



OPPORTUNITY **KNOCKS**



2016 YEAR IN REVIEW

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OPPORTUNITY KNOCKS

At Aflac, opportunity is always knocking at our door, whether that opportunity takes the form of helping provide financial protection and peace of mind for policyholders; offering solutions for employers who want to retain their workers and provide them with relevant benefits; investing in a company that strives to add value and reward its shareholders; empowering people to pursue their dreams through a career as an employee or part of our sales distribution network; or helping a child battling cancer. At Aflac, when opportunity knocks, we are there, ready to open the door and hit the ground running.

For more than 60 years, we at Aflac have been good stewards of the privilege and extraordinary opportunity to help provide peace of mind to more than 50 million people. We do this by delivering on our promise to be there for our policyholders when an illness, health event or life situation occurs and they need us most. And to all of us at Aflac, that is the opportunity of a lifetime.

AFLAC'S GOAL

日米両国のお客様に、任意加入保険商品の分野で最高の価値を提供すること。それがわたしたちの目標です。

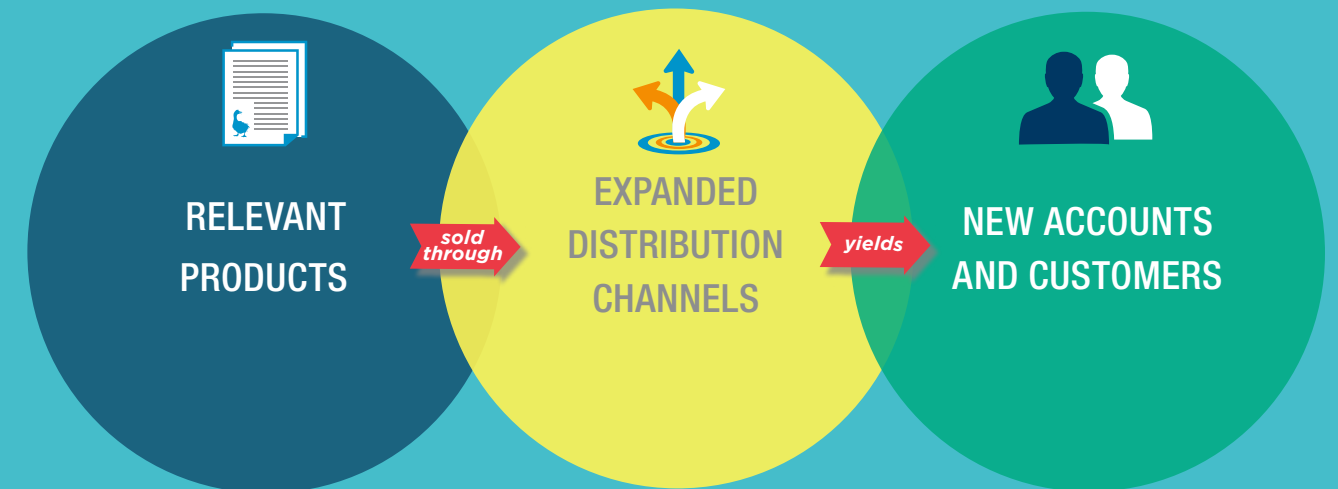
To provide customers with the best value in voluntary insurance products in the United States and Japan

Aflac's voluntary insurance products pay cash benefits directly to the policyholder to help protect against income and asset loss when a specific health event or life situation presents financial challenges. Aflac is the number one provider of voluntary insurance at the worksite in the United States* and insures one in four households** in Japan, providing financial protection to more than 50 million people.

*Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2015. Avon, CT: April 2016

**Based on the 2016 number of households published by Japan's Ministry of Internal Affairs and Communications

OUR BUSINESS STRATEGY



PROTECTING AGAINST:

Asset Loss
Income Loss
Out-Of-Pocket
Medical Expenses

REACHING CUSTOMERS AT:

Worksite
Retail Locations
Home

INSURING:

More than
50 million people

MESSAGE FROM MANAGEMENT
DANIEL P. AMOS, CHAIRMAN AND CEO

OPPORTUNITY KNOCKS



In 1955 the Aflac opportunity came quietly knocking for Aflac and for millions of unsuspecting people – everyday, ordinary people from all walks of life. This opportunity came in the way of both career and investment opportunities, but most importantly, it would provide an opportunity to help ease the burden of people facing serious medical health events. While that knock may have sounded faint to many, John Amos, Aflac’s principal founder, and his brothers, Paul and Bill, heard it loud and clear. Inspired by firsthand knowledge of the financial burden faced by a family member battling cancer, the Amos brothers opened the door to transform their dream of starting an insurance company into a reality. Through the six incredibly rewarding decades that have followed, their vision and dedication have helped us to grow our business tremendously – and in doing so, afforded us the opportunity to provide financial protection to more than 50 million people worldwide.

In 2016, we made significant strides in advancing our vision of offering high-quality voluntary products, solutions and service through diverse distribution outlets, building upon our market-leading position to drive long-term shareholder value. We are driven each day by the opportunity to enrich the lives of policyholders, sales associates, insurance brokers, employees and shareholders.

From a financial standpoint, 2016 net earnings of \$2.7 billion increased 5.0% and operating earnings per diluted share, excluding the impact of foreign currency,* grew 4.7%. The operating earnings metric is one of the principal financial measures used to evaluate management’s performance, and we believe it continues to be a key driver of shareholder value.

AFLAC JAPAN

In Japan, where we are proud to insure one in four households, we seized the opportunity in 2016 to strengthen relationships with our sales channels and enhance our product line to ensure we’re continuing to meet the needs of consumers. These actions were instrumental in maintaining our status as the leading provider of both medical and cancer insurance in Japan.

AFLAC U.S.

In the United States, Aflac again earned the distinction of being the number one provider of voluntary insurance at the worksite.** 2016 was a year in which Aflac U.S. generated solid financial results. While new annualized premium sales came in below our expectations last year, we continue to actively invest in our platform, and we’re enthusiastic about the opportunities that lie ahead for longer-term sales growth.

STRONG CAPITAL PROFILE SUPPORTS OUR PROMISE

Our strong capital position reinforces what I believe is the most important promise an insurance company makes to its policyholders – to protect them when they need us most by paying claims fairly and promptly. We believe the financial strength of our company is important to our business. Our strong capital ratios and balance sheet demonstrate our commitment to our policyholders, bondholders and shareholders. We regularly assess our capital adequacy using rigorous economic scenarios to safeguard our financial strength.

We’re also proud that rating agencies continue to recognize the strength of our balance sheet. Our financial strength ratings, which reflect our ability to pay claims, are A+ (Superior) by A.M. Best, Aa3 by Moody’s, A+ by Standard & Poor’s (S&P), A+ by Fitch and AA- by Rating & Investment Information Inc. (R&I). In fact, Aflac is among the highest-rated insurance stock companies offering voluntary products at the worksite.

While policyholders are always top of mind, we also strive to enhance shareholder value through capital deployment. As we’ve consistently communicated, when it comes to deploying excess capital, the most attractive avenues include: investing in the growth of our core franchises in Japan and the U.S.; maintaining our strong dividend and track record of dividend growth; and, absent other compelling uses of capital, repurchasing our shares. In 2016, we repurchased 21.6 million of our shares at a cost of \$1.4 billion.

I am also pleased with the action by our board of directors in 2016 to increase the cash dividend to shareholders, marking the 34th consecutive year of dividend increases. Our objective is to grow cash dividends at a rate generally in line with operating earnings per diluted share excluding the impact of foreign currency.

OPPORTUNITIES FOR THE FUTURE

At Aflac, we have always managed our business for the long term while remaining laser-focused on meeting our financial objectives. This has propelled our successful development of strategic points of leverage in both Japan and the U.S. that we will use to grow and drive shareholder value. Our activities are centered on protecting our policyholders, growing our franchise and driving shareholder value.

