined in accordance with Financial Services Agency (FSA) requirements for the Japanese fiscal year ended March 31, 2004, AFLAC Japan ranked first in terms of individual life insurance policies in force and 10th in terms of assets among all life insurance companies operating in Japan.

AFLAC Japan Pretax Operating Earnings

Changes in AFLAC Japan's pretax operating earnings and profit margins are primarily affected by morbidity, mortality, expense levels, persistency and investment yields. The following table presents a summary of operating results for AFLAC Japan.

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AFLAC Japan Summary of Operating Results

(In millions)	Three Months Ended September 30, **2004**	Three Months Ended September 30, 2003	Nine Months Ended September 30, **2004**	Nine Months Ended September 30, 2003
Premium income	**$ 2,077**	$ 1,818	**$ 6,182**	$ 5,336
Net investment income	**390**	355	**1,151**	1,044
Other income	**5**	5	**12**	16
Total operating revenues	**2,472**	2,178	**7,345**	6,396
Benefits and claims	**1,665**	1,469	**4,930**	4,324
Operating expenses:				
Amortization of deferred policy acquisition costs	**65**	65	**203**	191
Insurance commissions	**216**	202	**653**	594
Insurance and other expenses	**175**	166	**515**	444
Total operating expenses	**456**	433	**1,371**	1,229
Total benefits and expenses	**2,121**	1,902	**6,301**	5,553
Pretax operating earnings*	**$ 351**	$ 276	**$ 1,044**	$ 843

Weighted-average yen/dollar exchange rates	**109.95**	117.76	**109.00**	118.39

	In Dollars				In Yen			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Percentage changes over previous period:								
Premium income	**14.3%**	7.8%	**15.9%**	13.2%	**6.9%**	6.3%	**6.7%**	6.4%
Net investment income	**9.8**	7.1	**10.2**	10.4	**2.7**	5.7	**1.5**	3.7
Total operating revenues	**13.5**	8.0	**14.8**	13.0	**6.1**	6.5	**5.8**	6.2
Pretax operating earnings*	**27.3**	14.1	**23.9**	21.0	**18.9**	12.8	**14.1**	13.7

	Three Months Ended September 30, **2004**	Three Months Ended September 30, 2003	Nine Months Ended September 30, **2004**	Nine Months Ended September 30, 2003
Ratios to total revenues, in dollars:				
Benefits and claims	**67.4%**	67.4%	**67.1%**	67.6%

Operating expenses:				
Amortization of deferred policy acquisition costs	**2.6**	3.0	**2.8**	3.0
Insurance commissions	**8.7**	9.3	**8.9**	9.3
Insurance and other expenses	**7.1**	7.6	**7.0**	7.1
Total operating expenses	**18.4**	19.9	**18.7**	19.2
Pretax operating earnings*	**14.2**	12.7	**14.2**	13.2

**See page 24 for our definition of operating earnings.*

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As a result of our product broadening strategy, the mix of our in-force business has changed significantly during the last few years. The product mix change is significant because the benefit ratios by product can vary significantly. Our overall benefit ratio has been declining due to the ongoing shift to products with lower benefit ratios. Benefit ratios have also been impacted by favorable claims trends on certain lines of business. These trends have been largely driven by changes in the national health care system in Japan. Emphasis has been placed on shortening hospital stays and we have seen the impact of this in our recent claims experience. We expect the benefit ratio to continue to decline in future periods primarily reflecting the continued shift to newer products.

The ratio of amortization of deferred policy acquisition costs to revenue has improved largely due to improved persistency. 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. The decline in the ratio of insurance and other expenses to total revenue for the third quarter of 2004, compared with 2003, was primarily the result of a third quarter 2003 charge for the policyholder protection fund in Japan. We expect the operating expense ratio to remain relatively stable in the future.

Our persistency has improved to its highest level in recent years. While industry data indicates that overall persistency has increased industry wide, we believe our improved persistency also reflects the success of several initiatives undertaken by AFLAC Japan in recent years. The overall persistency rate could be negatively impacted in the future by a deterioration in general economic conditions and a greater contribution of direct business, which tends to have lower persistency.

The expansion of the profit margin in the third quarter of 2004 was primarily a result of an improvement in the expense ratio as discussed above. For the first nine months of 2004, lower benefit ratios also contributed to an improved profit margin. The expansion of the profit margin during the past few years has been largely attributable to the declining benefit ratio, which has been partially offset by the effect of low investment yields. Lower investment yields affect our profit margins by reducing the spread between investment yields and required interest on policy reserves related to our older blocks of policies in force. See AFLAC Japan Investments on page 29 for information on investment yields.

AFLAC Japan maintains a portfolio of dollar-denominated and reverse-dual currency securities (yen-denominated debt securities with dollar coupon payments). Dollar-denominated investment income from these assets accounted for approximately 30% of AFLAC Japan's investment income in the first nine months of 2004, compared with 29% a year ago. In years when the yen strengthens, translating AFLAC Japan's dollar-denominated investment income into yen lowers comparative rates of growth for net investment income, total operating revenues and pretax operating earnings in yen terms. In years when the yen weakens, translating dollar-denominated investment income into yen magnifies comparative rates of growth for net investment income, total operating revenues and pretax operating earnings in yen terms. The following table illustrates the effect of translating AFLAC Japan's dollar-denominated investment income and related items by comparing certain segment results with those that would have been reported had yen/dollar exchange rates remained unchanged from the previous year.

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AFLAC Japan Percentage Changes Over Previous Period

For the Periods Ended September 30,

(Yen Operating Results)

	Including Foreign Currency Changes				Excluding Foreign Currency Changes**			
	Three Months Operating Results		Nine Months Operating Results		Three Months Operating Results		Nine Months Operating Results	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
Net investment income	**2.7%**	5.7%	**1.5%**	3.7%	**4.9%**	6.2%	**4.1%**	5.7%
Total operating revenues	**6.1**	6.5	**5.8**	6.2	**6.5**	6.5	**6.2**	6.5
Pretax operating earnings*	**18.9**	12.8	**14.1**	13.7	**21.6**	13.4	**17.1**	16.2

* *See page 22 for our definition of operating earnings.*

** *Amounts excluding foreign currency changes on dollar-denominated items were determined using the same yen/dollar exchange rate for the current period as the comparable period in the prior year.*

AFLAC Japan Sales

AFLAC Japan's total new annualized premium sales declined 2.9% to 28.6 billion yen in the third quarter of 2004, compared with 29.5 billion yen a year ago. Total new annualized premium sales as reported in dollars were $260 million in the third quarter of 2004, compared with $251 million a year ago. For the nine months ended September 30, 2004, total new annualized premium sales were down .4% in yen terms to 89.2 billion yen or $818 million, compared with 89.5 billion yen or $756 million in 2003. Sales growth in the third quarter of 2004 was again impacted by sharp declines in Rider MAX conversions and significantly lower sales from Dai-ichi Mutual Life, compared with 2003. Excluding conversions and the contribution from Dai-ichi, sales were up 4.5% for the quarter and 5.4% for the first nine months. Our stand-alone supplemental medical policy, EVER, remained the number one medical product in the life insurance industry in terms of policy sales during the quarter, and it was the top contributor to our sales in the quarter. We currently expect sales in the fourth quarter of 2004 to increase at a low-single-digit rate, which will result in flat sales to a slight increase for the full year.