At the same time, each day, we are presented with opportunities to support children and their families battling cancer and other serious diseases at the Aflac Cancer and Blood Disorders Center at Children’s Healthcare of Atlanta and the Aflac Parents House locations in Japan, while striving to create value for our shareholders. As we reflect on 2016 and look ahead, delivering on our promise has been and will remain our top priority because we know that is not only what sets Aflac apart, it’s who we are. And doing so will afford us even more opportunities to make a real difference in our constituents’ lives.

Daniel P. Amos
Chairman and Chief Executive Officer

*Operating earnings per diluted share, excluding the impact of foreign currency, is a non-GAAP financial measure. A definition of this measure and a reconciliation to the most comparable GAAP measure, net earnings per diluted share, can be found on p. 40.

**Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2015. Avon, CT. April 2016

Q What value do you think Aflac products add to peoples' lives?

A *The best way to answer that question is to speak with the claimant. I've have had the privilege of talking with many, many claimants, and they confirm that what we do matters to them. One common theme is clear: Benefits from Aflac products can mean the difference between maintaining their current lifestyle and focusing on recovery, or facing financial difficulties while still trying to recover physically. In both markets, people are looking for solutions that will help them cope with medical expenses. Whether we're talking about the value of Aflac products to Japanese citizens already covered by Japan's national health care system or U.S. citizens covered through an exchange or their employer or In the United States, our products provide policyholders with peace of mind when they are healthy and cash benefits for coverage situations when they need it most. One Day PaySM is a great example of how we are always going above and beyond our policyholders' expectations to help lift their financial burden quickly – and that is something that makes a difference. Whether we're talking about Japan or the United States, getting cash in the hands of our policyholders during these difficult times is so important, and we are committed to fulfilling that promise.*

Q What were Aflac's biggest challenges in 2016?

A *Within the two markets in which we do business – Japan and the U.S. – we've been continually looking for ways to drive growth within a competitive landscape and complex financial market conditions. We're working to achieve growth in U.S. sales while also determining how to expand Aflac Japan's reach to consumers. And of course, as I've said before, investing our new money cash flows in the low-interest-rate environment has continued to be challenging for most companies, most notably those that operate in Japan, including Aflac. While the macro-environment has created a formidable investment backdrop, we have a diversified portfolio, and we're moving into alternative asset classes. However, we haven't taken undue risks to get a higher return. As is always the case, we continually strive to balance growth in our dividend and share repurchase programs while also maintaining a strong capital base. Our goal is to deliver our promise to all of our constituents who depend upon us, including policyholders and shareholders.*

Q How important is it to be a good corporate citizen?

A *It's extremely important. Taking the opportunity to give back to the communities in which we operate is the right thing to do, and I was raised with the belief that a company can thrive in the modern business world while also giving back to the community and treating people with respect. That's what we call "The Aflac Way." Our businesses in the United States and Japan are closely tied to their surrounding communities. So, from a practical standpoint, it also makes sense to give back to the community. In 1995, we began our partnership with the Aflac Cancer and Blood Disorders Center of Children's Healthcare of Atlanta. Since that time, our treasured partnership has grown larger and more meaningful than I could have ever imagined. Our efforts have spanned the globe, and we now have three locations of the Aflac Parents House in Japan, which is a home away from home for parents of children receiving treatment for cancer and other serious diseases. I believe that by being a strong corporate citizen, you ultimately have the opportunity to attract a high caliber of people who complement Aflac's culture and in turn make your company that much stronger, which enhances opportunities for future success.*

Q What has Aflac's brand in the United States and in Japan done for the company?

A *Our advertising in both the United States and Japan has had a dramatic impact on our business and our corporate culture. Before 2000, it seemed nearly impossible to imagine name recognition where nine out of ten people know who we are, or that the Aflac Duck would become a pop icon in both the United States and Japan. Having a trusted and compassionate brand has opened many doors for Aflac. Our brand represents who we are as a company and reflects how our constituents see us, so we're very protective of maintaining our reputation. We're pleased that the Aflac brand is also both well known and well respected.*

Q What are your thoughts on Aflac's competition in Japan and the United States?

A *In the United States, we are the leading provider of voluntary insurance at the worksite. While other companies are getting into the voluntary space, I do want to emphasize one major difference between Aflac and all the other competing U.S. companies: For Aflac, voluntary insurance sold at the worksite represents our primary focus, whereas our competitors tend to offer voluntary products as a peripheral line of business. We believe this discipline and focus give us an edge that has contributed to our market-leading position. In Japan, Aflac has been the number one seller of cancer insurance since we entered the Japan market in 1974 and the leading seller of medical insurance since we introduced EVER, our base medical policy, in 2002. Over the last several years, competition has intensified, which I think has actually expanded the market and made the universe of potential customers bigger. In 2016, Aflac Japan remained the leading provider of cancer and medical insurance policies in Japan, insuring one in four households, and that demonstrates that we are seizing the sales opportunities out there!*



Q You have often said that diversity within your corporate culture is key to your success. How does diversity improve your success?

A *There is an inherent value in each of our perspectives that can truly make a big difference, and diversity is essential to bring new and varied perspectives to the table. I want insight into how other people think and to understand what life experiences have molded our frames of reference. I am very proud of our workforce in the United States – it is incredibly diverse, and we continually receive accolades that recognize our diversity. While we don't pursue recognition for the sake of recognition, when we receive great feedback, it does let us know that we're doing the right things. At Aflac Japan, we are making great strides on this front as well. Over the last several years, the introduction of an initiative in Japan known as Womenomics by Prime Minister Shinzo Abe highlights what Aflac has done for decades – celebrating and promoting women in the workforce. And in March 2016, Japan Women's Innovative Network (J-WIN) awarded Aflac Japan with a special 2016 J-WIN Diversity Award for top management's commitment to actively promoting women in leadership, engaging all levels of the company in meaningful efforts toward this initiative, and initiating enhancements to the working style of the business culture.*

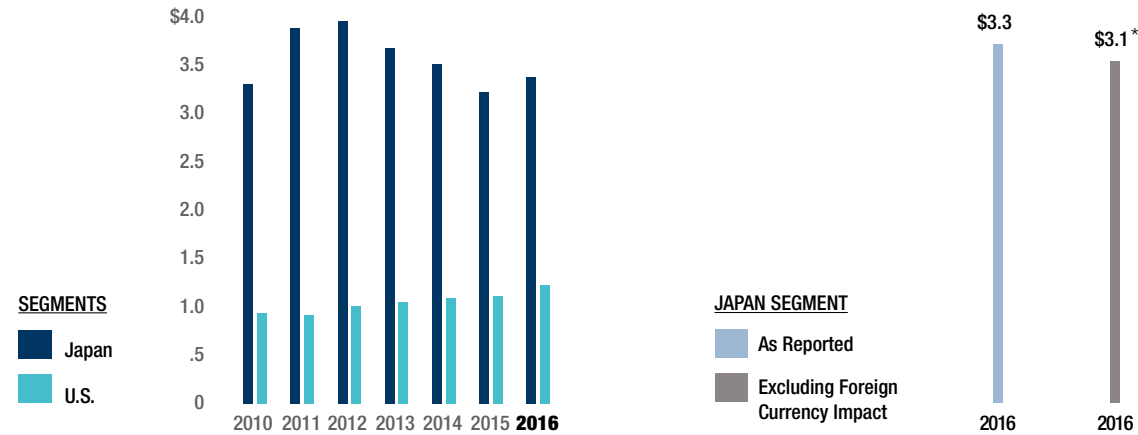
THE IMPACT OF FOREIGN CURRENCY ON AFLAC

The company believes that it is important to understand the impact of translating yen into dollars on our financial statements. A significant portion of Aflac's business is in Japan, where the functional currency is the yen. For financial reporting purposes, we translate Aflac Japan's results in yen into U.S. dollars. It's noteworthy that Aflac's currency exposure is primarily translation-related as opposed to currency transactions.

Due to the significant contribution of Aflac Japan's operations to overall earnings, a weaker yen suppresses Aflac Japan's results as reported in dollars. After several years of strengthening, the yen weakened in 2013, 2014 and 2015, but strengthened in 2016. In addition, approximately 47% of Aflac Japan's net investment income is dollar denominated, reducing its sensitivity to changes in foreign currency.

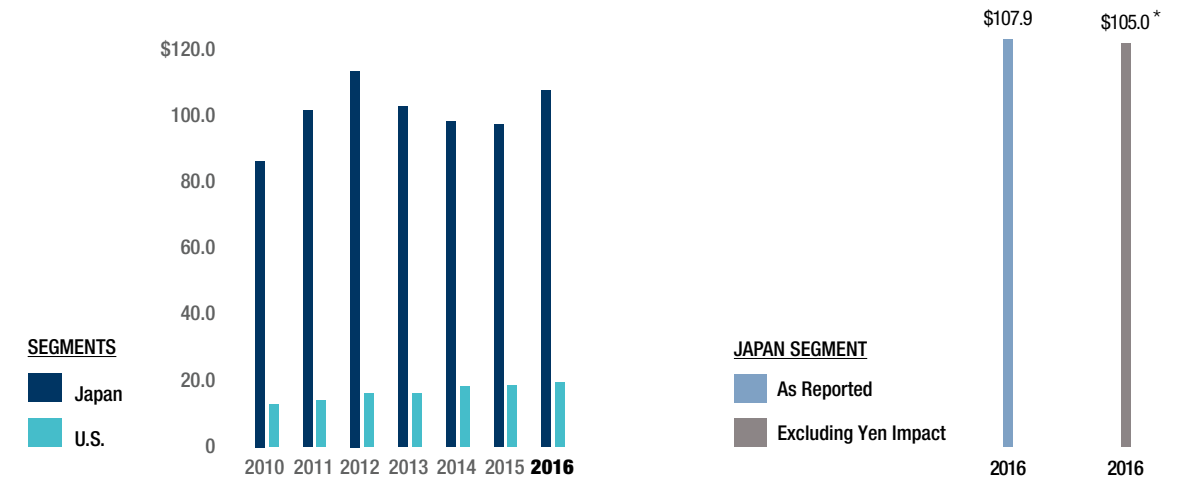
Pretax Segment Operating Earnings

(Dollars, In Billions)



Segment Assets

(Dollars, In Billions)



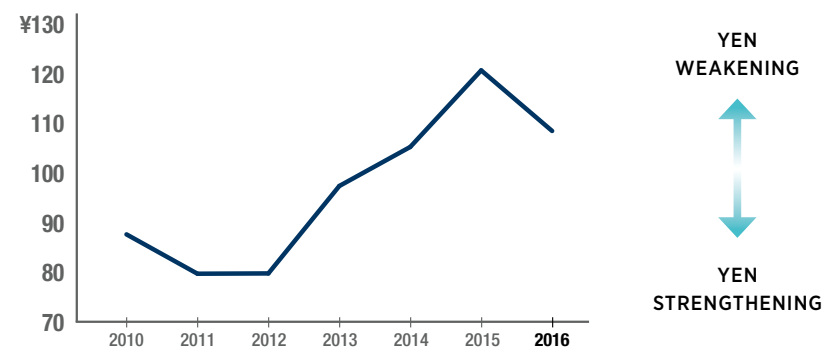
Impact of Foreign Currency on the Income Statement

Aflac's income statement is translated at the average exchange rate for the period. In years when the yen strengthens, translating yen into dollars causes more dollars to be reported. In years when the yen weakens, translating yen into dollars causes fewer dollars to be reported. After several years of strengthening, the yen weakened from 2013 to 2015. In 2016, the average yen/dollar exchange rate strengthened 11.3% from 120.99 yen to the dollar to 108.70 yen to the dollar, which magnified Aflac's income statement in dollar terms. We believe that viewing our results excluding the impact of foreign currency is the most meaningful way to evaluate our financial performance. Japan pretax segment operating earnings for the full year of 2016 were \$3.3 billion. Excluding the impact from the stronger yen, Japan pretax segment operating earnings were \$3.1 billion.

Impact of Currency on the Balance Sheet

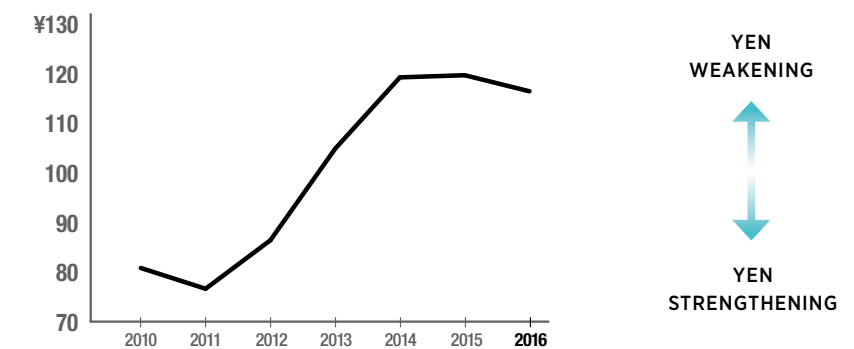
Aflac primarily holds yen-denominated assets to support the large amount of yen-denominated liabilities in Japan. Except for certain transactions, Aflac does not convert yen into dollars. Aflac Japan's balance sheet is translated using the exchange rate at the end of the period. Given the recent strengthening of the yen, Aflac's balance sheet was likewise only slightly magnified in dollar terms. The year-end exchange rate for 2016 strengthened 3.5% from the prior year to 116.49 yen to the dollar. Aflac Japan's total segment assets at the end of December 2016 were \$107.9 billion. Excluding the positive impact from the yen at year end, total segment assets were \$105.0 billion.

Weighted-Average Yen/Dollar Exchange Rates



Source: Internally calculated weighted-average yen/dollar exchange rates.

Year-End Yen/Dollar Exchange Rates



Source: Bloomberg ©

*Amount excluding current period foreign currency impact (a non-GAAP measure) was computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.

*Amount excluding current period foreign currency impact (a non-GAAP measure) was computed using the year-end spot yen/dollar exchange rate for the prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.

Aflac Japan

MORE THAN FOUR DECADES OF OPPORTUNITY

In 1974, opportunity presented itself once again, this time across the globe, some 7,000 miles away from Columbus, Ga. This was the opportunity for Aflac to become the pioneer of cancer insurance in Japan by offering a product that helped Japanese citizens cope with the expenses that arise when battling cancer. The concept of supplemental insurance is just as relevant today as it was more than four decades ago. Since its founding, Aflac Japan has navigated through more than 40 years of ongoing changes and challenges, including demographic changes such as a declining birthrate and aging population, the economy and increased competition in the marketplace. Through it all, one aspect of our business has remained unwavering: our determination to help provide Japanese citizens with options to protect their finances when a health event or life situation presents challenges.

Nanako Sugiyama is a dynamic, healthy, intelligent high school student who takes every opportunity to enjoy fun times with her friends and family. She is also driven to succeed in school, preparing for all of the opportunities life has to offer as she studies for her college entrance exams. But Nanako has a unique perspective on life that not many have at her young age: she knows how important it is to remain positive and seize the opportunities life presents. She was diagnosed with acute lymphoid leukemia when she was just nine years old and bravely battled this formidable disease until she conquered it.

continued on page 12





Nanako (center) pictured with Niko, her sister (left) and Naomi, her mother (right).

continued from page 11

Aflac seized the opportunity to help, making Nanako the first childhood cancer survivor to receive funding from the **Aflac Scholarship Fund for Childhood Cancer Survivors & Children of Cancer Victims**. This Aflac scholarship was designed to give children and their families the opportunity to focus on recovery, not financial stress. Unfortunately, just three years later, at age 12, she had a relapse and was faced yet again with battling this aggressive disease that would challenge her body and spirit. With the support of her loving friends and family, Nanako endured even more formidable treatments, including a bone marrow transplant. Her experience has shaped her life in many ways, giving her the determination to stand up to one of the hardest challenges a young person can face and instilling in her empathy for others battling serious diseases. In fact, because of her experience, she would like to become a child life specialist who works with children and their families in hospitals and other settings to help them cope with the challenges of hospitalization, illness and disability.