AFLAC Japan's sales mix has been shifting during the last few years. Sales of EVER, our whole-life fixed-benefit medical product, now exceed sales of Rider MAX. We believe consumer response to EVER has been favorably impacted by health care legislation that increased out-of-pocket costs for most Japanese consumers in April 2003. Stand-alone medical sales accounted for 31% of total sales in the third quarters of 2004 and 2003. We continue to believe that EVER will be an important part of our product portfolio.

Rider MAX accounted for 16% of total sales in the third quarter of 2004, compared with 23% a year ago. As discussed above, sales of Rider MAX have been affected in recent periods by the decline in conversion activity from our original term policy to the new whole-life version. We expect that the effect of conversions on total new annualized sales will continue to decline in future periods.

Cancer life sales accounted for 23% of total sales in the third quarter of 2004 and 26% for the same period of 2003. Life production accounted for 20% of total sales in the third quarter of 2004, compared with 14% a year ago.

Dai-ichi Life sales accounted for 8% of total new annualized premium sales in the third quarter of 2004, compared with 11% a year ago. In the third quarter of 2004, Dai-ichi Life sales declined 32%, compared with the same period a year ago, as a result of its recent focus on marketing its core products. Nevertheless, we continue to be pleased with the results of our marketing alliance with Dai-ichi Life and the sales opportunities that it represents.

We continued to focus on the growth of our distribution system in Japan. During the third quarter, we recruited over 800 agencies. Those new agencies, combined with our first-half recruiting efforts, put us on track to meet or exceed our 2004 recruiting goal of 4,000 agencies. We believe that new agencies and sales associates will continue to be attracted to AFLAC Japan's high commissions, superior products, customer service and brand image. Furthermore, we believe that these new agencies and associates will enable us to further expand our reach in the Japanese market.

AFLAC Japan Investments

Growth of investment income in yen is affected by available cash flow from operations, investment yields achievable on new investments, and the effect of yen/dollar exchange rates on dollar-denominated investment income. Investment yields in Japan remained at levels above 2003 during the third quarter of 2004, although they declined from their peak earlier this year. The yield of a composite index of 20-year Japanese government bonds averaged 2.24% in the third quarter of 2004, compared with 1.69% a year ago. At the end of September, the yield on the 20-year Japanese government bond index was at 2.07%.

We purchased yen-denominated securities at an average yield of 2.27% in the third quarter, compared with 2.99% in the third quarter of 2003. Including dollar-denominated investments, our blended new money yield was 3.43% for the quarter, compared with 3.96% for the quarter ended September 30, 2003. At September 30, 2004, the yield on AFLAC Japan's investment portfolio (including dollar-denominated investments) was 4.42%, compared with 4.60% at September 30, 2003. Our return on average invested assets, net of investment expenses, was 4.27% for the third quarter of 2004, compared with 4.43% for the third quarter of 2003. For the nine months ended September 30, 2004, the return on average invested assets was 4.24%, compared with 4.47% for the same period in 2003.

Japanese Economy

Japan's system of compulsory public health care insurance provides medical coverage to every Japanese citizen. These public medical expenditures are covered by a combination of premiums paid by the insured and their employers, taxes, and copayments from the people who receive medical service. However, given Japan's aging population and its declining birth rate, the resources available to these publicly funded social insurance programs have come under increasing pressure and as a result, copayments have been rising and affecting more people. In 2003, copayments were raised from 20% to 30% and additional reforms are being considered for 2008. We believe the trend of higher copayments will lead more consumers to purchase private supplemental insurance plans. Many insurance companies have recognized the opportunities for selling supplemental insurance in Japan and have launched new products in recent years. However, we believe our favorable cost structure compared with other insurers makes us a very effective competitor. In addition, we also believe our brand, customer service and financial strength also benefit our market position.

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After a prolonged recession, Japan's economy appears to be showing signs of improvement. However, as Japan continues to work its way out of the recession, it also faces the challenges of an aging population and a declining birth rate. And while recent events continue to indicate that Japan's economy has begun to recover, the time required for a full economic recovery remains uncertain.

AFLAC U.S.

AFLAC U.S. Pretax Operating Earnings

Changes in AFLAC U.S. pretax operating earnings and profit margins are primarily affected by morbidity, mortality, expense levels, persistency and investment yields. The following table presents a summary of operating results for AFLAC U.S.

AFLAC U.S. Summary of Operating Results

(In millions)	Three Months Ended September 30, **2004**	2003	Nine Months Ended September 30, **2004**	2003
Premium income	**$ 745**	$ 660	**$ 2,181**	$ 1,921
Net investment income	**100**	92	**295**	267
Other income	**2**	3	**8**	7
Total operating revenues	**847**	755	**2,484**	2,195
Benefits and claims	**459**	403	**1,340**	1,175
Operating expenses:				
Amortization of deferred policy acquisition costs	**59**	48	**180**	150
Insurance commissions	**94**	85	**276**	248
Insurance and other expenses	**107**	102	**316**	295
Total operating expenses	**260**	235	**772**	693
Total benefits and expenses	**719**	638	**2,112**	1,868
Pretax operating earnings*	**$ 128**	$ 117	**$ 372**	$ 327

Percentage changes over previous period:				
Premium income	**12.8%**	16.3%	**13.5%**	17.5%
Net investment income	**8.4**	9.4	**10.5**	8.8
Total operating revenues	**12.3**	15.3	**13.2**	16.3
Pretax operating earnings*	**10.0**	16.5	**13.6**	12.7
Ratios to total revenues:				
Benefits and claims	**54.2%**	53.4%	**53.9%**	53.5%
Operating expenses:				
Amortization of deferred policy acquisition costs	**7.0**	6.4	**7.2**	6.8
Insurance commissions	**11.2**	11.3	**11.1**	11.3
Insurance and other expenses	**12.5**	13.4	**12.8**	13.5
Total operating expenses	**30.7**	31.1	**31.1**	31.6
Pretax operating earnings*	**15.1**	15.5	**15.0**	14.9

**See page 22 for our definition of operating earnings.*

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Our persistency rate has been relatively stable during the last two years and is primarily affected by the growth of sales and our mix of business. Sales growth impacts persistency because policies in their earlier years are generally less persistent than those in later years. Thus, a strong increase in new sales can result in a corresponding decrease in aggregate persistency. Our U.S. payroll business is generally less persistent than our direct business. Furthermore, persistency rates are 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.

The slight increase in the ratio of benefits and claims to total revenues is partly the result of slower growth in investment income. Our product designs do not include reimbursement of direct medical costs and therefore are not subject to the risks of medical-cost inflation. As a result, we expect our benefit ratio to remain relatively stable in the future. We also expect the operating expense ratio and profit margins to remain relatively level in the future.