2016 AFLAC JAPAN FINANCIAL HIGHLIGHTS

IN YEN

- **Direct premium**** increased 1.0% to ¥1.5 trillion.
- **Total revenues** decreased 0.3% to ¥1.75 trillion.
- **Pretax segment operating earnings** decreased 5.7% to ¥362.4 billion.

IN DOLLARS*

- **Direct premium**** increased 12.6% to \$14.1 billion.
- **Total revenues** increased 11.2% to \$16.1 billion.
- **Pretax segment operating earnings** increased 5.0% to \$3.3 billion.

*Dollar amount reflects impact of foreign currency.

**Direct premium represents amount excluding reinsurance.

Aflac's resilience has been a significant factor in charting a secure course and expanding business through a diversified distribution system to reach consumers with products they need, despite the complex environment. Each initiative we undertake is designed to fulfill our promise of being there for our policyholders, with a focus on paying claims accurately and promptly. When Aflac pioneered cancer insurance in Japan in 1974, cancer was the second-leading cause of death in Japan and would become the number one cause of death in 1981. Our cancer insurance product addressed a significant need in Japan – a need that is just as relevant today as it was when it was first introduced. Over the years, we've successfully leveraged our brand and honed our knowledge of the market to become an innovator and provider of other supplemental products. We are driven each day to remain dedicated guardians of the trust that our Japanese policyholders have placed in us over these

last four decades. It is the trust we've established that has been a catalyst for Aflac to grow into the leading provider of medical and cancer insurance in Japan today, and we are proud to provide insurance protection to one in four Japanese households. In recent years, Aflac Japan's annual sales objective has centered on cancer and medical products, known in Japan as third sector products. These policies are more profitable and less interest-rate sensitive than life insurance or savings-type products such as annuities, which is especially important given the ongoing low-interest rate environment in Japan. We also expanded our portfolio of third sector offerings in 2016 to include our innovative Income Support Insurance, designed for those unable to work due to illness or injury. It works by paying policyholders a fixed amount of monthly benefits to help cover lost income when the insured is continuously out of work for 60 days.

AFLAC JAPAN DISTRIBUTION CHANNELS

TRADITIONAL SALES CHANNEL*		
STRATEGIC ALLIANCES	DAI-ICHI LIFE	• Aflac Japan was represented by approximately 12,000 sales agencies at the end of 2016, equating to about 108,700 licensed sales associates employed by those agencies, including individual agencies.
	BANKS	• Our alliance with Dai-ichi Life was launched in 2001, and nearly 40,000 Dai-ichi Life representatives offer Aflac's cancer products.
	JAPAN POST GROUP	• Aflac Japan was represented by 372 banks at the end of 2016, or approximately 90% of the total number of banks in Japan.
	DAIDO LIFE	• In 2016, the number of post offices selling Aflac's cancer product totaled more than 20,000. Kampo (Japan Post Insurance Co., Ltd.) offers Aflac cancer products through its 76 branches.
		• In September 2013, Aflac Japan and Daido Life Insurance entered into an agreement for Daido to sell Aflac's cancer insurance products specifically to the Hojinkai market, which is an association of small businesses.

* Includes independent agencies, independent corporate agencies and affiliated corporate agencies

Distribution that Reaches Japanese Consumers

We know how vital it is to have a presence where people want to make insurance-buying decisions. To support this goal to be where people want to buy, we believe Aflac's multi-faceted distribution platform remains one of the strongest in Japan. While Aflac insurance policies already protect one in four Japanese households, we believe there are opportunities to reach even more consumers through our product innovation. Our traditional channels, which include individual agencies, independent corporate agencies, and affiliated corporate agencies, have been, and remain, key to our success, representing a significant portion of our sales in 2016. One of our strategic partnerships unites Japan Post Group – the

largest nationwide distribution network in Japan – with Aflac Japan, the industry leader in cancer insurance. Aflac Japan is the exclusive provider of cancer insurance distributed through post offices nationwide in Japan, and our cancer insurance is offered through more than 20,000 postal outlets. Additionally, Japan Post Insurance Co., Ltd. (Kampo), the subsidiary of Japan Post Holdings Co., Ltd. that sells life insurance, distributes Aflac Japan's cancer insurance products at Kampo's 76 sales offices. Aflac Japan and Japan Post Group will continue to provide training and support that not only ensure the success of our alliance, but more importantly, the best experience for customers throughout Japan.

Rausu, Japan is a picturesque coastal town nestled amid the natural beauty of the Shiretoko Peninsula in the Hokkaido prefecture, home of the *Rausu Post Office*, which opened its doors 123 years ago. Since then, no matter what the weather, the dedicated team members who operate this post office have taken every opportunity to offer the people of Rausu and the surrounding coastal and mountainous region an array of postal services as well as financial products and insurance on a daily basis.



Pictured from left to right are *Rausu Post Office* employees *Mitsuru Chiyoya*, (supervisor); *Kozue Kawakami*, *Hiroyuki Takahara*, postmaster; and *Yuki Ito*, (supervisor). Mr. Takahara also supervises insurance promotion of nine regional post offices and is highly regarded for not only his tremendous sales record at post office, but also for his willingness to share sales tips to help others succeed.

Opportunities to Continue Offering Relevant Products that Respond to Consumers' Needs

Japanese citizens are covered by a national health care insurance system that provides a standardized level of medical insurance. For decades, consumers have experienced the financial strain of increasing health care costs amid an aging population and declining birthrate. This means that over the years, Japanese citizens have been required to bear more financial responsibility for their medical care, including out-of-pocket health care expenses. To help cover these costs, most Japanese consumers turn to private insurance. Aflac's trusted brand and relevant products provide options to help.

The foundation of our product portfolio has been, and continues to be, supplemental health products such as cancer and medical insurance (see chart on page 17). Over the last four decades, we've customized our products to

respond to the evolving needs of Japanese consumers as well as advances in medical treatments and modifications to Japan's national health care system. While we also offer several life products that are part of Japan's first sector insurance category, our focus remains on selling third sector products that are less interest rate sensitive. We will continue to build and grow sales of our first sector protection-type products. However, our first sector savings-type products, namely WAYS and Child Endowment, had more exposure to the low-interest-rate environment. As such, we have been aggressive in pulling savings-type first sector products from select channels, and we conservatively repriced our WAYS and Child Endowment products for the likelihood of a prolonged low-rate environment. We are extremely encouraged by the significant progress we've made in limiting the sale of our savings-type first sector products.



Recognizing the need for supplemental insurance and the value of Aflac's products, **Yoichiro Kinari** (left) seized the opportunity to help others when he founded Sun-flacs, an independent Aflac sales agency, 31 years ago. He is now chairman of **Sun-flacs**, and his son, **Noriyoshi Kinari**, (right) was promoted to president five years ago. They consider personally delivering an insurance claim for their clients to be the most rewarding part of their job, knowing that they have had a hand in helping to lift the financial burden associated with an illness by being there for policyholders when they need it most.

In 1994, after discussions with Yoichiro at Sun-flacs, **Satomi Yamada** (center), decided to purchase an Aflac cancer insurance policy. In the two-plus decades since then, her Aflac cancer insurance policy has provided her with peace of mind. When she was diagnosed with cancer several years ago, the policy also provided financial help for the many out-of-pocket costs associated with treatment and daily living expenses. Having benefited greatly from Aflac's cancer insurance, Ms. Yamada frequently shares her experience with others with the hope that she can help spread the word about the benefits of Aflac's products that have helped her so much.



AFLAC JAPAN INSURANCE PRODUCTS

THIRD SECTOR INSURANCE

- Cancer
- Medical
- Income Support

FIRST SECTOR INSURANCE

Life insurance products, including:

- | | |
|-------------------|-------------------|
| Protection | Savings |
| • Term life | • WAYS (Hybrid) |
| • Whole life | • Child Endowment |

CANCER INSURANCE

In 1974, Aflac pioneered the cancer product in Japan, and we remain the number one provider of cancer insurance today.

MEDICAL INSURANCE

In early 2002, we first introduced EVER, a stand-alone, whole-life medical product, as a solution to help Japanese citizens with rising copayments related to Japan's universal health care coverage. Within one year of the introduction of EVER, Aflac became the leading seller of medical insurance in Japan.

INCOME SUPPORT INSURANCE

In July 2016, we launched a new third sector product, Income Support Insurance, designed to provide cash benefits to policyholders who are unable to work due to illness or injury. These benefits complement coverage within the social security system, including the disability pension provided by the Japanese government.

TERM LIFE AND WHOLE LIFE

Aflac first introduced term-life and whole-life insurance products in 1996. These products have smaller face amounts and provide death benefits. They are available as stand-alone policies and riders.

WAYS (HYBRID)

In 2006, WAYS was introduced, and banks started selling this unique hybrid whole-life product in 2008. WAYS can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age.

CHILD ENDOWMENT

In 2009, Aflac introduced a child endowment product that pays a lump-sum benefit at the time of a child's entry into high school and an educational annuity for each of the four years of college.

To ensure we remain in step with Japanese consumers and our distribution channels, Aflac Japan continually enhances its portfolio of products. In March 2016, we launched an innovative cancer insurance product that offers protection to customers who have survived cancer. We also made revisions to Gentle EVER, our non-standard medical product, to enhance its alignment with changing customer needs. In July, we launched a new third-sector product, Income Support Insurance, which is designed to provide cash benefits to policyholders who are unable to

work due to illness or injury. These benefits complement coverage within the social security system, including the disability pension provided by the Japanese government and it can be used to cover income loss and other financial challenges. This established a new category in the third sector market for us, which we believe will become our third pillar in the third sector over the longer term. As we look to 2017, we will continue to develop and drive product refinements in keeping with our customers' evolving needs.



In 2016, Aflac Japan launched a commercial that promotes our **Income Support Insurance** product. This commercial features a popular female comedian and male actor playing the role as a wife and husband raising a young son together. They take a lighthearted approach to illustrate the need to be prepared for financial challenges, particularly income loss, that cannot be covered by medical insurance alone. These can arise when one is unable to work due to illness or injury.



Aflac's Brand: More than Four Decades of Building a Brand – and a Strong Reputation

Aflac has established a powerful, trusted brand in Japan, and we continually seek opportunities to leverage our strong brand and highly regarded reputation through innovative advertising campaigns in our efforts to drive sales. Our advertising is unique in an increasingly crowded and competitive market. In 2003, Aflac Japan began using the Aflac Duck, and its popularity continues to connect with consumers today.

On an ongoing basis, Aflac Japan has seized opportunities to create separate and unique offshoot characters related to the Aflac Duck to market specific products and help drive sales. In 2014, which was Aflac's 40th year of operations in Japan, we introduced an advertising campaign there featuring a new character called "Hajimete," or "Pioneer," Duck to promote New Cancer DAYS. This character was



Aflac Japan is proud to be the primary sponsor of the **"Gold Ribbon Walking"** events that raise awareness for pediatric cancer, with the ultimate goal of enhancing the quality of life for children battling cancer and improving the cure rate. Aflac Japan's ever-popular "Maneki Neko Duck" or "good luck cat duck" stops for a selfie with adoring admirers during one of the satellite events called the "Gold Ribbon Walk & Jog" that was held in Osaka in November 2016.

"Gold Ribbon Walk & Jog" participants enthusiastically seize the opportunity to support this great cause during a walk on a beautiful November day in Osaka.

developed to remind customers that Aflac was the "pioneer" of cancer insurance in Japan. In 2015, we built on the popularity of the Hajimete Duck in a commercial that also features characters representing Aflac's founders and their quest to create products that help provide financial protection following a serious medical event. In 2016, we launched a commercial that promotes our new Income Support Insurance by pairing

a male actor with a female comedian, both of whom are popular with consumers in their 20s and 30s.

By leveraging the popularity of the Aflac Duck through different characters over the years, nine out of ten people now recognize the Aflac brand. We will continue to connect with consumers through innovative marketing campaigns for our product line as new opportunities arise.



Misaki Adachi, (center), **Aflac employee** since 2004, works in Aflac Japan's Agency Management Department and is tasked with the important responsibility of supervising the management of personal information by the sales agencies. Outside of the office, she is dedicated to perfecting a Japanese traditional dance known as "Awa Odori." Misaki is from Japan's Tokushima prefecture, where the traditional dance has its roots. She travels back to her home prefecture every August to perform this dance at the Awa Odori Dance Festival, the largest dance festival of its kind in Japan that attracts more than 1.3 million tourists. She started to seriously get into "Awa Odori" when she was 9 years old, and it was then that she joined a group of dancers that had an affiliation with the local Aflac sales office. It was ultimately through this connection that she developed an interest in working for Aflac, submitted her resume, and was hired.

Administrative Efficiency Drives Productivity, Profitability, Service and Value

Delivering on our promise of paying claims accurately and promptly is the cornerstone of our business, and we place our highest priority on being there for our policyholders when they need us most. Our long-term dedication in this regard has further enhanced the relationship of trust we've built with our customers over the decades. One way we continually strive to improve our administrative efficiency is

through technology. When we began operations in Japan in 1974, our systems were specifically built to administer third sector products, which are characterized by a large volume of low-premium products. The administrative efficiencies we've gained through the years have not only continued to drive strong margins and profitability, but have also enhanced the value we deliver to customers daily.



In 2017, **Osaka City Shinkin Bank** will celebrate its 90th anniversary. In those nine decades, the employees at Osaka City Shinkin Bank's 90 branch locations have made the most of opportunities to serve their customers by offering a broad portfolio of financial solutions that best respond to customers' needs throughout various stages of life. At the same time, Aflac has seized the opportunity to help Osaka City Shinkin Bank enhance its product offerings to include Aflac products. Since 2014, Osaka City Shinkin Bank was ranked either number one or number two of more than 200 shinkin banks selling third sector products in terms of new annualized premium. Most recently, Osaka City Shinkin Bank began selling Aflac's Income Support Insurance.

*Pictured, **Kaho Ohashi** listens intently as a customer shares details about his insurance needs. She is in the process of creating a customized recommendation for products that will respond to his particular needs.*



*Pictured, **Osaka City Shinkin Bank** employees **Shigeko Araki**, **Tomoyo Iwakuma**, and **Kaho Ohashi** build relationships by interacting with their customers on an everyday basis, which allows them to learn about the unique needs of each customer and then suggest products that provide customized coverage.*

AFLAC JAPAN – KEY SALES METRICS

	TOTAL POLICIES AND RIDERS IN FORCE*	ANNUALIZED PREMIUMS IN FORCE**	NEW ANNUALIZED PREMIUMS**
2016	39,059	¥1,606,110	¥113,721
2015	38,115	1,617,691	120,855
2014	37,028	1,594,433	114,513
2013	36,117	1,567,112	149,308
2012	34,880	1,492,451	210,620
2011	33,372	1,343,663	161,033
2010	31,665	1,255,600	135,813
2009	29,934	1,200,437	122,345
2008	29,020	1,161,662	114,692
2007	28,443	1,125,561	114,636

*In thousands

**In millions

Looking Ahead

As we assess our past accomplishments and design our plans for the future, the competitive strengths that have made Aflac the leading provider of medical and cancer insurance are very much alive and well. Looking to the future, we believe Aflac products will continue to provide valuable insurance options for Japanese consumers.