AFLAC U.S. Sales

Total new annualized premium sales rose 2.7% to $270 million in the third quarter, compared with $263 million for the three months ended September 30, 2003. For the nine-month period ended September 30, 2004, total new annualized premium sales grew 7.6% to $843 million, compared with $783 million for the same period in 2003. Annualized premiums in force at September 30 were $3.3 billion in 2004, compared with $2.9 billion in 2003.

Although we believe the rate of sales growth in the fourth quarter of 2004 will improve compared with the third quarter of 2004, we currently expect a low- to mid-single-digit sales increase for the remaining three months of 2004. Therefore, we do not expect to meet our full-year sales objective of a 10% to 12% increase in 2004. New sales in the third quarter of 2004 were negatively impacted by the hurricanes that devastated areas of the Southeast. Sales in Florida and Alabama were especially soft compared with their rates of sales growth in the first half of 2004. However, we believe the overall weak sales growth primarily resulted from the sweeping changes we made to our sales management team last year. Those changes are continuing to impact recruiting, productivity and, consequently, sales.

Recruitment of new sales associates declined 1.2% in the third quarter, compared with a 5.2% decline in the second quarter. We expect new agent recruiting in the United States to improve as sales coordinators who were promoted at the start of the year become better adjusted to the responsibilities of their new positions. We also believe we can improve retention and productivity of sales associates as we continue to focus on recently adopted training initiatives. Ultimately, we believe these actions will lead to better recruiting and faster sales growth in the United States.

Another aspect of our growth strategy is the continued enhancement of our product line. During 2003, we introduced new versions of our accident, cancer and short-term disability insurance policies, which we believe will benefit sales growth in future periods. Our best-selling category continued to be accident/disability coverage, which accounted for 52% of total sales during the third quarters of 2004 and 2003. Cancer expense insurance was another solid contributor to sales, accounting for 19% of total sales for the three-month periods ended September 30, 2004 and 2003. Our hospital indemnity product category also contributed strongly to sales, accounting for 11% of total sales in the third quarters of 2004 and 2003. Fixed-benefit dental coverage continued to sell well, accounting for 7% of total sales in the third quarters of 2004 and 2003.

AFLAC U.S. Investments

For the quarter ended September 30, 2004, available cash flow was invested at an average yield of 6.33%, compared with 6.29% in 2003. For the nine months ended September 30, 2004, available cash flow was invested at an average yield of 6.34%, compared with 6.52% for the same period in 2003. The yield on AFLAC's U.S. portfolio was 7.45% at September 30, 2004, compared with a yield of 7.63% at September 30, 2003. The overall return on average invested assets, net of investment expenses, was 6.95% for the third quarter of 2004, compared with 7.33% in 2003. For the nine-month periods ended September 30, the overall return on average invested assets, net of investment expenses, was 7.02% in 2004 and 7.41% in 2003.

Analysis of Financial Condition

Our financial condition has remained strong in the functional currencies of our operations during the last two years. The yen/dollar exchange rate at the end of each period is used to translate yen-denominated balance sheet items to U.S. dollars for reporting purposes. The exchange rate at September 30, 2004, was 111.05 yen to one U.S. dollar, or 3.5% weaker than the December 31, 2003, exchange rate of 107.13. The weaker yen decreased reported investments and cash by $1.3 billion, total assets by $1.5 billion, and total liabilities by $1.5 billion, compared with the amounts that would have been reported for the third quarter of 2004 if the exchange rate had remained unchanged from year-end 2003.

Investments and Cash

Our investment philosophy is to maximize investment income while emphasizing liquidity, safety and quality. Our investment objective, subject to appropriate risk constraints, is to fund policyholder obligations and other liabilities in a manner that enhances shareholders' equity. We seek to meet this objective through a diversified portfolio of fixed-income investments that reflects the characteristics of the liabilities it supports.

AFLAC invests primarily within the debt securities markets. Our investment activities expose us to credit risk, which is a consequence of extending credit and/or carrying investment positions. However, we continue to adhere to prudent standards for credit quality. We accomplish this by considering our product needs and the overall objectives of AFLAC Incorporated, in addition to credit risk. Our investment policy requires that all securities be rated investment grade at the time of purchase. In evaluating the initial rating, we look at the overall senior issuer rating, the explicit rating for the actual issue or the rating for the security class, and the appropriate NAIC designation from the Securities Valuation Office (SVO). In addition, we perform extensive internal credit reviews to ensure that we are consistent in applying rating criteria for all of our securities.

The following table presents an analysis of investment securities by segment:

	AFLAC Japan		AFLAC U.S.	
(In millions)	**September 30, 2004**	December 31, 2003	**September 30, 2004**	December 31, 2003
Securities available for sale, at fair value:				
Fixed maturities	**$ 21,258**	$ 21,098	**$ 5,603**	$ 5,397*
Perpetual debentures	**3,420**	3,121	**358**	228
Equity securities	**43**	37	**30**	36
Total available for sale	**24,721**	24,256	**5,991**	5,661
Securities held to maturity, at amortized cost:				
Fixed maturities	**9,630**	8,736	**16**	16
Perpetual debentures	**4,249**	4,297	**-**	-

Total held to maturity	**13,879**	13,033	**16**	16
Total investment securities	**$ 38,600**	$ 37,289	**$ 6,007**	$ 5,677

**Includes securities held by the parent company of $39 at December 31, 2003*

The increase in investment securities during the first nine months of 2004 reflected the substantial cash flows in the functional currencies of our operations, partially offset by the effect of a weaker yen/dollar exchange rate.

We have investments in both publicly issued and privately issued securities. However, the status of issuance should not be viewed as an indicator of liquidity or as a limitation on the determination of fair value. The outstanding amount of a particular issuance, as well as the level of activity in a particular issuance and the state of the market, including credit events and the interest rate environment, affect liquidity regardless of type of issuance. We routinely assess the fair value of all of our investments. This process includes evaluating quotations provided by outside securities pricing sources and/or compiled using data provided by external debt and equity market sources.

The following table presents an analysis of investment securities by type of issuance:

	September 30, 2004		December 31, 2003	
(In millions)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
Publicly issued securities:				
Fixed maturities	**$ 14,576**	**$ 16,784**	$ 14,858	$ 17,307
Perpetual debentures	**88**	**93**	36	40
Equity securities	**14**	**50**	28	68
Total publicly issued	**14,678**	**16,927**	14,922	17,415
Privately issued securities:				
Fixed maturities	**19,003**	**20,021**	17,579	18,451
Perpetual debentures	**7,831**	**8,039**	7,542	7,721
Equity securities	**18**	**23**	4	4
Total privately issued	**26,852**	**28,083**	25,125	26,176
Total investment securities	**$ 41,530**	**$ 45,010**	$ 40,047	$ 43,591

Total privately issued securities accounted for 64.7%, at amortized cost, of total debt securities as of September 30, 2004, compared with 62.8% at December 31, 2003. Privately issued securities held by AFLAC Japan at amortized cost accounted for $24.9 billion, or 60.0%, of total debt securities at September 30, 2004 and $23.3 billion, or 58.1%, of total debt securities at December 31, 2003. Reverse-dual currency debt securities accounted for $7.0 billion, or 26.2%, of total privately issued securities as of September 30, 2004, compared with $6.5 billion, or 25.7%, of total privately issued securities as of December 31, 2003. AFLAC Japan has invested in privately issued securities to secure higher yields than those available from Japanese government bonds. AFLAC Japan's investments in yen-denominated privately issued securities consist primarily of non-Japanese issuers. These non-Japanese issuers are willing to issue yen-denominated securities with longer maturities, thereby allowing us to improve our asset/liability matching and our overall investment returns. Most of our privately issued securities are issued under medium-term note programs and have standard documentation commensurate with credit ratings, except when internal credit analysis indicates that additional protective and/or event-risk covenants are required.