We believe our innovative product development strategies and enhancements to current product offerings will benefit customers now and in the future, supporting our commitment to deliver on our promises just as we have for more than four decades.



Aflac U.S.

Cassandra Green, Aflac agent and regional sales coordinator from Orange County, Calif., will tell you that the Aflac opportunity came knocking on her family's door in a big way when her husband, Nicholas Green, Aflac district sales coordinator, joined Aflac in 2008. He showed Cassandra the value of Aflac's products, and as a stay-at-home mom and former hairdresser, she immediately saw a two-fold opportunity with Aflac. First, a sales career with Aflac would offer her an opportunity to work a business with a purpose that helps people, while also allowing her the flexibility to work around her schedule as a busy wife and mother. Secondly, recognizing her own Hispanic background, Cassandra saw an opportunity to reach out to and share Aflac's products with the Hispanic community. Cassandra views her role as a regional sales coordinator as one of helping to change lives and offer other people the opportunity she was given as a stay-at-home mom—an opportunity to achieve success on a personal and professional level, regardless of their background or life experiences.

The Green family, from left: Patricio, Cassandra, Micah, Miles, Nicholas and Maddox.

SIX DECADES OF OPPORTUNITY

Opportunity is knocking in the United States, where approximately 98% of our products are sold on a payroll deduction basis and Aflac is the number one provider of voluntary insurance at the worksite.* In 2016, we continued to focus our strategic efforts in the United States on expanding and improving our distribution system, creating innovative products and owning our customer experience. In addition to expanding our distribution, we have worked to deepen our relationships with brokers and continue to invest in our platform, resulting in improved persistency and operational efficiency. In doing so, we have expanded our presence in the voluntary worksite market and made strides toward driving future sales momentum in the U.S. market. In 2016, new annualized premium sales for Aflac U.S. were \$1.5 billion, representing a slight decrease of 0.3% over sales in 2015.

*Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2015. Avon, CT: April 2016

Cassandra Green, Aflac regional sales coordinator, and her husband, *Nicholas Green*, Aflac district sales coordinator, and family, Huntington Beach, Calif.



2016 AFLAC U.S. FINANCIAL HIGHLIGHTS

- **Direct premium*** increased 2.1% to \$5.5 billion.

*Direct premium represents amount excluding reinsurance.

- **Total revenues** increased 2.2% to \$6.2 billion.

- **Pretax segment operating earnings** increased 9.7% to \$1.2 billion.

We believe the need for Aflac's products will grow given the current climate where health care costs are steadily increasing and employees are bearing more and more of the financial burden associated with those costs. At the same time, we are empowering our distribution channels to reach more businesses of all sizes through our field force of career agents and broker relationships. To that end, we continue to seek opportunities to leverage our strong brand to support product growth in the ever-evolving health care landscape in the United States. Additionally, we continue to seek innovative ways to offer value added services to employers, who are increasingly turning to voluntary supplemental providers to deliver customized options and tailored solutions to their employees.

Innovative Products Provide Financial Protection

The most fundamental element of our business lies in our commitment to consumers and our ability to respond to and even anticipate their needs. Although many aspects of our business have changed since Aflac's founding 61 years ago, our competitive, valuable and affordable products have been one of our greatest strengths and a constant year after year. Aflac's insurance policies pay

cash benefits directly to the customer. These benefits can be used to help policyholders cope with unexpected out-of-pocket medical expenses including medication and copays, household expenses or protection from income and asset loss associated with an illness or medical event. We believe our extensive portfolio of both individual and group supplemental products provides our policyholders with outstanding value while affording businesses of all sizes the opportunity to offer their employees an affordable and comprehensive selection of supplemental benefit solutions. In 2016, we sought to offer innovative solutions to counter the challenges consumers face by introducing revised policies on both an individual and group basis. Among these, we rolled out new updates to our short-term disability product to include a new rider that provides a benefit to the policyholder even if a claim is not incurred during the rider's benefit period. Additionally, in 2016 we launched a new group hospital indemnity product designed to provide flexible coverage for both routine and medical care as well as catastrophic illness and accidents. We also introduced a revised whole life plan and began offering a new cancer survivor benefit on our group critical illness product.

AFLAC U.S. PRODUCTS

- **Cancer**
- **Accident**
- **Short-Term Disability**
- **Critical Illness**
- **Hospital Indemnity**
- **Dental**
- **Vision**
- **Life (Term, Whole, Universal)**



Aflac continuously works to improve our distribution system to deliver the valuable benefits of our products to consumers nationwide. Throughout 2016, Aflac sought not only to improve distribution among our traditional career agents, but also to deepen relationships within our broker channel. Since 2009, Aflac has worked with **Tom Farmer**, Principal at **Mercer Health and Benefits**. Tom is responsible for large and middle market case sales and strategy in the west region for Voluntary Benefits within Mercer Health & Benefits. Based in El Dorado Hills, Calif., Tom oversees the sales and strategies for Mercer's Voluntary Benefits, which provides a comprehensive suite of voluntary products and solutions, including Aflac's supplemental insurance products, to clients in large and middle markets. He engages his clients to help them navigate the complexities of voluntary benefits solutions and identify tailored options that best suit their individualized needs. Tom is consistently a top sales producer for Mercer and a leader within the voluntary benefit industry, serving on the Voluntary Benefit Association board of directors. Tom also serves on multiple carrier broker panels and is a national speaker on the subject of voluntary benefits.

AFLAC U.S. DISTRIBUTION

CHANNEL	MARKET SEGMENT	PRODUCTS
Career Agent	< 100 employees	Individual
Broker	100-1,000 employees	Individual/ Group (standardized)
	> 1,000 employees	Group (customized)

Expanding and Developing Our Distribution

We believe our streamlined and multi-faceted approach to distribution drives sales. To reach our sales goals, the objective of our multi-channel distribution system is to meet consumers when, where and how they prefer to be reached to purchase Aflac's products. As consumers' preferences change with respect to how and where they want to buy health insurance, we will continue to hone our distribution opportunities and provide more voluntary product solutions to help consumers deal with a major health event or unexpected illness. To this end, we are continually seeking avenues to enhance our sales capabilities through our sales force of traditional/ individual career agents as well as building out relationships through our expanding broker channel. Because the needs of each distribution channel are unique, we continually strive to tailor our approach to support their particular sales efforts and accommodate their customers' specific supplemental insurance needs.

At the end of 2016, our extensive distribution network was made up of more than 9,000 average weekly producers. We continue to see promising opportunities for our distribution channels and believe that by reaching new consumers, Aflac will continue to enhance the value we deliver to our policyholders and shareholders. In addition to empowering our career sales force of independent sales associates, we continue to deepen our relationships with insurance brokers on local, regional and broader national levels to improve our access to businesses employing more than 100 workers. As we continue to nurture our relationships with larger brokers, we are also pursuing opportunities to offer Aflac's products on their private exchanges, in addition to offering an array of value-added services, enhanced tools and solutions and an improved pay-for-performance compensation model that emphasizes recruiting and improving productivity. Changes we have made to our incentive compensation plan, which rewards field management when the recruit produces sales at specified levels, have helped to enhance our productivity among new recruits.



Keyla Cabret-Lewis, senior Human Resources business partner at Aflac, will be the first to tell you that opportunity is always knocking – even after 22 years of service. Keyla's career at Aflac began through an internship program when she was a high school student. Since that time, she's held a variety of positions in Human Resources, working mainly in Talent Acquisition until her promotion to HR business partner in 2012. Acting as an "account manager" of sorts for various business units, Keyla's current role gives her the opportunity to help Aflac's leaders and their teams of employees every day with an array of important matters including employee relations, policies and procedures, HR compliance and assessment and mitigation of risks, which she says keeps her thinking strategically at all times. Even after more than two decades in HR, Keyla says there's never a dull moment and always an opportunity knocking at Aflac – for everyone!

Owning Our Customer Experience by Leveraging the Aflac Brand

While establishing and maintaining a strong reputation for paying claims promptly and fairly, we've created a powerful brand that is very popular with consumers. The well-known and now beloved Aflac Duck has been the star of one of the most successful advertising campaigns ever. Since the

Aflac Duck debuted on the eve of the new millennium, he's appeared in more than 90 commercials that have placed our rambunctious feathered friend in one comical situation after another, propelling Aflac's brand awareness over the years. Through leveraging the popularity of the Aflac Duck,



Aflac’s commercial, “*Ski Patrol*,” made its television debut during the 90th Macy’s Thanksgiving Day Parade broadcast, which featured the Duck’s sixth appearance in the legendary parade. This commercial was designed to reaffirm the relevance of Aflac’s supplemental insurance products with a new generation of customers – millennials. The commercial illustrates how Aflac’s policies provide consumers with an opportunity to keep their lifestyle healthy in the event that an unexpected injury or illness strikes. Decked out in a ski hat and scarf, the Aflac Duck makes a comedic appearance in the commercial to remind viewers, including millennials, that while our health can change, the lifestyle we love doesn’t have to.

nine out of ten Americans recognize the Aflac brand. The Aflac Duck and brand are more than a series of entertaining advertising initiatives – they illustrate how we take excellent care of our policyholders and payroll accounts.

We believe it’s important not only to meet, but to exceed the expectations of all of our customers. With that in mind, the Aflac Duck was very busy in 2016, reaching

out to millennials, a demographic that is growing at the workplace. Born after 1980, millennials represent the first generation to come of age in the new millennium. This campaign was designed to create an emotional connection with millennials and demonstrate the relevance of Aflac’s products among this growing demographic. Essentially, the message is that Aflac’s products provide consumers with the opportunity to help keep their lifestyle

AFLAC U.S. – KEY SALES METRICS

	POLICIES AND CERTIFICATES IN FORCE*	ANNUALIZED PREMIUMS IN FORCE**	TOTAL NEW ANNUALIZED PREMIUM**
2016	12,692	\$5,896	\$1,482
2015	12,498	5,760	1,487
2014	12,407	5,668	1,433
2013	12,310	5,570	1,424
2012	12,232	5,451	1,488
2011	11,732	5,188	1,476
2010	11,436	4,973	1,382
2009	11,688	4,956	1,453
2008	11,437	4,789	1,551
2007	11,116	4,510	1,558

* In thousands
** In millions

healthy in the event of an injury or illness. In other words, the Duck is working hard to illustrate the value and protection that Aflac policies provide.

Illustrating our commitment to paying claims faster than ever, in 2016 we paid 1.8 million claims through One Day PaySM, our industry-leading initiative that allows us to process, approve and pay eligible claims in just one day. We estimate that 79% of our policyholders can use One Day Pay for their claims, and in 2016, we did not miss our One Day Pay commitment for a single claim that met the One Day Pay criteria. We will continue to pursue market-leading initiatives such as One Day Pay that are designed to “own the customer experience” and further enhance customer satisfaction. We believe that One Day Pay will continue to enhance our strong brand and distinguish Aflac from its competitors.

Further highlighting our commitment to delivering on our promise and owning our customer experience, we are proud that in January 2016, Aflac’s contact centers were recognized by J.D. Power by providing “an outstanding

customer service experience.” This recognition is based on successful completion of an audit and exceeding a customer satisfaction benchmark.

Technology Drives Opportunities for Efficiencies

Our disciplined risk management and focus on operating efficiency helped drive strong profitability in 2016, which was the most profitable year in Aflac U.S. history in terms of segment pretax operating earnings. Throughout 2016, we continued to make broad-based investments in our U.S. platform, including an investment of more than \$20 million in our Aflac Group business, which has seen outsized growth. We’ve begun to see our platform investments pay off in the form of improved persistency and customer satisfaction. Additionally, 95% of our policyholders who use One Day Pay say they are likely to refer other people to Aflac, which we believe will continue to differentiate and reinforce our strong brand and policyholders’ trust. We’ve also increased our career sales agents’ adoption of our everwellSM enrollment platform, which in turn has increased account penetration in our accounts with less than 100 workers.

Aflac Cancer and Blood Disorders Center

Since its establishment in 1995, the Aflac Cancer and Blood Disorders Center at Children's Healthcare of Atlanta has become nationally renowned as one of the leading childhood cancer, hematology, and blood and marrow transplant programs in the United States. Thanks to innovative research and leading-edge treatment options, the five-year survival rate for childhood cancer has risen from 20% in 1965 to greater than 80%. Following a series of milestones in 2015, including the celebration of its 20th anniversary of partnership with Aflac, Aflac's contributions to the

Aflac Cancer Center exceeded the \$110 million mark in 2016. This cause is very near and dear to the heart of the Aflac family, including the Aflac Foundation, executives, employees and the field force, whose generous contributions help to provide a steady stream of funding for research. This generosity has contributed to the Aflac Cancer Center's success and distinction in research, a factor which led to the Aflac Cancer Center being designated as one of the top 10 pediatric cancer programs in the United States in 2016 by *U.S. News and World Report*, for the second year in a row.

The **Aflac Cancer and Blood Disorders Center at Children's Healthcare of Atlanta** is a national leader among childhood cancer, hematology, and blood and marrow transplant programs, serving infants through young adults and giving children like **Brayden Webb**, 7, the opportunity to receive world-class care. Here, Brayden checks the heartbeat of **Douglas Graham**, M.D., Ph.D., Director & Daniel P. Amos Children's Chair of the Aflac Cancer and Blood Disorders Center.



Kyle Klerk, 10, assembles building blocks with **Shogo Kobayashi**, M.D., assistant professor at the Department of Pediatric Oncology at Fukushima Medical University and **TOMODACHI-Aflac Program** participant. Since January 2013, Aflac has participated in the TOMODACHI Initiative, a public and private partnership that invests in the next generation of Japanese and American citizens in meaningful disciplines. Dr. Kobayashi is assistant professor at the Department of Pediatric Oncology at Fukushima Medical University, and the fourth participant in a series of Japan-based pediatric cancer specialists invited to the Aflac Cancer and Blood Disorders Center of Children's Healthcare of Atlanta through the TOMODACHI -Aflac Program.

Looking to the Future

As we look ahead to 2017 and beyond, we are confident that the strengths that have positioned Aflac as the leading provider of voluntary insurance products at the worksite are firmly established, and we are positioning Aflac in a way that we believe will enhance our footprint in the ever-evolving health care landscape. The United States continues to be well suited for the products Aflac offers, and we still believe there is significant room for growth opportunities given the rising cost of co-pays and deductibles and increasing gaps in major medical insurance coverage. As businesses and consumers continue to look for practical and affordable solutions

to the challenging health care market the United States faces, we believe the desire for the type of supplemental products Aflac provides will continue to increase. We believe Aflac will continue to stand out in this increasingly competitive and evolving marketplace. Though many things have changed over the course of our six decades, Aflac's commitment to its policyholders has remained the same – to deliver on our promise and exemplify The Aflac Way by being there for our policyholders when they need us most, paying claims fairly and more promptly than ever before.