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We use specific criteria to judge the credit quality of both existing and prospective investments. Furthermore, we use several methods to monitor these criteria, including credit rating services and internal credit analysis. All of our securities have ratings from either a nationally recognized security rating organization (NRSRO) or the SVO of the NAIC. The percentage distribution by credit rating of our purchases of debt securities, based on amortized cost at the date of acquisition, was as follows:

	Nine Months Ended September 30, 2004	Twelve Months Ended December 31, 2003	Nine Months Ended September 30, 2003
AAA	**11.0%**	9.0%	9.7%
AA	**32.0**	18.1	11.4
A	**39.6**	32.4	38.6
BBB	**17.4**	40.5	40.3
	100.0%	100.0%	100.0%

The percentage distribution of our debt securities, at amortized cost and fair value, by credit rating was as follows:

	September 30, 2004		December 31, 2003	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AAA	**3.7%**	**3.7%**	3.1%	3.1%
AA	**31.0**	**32.9**	31.0	33.5
A	**34.4**	**34.1**	33.9	33.6
BBB	**29.0**	**27.7**	29.2	27.4
BB or lower	**1.9**	**1.6**	2.8	2.4
	100.0%	**100.0%**	100.0%	100.0%

The overall credit quality of our portfolio remained high in part because our investment policy prohibits us from purchasing below-investment-grade securities. However, our holdings of below-investment-grade securities have increased somewhat in recent years as the overall credit environment has deteriorated. During the third quarter of 2004, our disposal of three below-investment-grade securities and a credit rating upgrade on a fourth security contributed to the decline in the "BB" or lower category when compared to December 31, 2003.

In the event of a credit rating downgrade to below-investment-grade status, we do not automatically liquidate our position. However, if the security is in the held-to-maturity portfolio, we immediately transfer it to the available-for-sale portfolio so that the security's fair value and its unrealized gain/loss are reflected on the balance sheet.

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Once we designate a security as below investment grade, we begin a more intensive monitoring of the issuer. We do not automatically recognize an impairment for the difference between fair value and carrying value. Our investment management starts by reviewing its credit analysis. Included in this process are an evaluation of the issuer, its current credit posture and an assessment of the future prospects for the company. We then obtain fair value information from at least three independent pricing sources. Upon determining the fair value, we move our focus to an analysis of whether the decline in fair value, if any, is other than temporary. For securities with a carrying value in excess of fair value, investment management then reviews the issue based on our impairment policy to determine if the investment should be impaired and/or liquidated. The assessment of whether a decline is other than temporary requires significant management judgment and is discussed more fully in the Critical Accounting Estimates section of MD&A in our annual report to shareholders for the year ended December 31, 2003.

Securities classified as below investment grade were as follows:

Below-Investment-Grade Securities

	September 30, 2004		December 31, 2003	
(In millions)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
Ahold Finance	**$ 319**	**$ 264**	$ 348	$ 294
KLM Royal Dutch Airlines	**270**	**232**	280	240
Toys R Us Japan	**90**	**102**	*	*
LeGrand	**46**	**50**	46	46
Tennessee Gas Pipeline	**31**	**31**	31	31
SB Treasury Company LLC	**28**	**33**	28	32
IKON Office Solutions	**16**	**18**	16	20
AMP Japan	*	*	56	65
Asahi Finance Limited	*	*	48	83
Tyco International	*	*	18	21
Royal and Sun Alliance Insurance	**-**	**-**	233	185
Cerro Negro Finance	**-**	**-**	12	13
PDVSA Finance	**-**	**-**	9	9
Total	**$ 800**	**$ 730**	$ 1,125	$ 1,039

** Investment-grade at respective reporting date*

Occasionally a debt security will be split-rated. This occurs when one rating agency rates the security as investment grade while another rating agency rates the same security as below investment grade. As a result of the current credit environment, we changed our credit rating classification policy on split-rated securities during 2003. Prior to 2003, our practice was to report split-rated securities based on the higher credit rating. However, our current policy is to review each issue on a case-by-case basis to determine if a split-rated security should be classified as investment grade or below investment grade. Our review includes evaluating the SVO designation as well as current market pricing and other factors, such as the issuer's or security's inclusion on a credit rating downgrade watch list.

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Split-rated securities as of September 30, 2004, represented .1% of total debt securities at amortized cost and were as follows:

Split-Rated Securities

(In millions)		Amortized Cost	Moody's Rating	S&P Rating	SVO Class	Investment Grade or Below Investment Grade
Tyco International	$	54	Ba1	BBB	2	Investment Grade
SB Treasury Company LLC		28	Baa3	BB	P3FE	Below Investment Grade
Union Carbide Corp.		15	B1	BBB-	2FE	Investment Grade

The following table presents an analysis of amortized cost, fair value and unrealized gains and losses for our investments in debt securities by investment-grade status as of September 30, 2004.

(In millions)	Total Amortized Cost	Total Fair Value	Percent of Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
Available-for-sale securities:					
Investment-grade securities	$ 26,803	$ 29,909	66.6%	$ 3,408	$ 302
Below-investment-grade securities	800	730	1.6	23	93
Held-to-maturity securities:					
Investment-grade securities	13,895	14,298	31.8	729	326
Total	$ 41,498	$ 44,937	100.0%	$ 4,160	$ 721

The following table presents an aging of securities in an unrealized loss position as of September 30, 2004.

Aging of Unrealized Losses

	Total	Total	Less than six months		Six months to 12 months		Over 12 months	
(In millions)	Amortized Cost	Unrealized Loss	Amortized Cost	Unrealized Loss	Amortized Cost	Unrealized Loss	Amortized Cost	Unrealized Loss
Available-for-sale securities:								
Investment-grade securities	$ 5,193	$ 302	$ 462	$ 18	$ 2,006	$ 70	$ 2,725	$ 214
Below-investment-grade securities	575	93	-	-	-	-	575	93
Held-to-maturity securities:								
Investment-grade								

securities	5,277	326	315	12	2,753	142	2,209	172
Total	$ 11,045	$ 721	$ 777	$ 30	$ 4,759	$ 212	$ 5,509	$ 479

The following table presents a distribution of unrealized losses by magnitude as of September 30, 2004.

Percentage Decline from Amortized Cost

			Percentage of Decline			
	Total	Total	Less than 20%		20% to 35%	
(In millions)	Amortized Cost	Unrealized Loss	Amortized Cost	Unrealized Loss	Amortized Cost	Unrealized Loss
Available-for-sale securities:						
Investment-grade securities	$ 5,193	$ 302	$ 5,130	$ 286	$ 63	$ 16
Below-investment-grade securities	575	93	575	93	-	-
Held-to-maturity securities:						
Investment-grade securities	5,277	326	5,097	283	180	43
Total	$ 11,045	$ 721	$ 10,802	$ 662	$ 243	$ 59

The fair value of our investments in debt securities can fluctuate greatly as a result of changes in interest rates and foreign currency exchange rates. We believe that the declines in fair value noted above primarily resulted from changes in the interest rate and foreign currency environments rather than credit issues. Therefore, we believe that it would be inappropriate to recognize impairment charges for changes in fair value that we believe are temporary.

The following table presents the 10 largest unrealized loss positions in our portfolio as of September 30, 2004.

(In millions)	Credit Ratings	Amortized Cost	Fair Value	Unrealized Loss
Ahold Finance	BB	$ 319	$ 264	$ 55
Investor AB	AA	270	229	41
Kredietbank	A	229	189	40
KLM Royal Dutch Airlines	B	270	232	38
United Mexican States	BBB	407	375	32
Erste Bank	A	405	377	28
CSAV	BBB	216	190	26
BAWAG	BBB	126	101	25
Vorarlberger Landes	A	99	77	22
SLM Corp	A	216	195	21

Based on our evaluation and analysis of specific issuers in accordance with our impairment policy, impairment charges recognized during the nine-month periods ended September 30, 2004, and 2003, were immaterial.

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Realized losses on debt securities were as follows for the three- and nine-month periods ended September 30, 2004.

	Three-Months Ended September 30, 2004		Nine-Months Ended September 30, 2004	
(In millions)	Proceeds	Realized Loss	Proceeds	Realized Loss
Investment-grade securities:				
Length of consecutive unrealized loss:				
Less than six months	$ 38	$ 1	$ 153	$ 3
Six months to 12 months	-	-	102	9
Total investment-grade securities	$ 38	$ 1	$ 255	$ 12
Below investment-grade securities:				
Length of consecutive unrealized loss:				
Less than six months	$ 9	$ 12	$ 9	$ 12
Over 12 months	205	23	205	23
Total below-investment-grade securities	$ 214	$ 35	$ 214	$ 35
Total	$ 252	$ 36	$ 469	$ 47

As part of our investment activities, we have investments in variable interest entities (VIEs) and special purpose entities (SPEs). See Note 3 of the Notes to the Consolidated Financial Statements for additional information.

Cash, cash equivalents and short-term investments totaled $1.4 billion, or 3.0% of total investments and cash, at September 30, 2004, compared with $1.1 billion, or 2.4% at December 31, 2003. Mortgage loans on real estate and other long-term investments remained immaterial at both September 30, 2004 and December 31, 2003.

Deferred Policy Acquisition Costs

Deferred policy acquisition costs totaled $5.2 billion at September 30, 2004, an increase of $191 million, or 3.8% during the first nine months of 2004. AFLAC Japan's deferred policy acquisition costs were $3.5 billion at September 30, 2004, an increase of $77 million, or 2.2% (6.0% increase in yen). The weaker yen at September 30, 2004, decreased reported deferred policy acquisition costs by $129 million. At September 30, 2004, deferred policy acquisition costs of AFLAC U.S. were $1.7 billion, an increase of $115 million, or 7.1%. The increase in deferred policy acquisition costs was primarily driven by increases in total new annualized premium sales.

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Policy Liabilities

Policy liabilities totaled $40.3 billion at September 30, 2004, an increase of $1.1 billion, or 2.8% for the first nine months of 2004. AFLAC Japan's policy liabilities were $36.2 billion at September 30, 2004, an increase of $742 million, or 2.1% (5.8% increase in yen). The weaker yen at September 30, 2004, decreased reported policy liabilities by $1.3 billion. At September 30, 2004, policy liabilities of AFLAC U.S. were $4.1 billion, an increase of $348 million, or 9.3%. The increase in policy liabilities was primarily the result of the growth and aging of our in-force business.

Notes Payable

Notes payable totaled $1.4 billion at September 30, 2004, and December 31, 2003. See Note 5 of the Notes to the Consolidated Financial Statements for additional information on notes payable at September 30, 2004. The ratio of debt to total capitalization (debt plus shareholders' equity, excluding the unrealized gains on investment securities) was 21.9% as of September 30, 2004, compared with 24.6% as of December 31, 2003.

Off-Balance Sheet Arrangements

As of September 30, 2004, we had no material unconditional purchase obligations that were not recorded on the balance sheet. Additionally, we had no material letters of credit, standby letters of credit, guarantees or standby repurchase obligations.

Security Lending

We use short-term security lending arrangements to increase investment income with minimal risk. For further information regarding such arrangements, see Note 3 of the Notes to the Consolidated Financial Statements.

Defined Benefit Pension Plans

AFLAC U.S. and AFLAC Japan have defined benefit pension plans that cover substantially all full-time employees. As of December 31, 2003, the projected benefit obligation of both plans ($208 million) represented 3% of shareholders' equity, the liability accrued for both plans ($65 million) represented less than 1% of total liabilities, and consolidated pension expense ($22 million) represented less than 1% of total acquisition and operating expenses. For additional information, see Note 7 of the Notes to the Consolidated Financial Statements.

During 2003, we elected to return the substitutional portion of AFLAC Japan's pension plan to the government as allowed by the Japan Welfare Pension Insurance Law. We received government approval to complete the transfer in December 2003 and concluded the transfer process during the first quarter of 2004. Upon completion of the transfer process, we recognized a one-time gain as a result of the transfer of certain pension obligations to the Japanese government (other income) in the amount of $6 million (after-tax, $3 million, or $.01 per diluted share). For additional information on the transfer and our U.S. and Japanese plans, see Note 10 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

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Policyholder Protection Fund and State Guaranty Associations

The American and Japanese insurance industries each have policyholder protection systems that provide funds for the policyholders of insolvent insurers. In the United States, we recognize assessments as they are determined by the state guaranty associations. We believe that future assessments relating to companies in the United States currently involved in insolvency proceedings will not materially impact our financial position or results of operations.

In Japan, we recognize charges for our estimated share of the insurance industry's obligation once it is determinable. In 2002, the Japanese government extended until March 2006 its pledge to enact fiscal safety-net measures for the insurance industry through the Life Insurance Policyholder Protection Corporation (LIPPC). However, as part of this commitment, the insurance industry was required to contribute additional funds to the LIPPC. In 2003, the Japanese government and the insurance industry agreed to extend the time over which the industry's contribution to the LIPPC would be paid. Currently, the LIPPC is reassessing the necessity of future assessments as well as the time period over which current assessments will be funded. As a result, the likelihood and timing of future assessments cannot be determined at this time. For additional information regarding such funds, see MD&A of our annual report to shareholders for the year ended December 31, 2003.

Hedging Activities

AFLAC has limited hedging activities. AFLAC's primary exposure to be hedged is its net investment in AFLAC Japan, which is exposed to changes in the yen/dollar exchange rate. In order to mitigate this exposure, we have taken the following courses of action. First, AFLAC Japan owns U.S. dollar-denominated securities, which serve as an economic currency hedge of a portion of our investment in AFLAC Japan. Second, we have designated the Parent Company's yen-denominated liabilities (Samurai notes payable and cross-currency swaps) as a hedge of our yen-denominated net assets, which constitutes our investment in AFLAC Japan subject to foreign currency fluctuations. If the total of these yen-denominated liabilities is equal to or less than our investment in AFLAC Japan, the hedge is deemed to be effective and the related exchange effect is reported in the unrealized foreign currency component of our other comprehensive income. Should these yen-denominated liabilities exceed our investment in AFLAC Japan, the portion of the hedge that exceeds our investment would be deemed ineffective and we would recognize the foreign exchange effect on the ineffective portion in net earnings as a part of the item "changes in fair values related to hedging activities." This item also includes the changes in fair value of the interest rate component of the cross-currency swaps, which do not qualify for hedge accounting. We estimate that if the ineffective portion was $100 million, we would report a foreign exchange gain/loss of approximately $1 million for every one yen weakening/strengthening in the end-of-period yen/dollar exchange rate. At September 30, 2004, and December 31, 2003, our hedge was effective with yen-denominated assets exceeding yen-denominated liabilities by 61.4 billion yen and 31.3 billion yen, respectively. The increase in our yen-denominated net asset position is primarily a result of an increased net asset position that we chose not to hedge.

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The dollar values of our consolidated yen-denominated net assets, which are subject to foreign currency translation fluctuations for financial reporting purposes, are as follows (translated at end-of-period exchange rates):

(In millions)	**September 30, 2004**	December 31, 2003
AFLAC Japan net assets	**$ 5,045**	$ 4,661
AFLAC Japan dollar-denominated net assets	**(3,092)**	(2,917)
AFLAC Japan yen-denominated net assets	**1,953**	1,744
Parent Company yen-denominated net liabilities	**(1,406)**	(1,453)
Consolidated yen-denominated net assets subject to foreign currency translation fluctuations	**$ 547**	$ 291

Capital Resources and Liquidity

AFLAC continues to provide the primary sources of liquidity to the Parent Company through dividends and management fees. AFLAC paid dividends to the Parent Company in the amount of $445 million in the first nine months of 2004, compared with $408 million for the same period in 2003. During the first nine months of 2004, AFLAC Japan paid $18 million to the Parent Company for management fees, compared with $20 million for the same period of 2003. The primary uses of cash by the Parent Company are dividends and our share repurchase program. The Parent Company's sources and uses of cash are reasonably predictable and are not expected to change materially in the future.

The Parent Company also accesses debt security markets to provide additional sources of capital. Capital is primarily used to fund business expansion, capital expenditures, and our share repurchase program. In 2003, we filed a shelf registration statement with Japanese regulatory authorities to issue up to 100 billion yen (approximately $900 million using the September 30, 2004 exchange rate) of Samurai notes in Japan. If issued, these securities will not be available to U.S. persons or entities. See Note 5 of the Notes to the Consolidated Financial Statements for additional information on notes payable and our cost of capital. We believe outside sources for additional debt and equity capital, if needed, will continue to be available.

The principal sources of cash for our insurance operations are premiums and investment income. The primary uses of cash by our insurance operations are policy claims, commissions, operating expenses, income taxes and payments to the Parent Company for management fees and dividends. Both the sources and uses of cash are reasonably predictable.

When making an investment decision, our first consideration is based on product needs. Our investment objectives provide for liquidity through the purchase of investment-grade debt securities. These objectives also take into account duration matching, and because of the long-term nature of our business, we have adequate time to react to changing cash flow needs. For the most part, we are not in the asset accumulation business, although our traditional cancer life products in Japan do have a small cash surrender value.

Our products are unique compared to major medical insurance coverage. In general, our insurance products have small policy limits that provide fixed-benefit amounts rather than reimbursement for actual medical costs and therefore, are not subject to medical-cost inflation. Furthermore, our business is widely dispersed in both the United States and Japan. This dispersion and the fact that our policies do not include large benefit payments mitigate the risk of a significant unexpected increase in claims payments due to epidemics and events of a catastrophic nature. Additionally, our insurance policies generally are not interest-sensitive and therefore are not subject to unexpected policyholder redemptions due to investment yield changes. As a result of policyholder aging, claims payments are expected to gradually increase over the life of a policy. However, future policy benefit reserves are accumulated in the early years of a policy and are designed to fund increases in future claims payments. Therefore, we expect our future cash flows from premiums, net investment income, and proceeds from debt securities to be sufficient to meet our cash needs for benefits and expenses.

Consolidated Cash Flows

As discussed previously, AFLAC Japan's premiums and most of its investment income are received in yen. Claims and expenses are also paid in yen. These and other yen-denominated financial statement items are translated into dollars for financial reporting purposes. We translate cash flows for AFLAC Japan's yen-denominated items into U.S. dollars using weighted-average exchange rates. In years when the yen weakens, translating yen into dollars causes fewer dollars to be reported. When the yen strengthens, translating yen into dollars causes more dollars to be reported. The following table summarizes consolidated cash flows by activity for the nine months ended September 30:

Consolidated Cash Flows by Activity

(In millions)	**2004**	2003
Operating activities	$ **3,530**	$ 2,606
Investing activities	**(2,950)**	(2,690)
Financing activities	**(215)**	(171)
Exchange effect on cash and cash equivalents	**(29)**	52
Net change in cash and cash equivalents	$ **336**	$ (203)

Operating Activities

In the first nine months of 2004, consolidated cash flow from operations increased 35.3% to $3.5 billion, compared with $2.6 billion for the same period in 2003. Net cash flow from operations other than Japan increased 24.0% in the nine-month period ended September 30, 2004, to $632 million, compared with $509 million for the nine months ended September 30, 2003. The increase in cash flows was the result of an increase in premiums collected and a slowdown in the rate of growth of benefits and expenses paid in the first nine months of 2004, compared with the first nine months of 2003. For the nine months ended September 30, 2004, net cash flow from operations for AFLAC Japan increased 38.1% (26.4% increase in yen) to $2.9 billion, compared with $2.1 billion for the nine months ended September 30, 2003. The increases in cash flows were attributable to the growth of our business, lower paid claims due to the ongoing shift in our product mix to products with lower benefit ratios, an improvement in our policy persistency, and the stronger yen in the first nine months of 2004, compared with the first nine months of 2003.

Investing Activities

Operating cash flow is primarily used to purchase debt securities to meet future policy obligations. Consolidated cash flow used by investing activities increased 9.6% to $2.9 billion in the first nine months of 2004, compared with $2.7 billion in the first nine months of 2003. AFLAC Japan accounted for $2.7 billion of the consolidated net cash used by investing activities in the first nine months of 2004, compared with $2.4 billion for the same period in 2003.

Prudent portfolio management dictates that we attempt to match the duration of our assets with the duration of our liabilities. This is especially important for AFLAC Japan, where the duration of policy benefits and related expenses to be paid in future years is longer than that of the related invested assets due to the unavailability of acceptable long-duration yen-denominated securities. Currently, when our debt securities mature, the proceeds may be reinvested at a yield below that required for the accretion of policy benefit liabilities on policies issued in earlier years. However, the long-term nature of our business and our strong cash flows provides us with the ability to minimize the effect of mismatched durations and/or yields identified by various asset adequacy analyses. When market opportunities arise, we dispose of selected debt securities that are available for sale to improve the duration matching of our assets and liabilities and/or improve future investment yields. As a result, dispositions before maturity can vary significantly from year to year. Dispositions before maturity were 4% of the year-to-date average investment portfolio of debt securities available for sale during the nine-month periods ended September 30, 2004 and 2003. Our asset/liability matching is discussed more fully in the Interest Rate Risk section of the MD&A in our annual report to shareholders for the year ended December 31, 2003.

Financing Activities

Consolidated cash used by financing activities was $216 million in the first nine months of 2004, compared with $171 million in the first nine months of 2003. The increase in cash used by financing activities is attributable to increased cash outflows for treasury stock purchases and dividend payments, partially offset by increased cash inflows from our investment-type contracts. Cash provided by investment-type contracts increased to $164 million, compared with $124 million in the first nine months of 2003. During the nine months ended September 30, 2004, treasury stock purchases were $278 million (6.9 million shares), compared with $216 million (6.7 million shares) for the same period in 2003. We issued treasury shares for certain AFLAC stock option exercises, additional stock purchases by shareholders in the dividend reinvestment plan, and stock issued to sales associates.

Dividends to shareholders in the first nine months of 2004 were $144 million ($137 million paid in cash; $7 million through issuance of treasury shares under the dividend reinvestment plan). Dividends to shareholders in the first nine months of 2003 were $113 million ($107 million paid in cash; $6 million through issuance of treasury shares under the dividend reinvestment plan). Dividends to shareholders for the first nine months of 2004 increased 29.5%, from $.22 per share in 2003 to $.285 per share in 2004.

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Regulatory Restrictions

AFLAC is domiciled in Nebraska and is subject to its regulations. The Nebraska insurance department imposes certain limitations and restrictions on payments of dividends, management fees, loans and advances by AFLAC to the Parent Company. The Nebraska insurance statutes require prior approval for dividend distributions that exceed the greater of the net gain from operations, which excludes net realized investment gains, for the previous year determined under statutory accounting principles, or 10% of statutory capital and surplus as of the previous year-end. In addition, the Nebraska insurance department must approve service arrangements and other transactions within the affiliated group. These regulatory limitations are not expected to affect the level of management fees or dividends paid by AFLAC to the Parent Company. A life insurance company's statutory capital and surplus is determined according to rules prescribed by the National Association of Insurance Commissioners (NAIC), as modified by the insurance department in the insurance company's state of domicile. Statutory accounting rules are different from GAAP and are intended to emphasize policyholder protection and company solvency.

The continued long-term growth of our business may require increases in the statutory capital and surplus of our insurance operations. AFLAC's insurance operations may secure additional statutory capital through various sources, such as internally generated statutory earnings or equity contributions by the Parent Company from funds generated through debt or equity offerings. The NAIC's risk-based capital (RBC) formula is used by insurance regulators to facilitate identification of inadequately capitalized insurance companies. The RBC formula evaluates insurance risk, business risk, asset risk and interest rate risk by weighing the types and mixtures of risks inherent in the insurer's operations. AFLAC's NAIC risk-based capital ratio remains high and reflects a very strong capital and surplus position. Currently, the NAIC has ongoing regulatory initiatives relating to revisions to the risk-based capital formula as well as numerous initiatives covering insurance products, investments, and other actuarial and accounting matters. We believe that we will continue to maintain a strong risk-based capital ratio and statutory capital and surplus position in future periods.

In addition to restrictions by U.S. insurance regulators, Japan's FSA may not allow transfers of funds from AFLAC Japan if the transfers would cause AFLAC Japan to lack sufficient financial strength for the protection of policyholders. The FSA maintains its own solvency standards, a version of risk-based capital requirements. AFLAC Japan's solvency margin ratio significantly exceeds regulatory minimums. Payments are made from AFLAC Japan to the Parent Company for management fees (discussed above) and to AFLAC U.S. for allocated expenses and remittances of earnings. Expenses allocated to AFLAC Japan were $18 million for the nine-month period ended September 30, 2004, compared with $17 million a year ago. During the first nine months of 2004, AFLAC Japan also remitted profits of $220 million (23.9 billion yen) to AFLAC U.S., compared with $385 million (45.6 billion yen) in 2003. The decrease in profit repatriation, compared with 2003, was primarily a result of the effect of the Parmalat loss in the fourth quarter of 2003. For additional information on regulatory restrictions on dividends, profit transfers and other remittances, see Note 9 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

Rating Agencies

AFLAC is rated "AA" by both Standard & Poor's and Fitch Ratings and "Aa2" by Moody's for financial strength. A.M. Best assigned AFLAC an "A+, Superior" rating for financial strength and operating performance. AFLAC Incorporated's credit rating for senior debt is "A" by Standard & Poor's, "A+" by Fitch Ratings, and "A2" by Moody's.

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Other

In February 2004, the board of directors authorized the purchase of up to an additional 30 million shares of our common stock. In October 2004, the board of directors declared the fourth quarter cash dividend of $.095 per share. The dividend is payable on December 1, 2004, to shareholders of record at the close of business on November 12, 2004.

For information regarding commitments and contingent liabilities, see Note 8 of the Notes to the Consolidated Financial Statements and Note 11 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2003.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risks of Financial Instruments

Our financial instruments are exposed primarily to two types of market risks - currency risk and interest rate risk. During 2003, we liquidated the majority of our equity investments and therefore no longer consider equity price risk to be material.

Currency Risk

The functional currency of AFLAC Japan's insurance operation is the Japanese yen. All of AFLAC Japan's premiums, claims and commissions are received or paid in yen as are most of its investment income and other expenses. Furthermore, most of AFLAC Japan's investments, cash and liabilities are yen-denominated. When yen-denominated securities mature or are sold, the proceeds are generally reinvested in yen-denominated securities. AFLAC Japan holds these yen-denominated assets to fund its yen-denominated policy obligations. In addition, AFLAC Incorporated has yen-denominated notes payable and cross-currency swaps related to its senior notes.

Although we generally do not convert yen into dollars, we do translate financial statement amounts from yen into dollars for financial reporting purposes. Therefore, the translation of the reported amounts is affected by foreign currency fluctuations. We report unrealized foreign currency translation gains and losses in accumulated other comprehensive income.

On a consolidated basis, we attempt to match yen-denominated assets to yen-denominated liabilities in order to minimize the exposure of our shareholders' equity to foreign currency translation fluctuations. We accomplish this by investing a portion of AFLAC Japan's investment portfolio in dollar-denominated securities, by the Parent Company's issuance of yen-denominated debt and by the use of cross-currency swaps (see Hedging Activities on page -- for additional information). As a result, the effect of currency fluctuations on our net assets is mitigated. At September 30, 2004, consolidated yen-denominated net assets subject to foreign currency fluctuation were $547 million. The following table demonstrates the effect of foreign currency fluctuations by presenting the dollar values of our yen-denominated assets and liabilities and our consolidated yen-denominated net asset exposure at selected exchange rates.

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Dollar Value of Yen-Denominated Assets and Liabilities
At Selected Exchange Rates
September 30, 2004

(In millions)

Yen/dollar exchange rates	**96.05**	**111.05***	**126.05**
Yen-denominated financial instruments:			
Assets:			
Securities available for sale:			
Fixed maturities	$ 21,431	$ 18,536	$ 16,330
Perpetual debentures	3,698	3,198	2,818
Equity securities	49	43	38
Securities held to maturity:			
Fixed maturities	11,134	9,630	8,484

Perpetual debentures	4,912	4,249	3,743
Cash and cash equivalents	806	697	614
Subtotal	42,030	36,353	32,027
Liabilities:			
Notes payable	1,065	921	811
Cross-currency swaps	578	500	441
Obligation for Japanese policyholder protection fund	286	247	218
Other financial instruments	20	18	15
Subtotal	1,949	1,686	1,485
Net yen-denominated financial instruments	40,081	34,667	30,542
Other yen-denominated assets	5,197	4,494	3,959
Other yen-denominated liabilities	(44,645)	(38,614)	(34,019)
Consolidated yen-denominated net assets subject to foreign currency fluctuation	$ 633	$ 547	$ 482

**Actual September 30, 2004 exchange rate*

We are exposed to economic currency risk only when yen funds are actually converted into dollars. This primarily occurs when we transfer funds from AFLAC Japan to AFLAC U.S., which is done annually. The exchange rates prevailing at the time of transfer will differ from the exchange rates prevailing at the time the yen profits were earned. Generally, these repatriations have represented an amount less than 80% of AFLAC Japan's prior year FSA-based earnings. A portion of the repatriation may be used to service AFLAC Incorporated's yen-denominated notes payable and the remainder is converted into dollars.

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Interest Rate Risk

Our primary interest rate exposure is a result of the effect of changes in interest rates on the fair value of our investments in debt securities. We use modified duration analysis, which measures price percentage volatility, to estimate the sensitivity of our debt securities' fair values to interest rate changes. For example, if the current duration of a debt security is 10, then the fair value of that security will increase by approximately 10% if market interest rates decrease by 100 basis points, assuming all other factors remain constant. Likewise, the fair value of the debt security will decrease by approximately 10% if market interest rates increase by 100 basis points, assuming all other factors remain constant.

At September 30, 2004, we had $3.5 billion of net unrealized gains on total debt securities. The hypothetical reduction in the fair value of our debt securities resulting from a 100 basis point increase in market interest rates is estimated to be $4.3 billion based on our portfolio as of September 30, 2004. The effect on yen-denominated debt securities is approximately $3.5 billion and the effect on dollar-denominated debt securities is approximately $737 million.

Changes in the interest rate environment have contributed to significant unrealized gains on our debt securities. However, we do not expect to realize a majority of these unrealized gains because we have the intent and ability to hold these securities to maturity. Should significant amounts of unrealized losses occur because of increases in market yields, we would not expect to realize significant losses because we have the ability to hold such securities to maturity.

We attempt to match the duration of our assets with the duration of our liabilities. For AFLAC Japan, the duration of policy benefits and related expenses to be paid in future years is longer than that of the related invested assets due to the unavailability of acceptable long-duration yen-denominated securities. Currently, when our debt securities mature, the proceeds may be reinvested at a yield below that of the interest required for the accretion of policy benefit liabilities on policies issued in earlier years. However, the investment yield on new investments exceeds interest requirements on policies issued in recent years. Since 1994, premium rates on new business have been increased several times to help offset the lower available investment yields. Also in recent years, our strategy of developing and marketing riders as attachments to our older policies has helped offset the negative investment spread. And, despite the negative investment spreads, adequate overall profit margins still exist in AFLAC Japan's aggregate block of business due to changes in mix of business and favorable mortality, morbidity and expenses.

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 report contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected in this discussion and analysis, 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 exchange 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 Japan.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's reports filed or submitted under the Exchange Act.

(b) Changes in Internal Controls. Since the Evaluation Date, there have not been any significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect such controls.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are a defendant in various lawsuits considered to be in the normal course of business. Some of this litigation is pending in states where large punitive damages bearing little relation to the actual damages sustained by plaintiffs have been awarded against other companies, including insurers, in recent years. Although the final results of any litigation cannot be predicted with certainty, we believe the outcome of pending litigation will not have a material adverse effect on our financial position, results of operations, or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the third quarter of 2004, we repurchased shares of AFLAC stock as follows:

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - July 31	1,380,000	$ 39.98	1,380,000	31,185,204
August 1 - August 31	1,146,000	38.90	1,146,000	30,039,204
September 1 - September 30	-	-	-	30,039,204
Total	2,526,000	$ 39.49	2,526,000	30,039,204

Of the shares available for purchase under current board authorizations, 39,204 shares relate to a repurchase authorization approved by the board of directors and announced in February 2002. The remaining 30,000,000 shares relate to a repurchase authorization approved by the board and announced in February 2004.

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Item 6. Exhibits

4.0 - There are no long-term debt instruments in which the total amount of securities authorized exceeds 10% of the total assets of AFLAC Incorporated and its subsidiaries on a consolidated basis. We agree to furnish a copy of any long-term debt instrument to the Securities and Exchange Commission upon request.

11.0 - Statement regarding the computation of per-share earnings for the Registrant.

12.0 - Statement regarding the computation of ratio of earnings to fixed charges for the Registrant.

15.0 - Letter from KPMG LLP regarding unaudited interim financial information.

31.1 - Certification of CEO dated November 8, 2004, required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934.

31.2 - Certification of CFO dated November 8, 2004, required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934.

32.0 - Certification of CEO and CFO dated November 8, 2004, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AFLAC INCORPORATED

/s/ ***Kriss Cloninger III***	President, Treasurer and	November 8, 2004
(Kriss Cloninger III)	Chief Financial Officer	
/s/ ***Ralph A. Rogers Jr.***	Senior Vice President,	November 8, 2004
(Ralph A. Rogers Jr.)	Financial Services; Chief Accounting Officer	

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Exhibits Furnished With Current Form 10-Q:

11.0 - Statement regarding the computation of per-share earnings for the Registrant.

12.0 - Statement regarding the computation of ratio of earnings to fixed charges for the Registrant.

15.0 - Letter from KPMG LLP regarding unaudited interim financial information.

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31.2 - Certification of CFO dated November 8, 2004, required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934.

32.0 - Certification of CEO and CFO dated November 8, 2004, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.