SELECTED FINANCIAL DATA
Aflac Incorporated and Subsidiaries

For the Year (In millions, except for share and per-share amounts)	2016	2015	2014	2013
Revenues:				
Net premiums, principally supplemental health insurance	\$ 19,225	\$ 17,570	\$ 19,072	\$ 20,135
Net investment income	3,278	3,135	3,319	3,293
Realized investment gains (losses)	(123)	140	215	399
Other income	179	27	122	112
Total revenues	22,559	20,872	22,728	23,939
Benefits and expenses:				
Benefits and claims, net	12,919	11,746	12,937	13,813
Expenses	5,573	5,264	5,300	5,310
Total benefits and expenses	18,492	17,010	18,237	19,123
Pretax earnings	4,067	3,862	4,491	4,816
Income taxes	1,408	1,329	1,540	1,658
Net earnings	\$ 2,659	\$ 2,533	\$ 2,951	\$ 3,158

Share and Per-Share Amounts

Net earnings (basic)	\$ 6.46	\$ 5.88	\$ 6.54	\$ 6.80
Net earnings (diluted)	6.42	5.85	6.50	6.76
Items impacting net earnings: ²				
Realized investment gains (losses):				
Securities transactions and impairments	\$.32	\$.35	\$.40	\$.09
Impact of derivative and hedging activities:				
Hedge costs related to foreign currency investments ³	(.45)	(.17)	(.08)	(.04)
Other derivative and hedging activities ^{1,3}	(.37)	(.05)	.05	.49
Other and non-operating income (loss)	(.07)	(.61)	.15	.04
Income tax benefit (expense)	.20	.17	(.18)	—
Cash dividends paid	\$ 1.66	\$ 1.58	\$ 1.50	\$ 1.42
Shareholders' equity	50.47	41.73	41.47	31.82
Weighted-average common shares used to calculate basic EPS (In thousands)	411,471	430,654	451,204	464,502
Weighted-average common shares used to calculate diluted EPS (In thousands)	413,921	433,172	454,000	467,408

At Year-end

Assets:				
Investments and cash	\$ 116,361	\$ 105,897	\$ 107,341	\$ 108,459
Other ⁴	13,458	12,359	12,386	12,809
Total assets	\$ 129,819	\$ 118,256	\$ 119,727	\$ 121,268
Liabilities and shareholders' equity:				
Policy liabilities	\$ 93,726	\$ 87,631	\$ 83,933	\$ 89,402
Income taxes	5,387	4,340	5,293	3,718
Notes payable ⁴	5,360	4,971	5,242	4,858
Other liabilities	4,864	3,606	6,912	8,670
Shareholders' equity	20,482	17,708	18,347	14,620
Total liabilities and shareholders' equity	\$ 129,819	\$ 118,256	\$ 119,727	\$ 121,268

Supplemental Data

Stock price range:				
High	\$ 74.50	\$ 66.53	\$ 66.69	\$ 67.62
Low	54.57	51.41	54.99	48.17
Close	69.60	59.90	61.09	66.80
Yen/dollar exchange rate at year-end (yen)	¥ 116.49	¥ 120.61	¥ 120.55	¥ 105.39
Weighted-average yen/dollar exchange rate (yen)	108.70	120.99	105.46	97.54

2012	2011	2010	2009	2008	2007	2006
\$ 22,148	\$ 20,362	\$ 18,073	\$ 16,621	\$ 14,947	\$ 12,973	\$ 12,314
3,473	3,280	3,007	2,765	2,578	2,333	2,171
(349)	(1,552)	(422)	(1,212)	(1,007)	28	79
92	81	74	80	36	59	52
25,364	22,171	20,732	18,254	16,554	15,393	14,616
15,330	13,749	12,106	11,308	10,499	9,285	9,016
5,732	5,472	5,065	4,711	4,141	3,609	3,336
21,062	19,221	17,171	16,019	14,640	12,894	12,352
4,302	2,950	3,561	2,235	1,914	2,499	2,264
1,436	1,013	1,233	738	660	865	781
\$ 2,866	\$ 1,937	\$ 2,328	\$ 1,497	\$ 1,254	\$ 1,634	\$ 1,483

\$ 6.14	\$ 4.15	\$ 4.96	\$ 3.21	\$ 2.65	\$ 3.35	\$ 2.99
6.11	4.12	4.92	3.19	2.62	3.31	2.95

\$ (.69)	\$ (1.81)	\$ (.58)	\$ (1.67)	\$ (1.37)	\$.04	\$.10
(.01)	—	—	—	—	—	—
.22	(.34)	—	(.01)	—	—	—
(.01)	—	—	.02	—	—	—
—	—	—	—	—	—	—
\$ 1.34	\$ 1.23	\$ 1.14	\$ 1.12	\$.96	\$.80	\$.55
34.16	27.76	22.44	17.96	14.23	18.08	16.93
466,868	466,519	469,038	466,552	473,405	487,869	495,614
469,287	469,370	473,085	469,063	478,815	493,971	501,827

\$ 118,219	\$ 103,462	\$ 88,230	\$ 73,192	\$ 68,550	\$ 57,056	\$ 51,972
18,838	12,757	12,013	10,914	10,781	8,749	7,833
\$ 131,057	\$ 116,219	\$ 100,243	\$ 84,106	\$ 79,331	\$ 65,805	\$ 59,805

\$ 97,720	\$ 94,239	\$ 82,310	\$ 69,245	\$ 66,219	\$ 50,676	\$ 45,440
3,858	2,308	1,689	1,653	1,201	2,531	2,462
4,315	3,267	3,038	2,599	1,721	1,465	1,426
9,186	3,459	2,666	2,192	3,551	2,338	2,136
15,978	12,946	10,540	8,417	6,639	8,795	8,341
\$ 131,057	\$ 116,219	\$ 100,243	\$ 84,106	\$ 79,331	\$ 65,805	\$ 59,805

\$ 54.93	\$ 59.54	\$ 58.31	\$ 47.75	\$ 68.81	\$ 63.91	\$ 49.40
38.14	31.25	39.91	10.83	29.68	45.18	41.63
53.12	43.26	56.43	46.25	45.84	62.63	46.00
¥ 86.58	¥ 77.74	¥ 81.49	¥ 92.10	¥ 91.03	¥ 114.15	¥ 119.11
79.81	79.75	87.73	93.49	103.46	117.93	116.31

Amounts in 2009 and prior years have not been adjusted for retrospective adoption of revised accounting guidance related to deferral of policy acquisition costs effective January 1, 2012.

¹ Includes impact from ASC 815 for all years presented prior to 2011

² Amounts in 2013 and prior are shown net of tax.

³ Amounts in 2013 and prior have not been reclassified to reflect the change in methodology of calculating the hedge costs related to foreign currency investments.

⁴ Amounts in 2010 and prior have not been adjusted for the adoption of accounting guidance on January 1, 2016 related to debt issuance costs.

INVESTOR FACTS

Aflac's Total Return to Shareholders

2016 marked the 34th consecutive year Aflac Incorporated increased its annual dividend. Including reinvested cash dividends, Aflac's total shareholder return increased 19.1% in 2016. This compares with a total shareholder return of 24.9% for the S&P Life & Health Index, 12.0% for the S&P 500 and 16.5% for the Dow Jones Industrial Average.

For many years, we have managed our business with a long-term view in mind. As a result:

- ▶ Over the last five years, Aflac's total shareholder return, including reinvested dividends, was 82.6%.
- ▶ Over the last 10 years, Aflac's total shareholder return, including reinvested dividends, was 93.2%.

AFL Shareholder Mix*

Number of registered shareholders	86,575
Percentage of outstanding AFL shares owned by institutional investors	71%
Percentage of outstanding AFL shares owned by individual investors	29%

*Approximate as of 12/31/16

First Shareholders

Cost of 100 shares purchased in 1955 when Aflac was founded	\$1,110
Number of shares those 100 shares grew into (after 28 stock dividends and splits)	187,980 shares
Value at 12/31/16 (excluding reinvested dividends)	\$13.1 million
Dividends paid in 2016	\$312,046

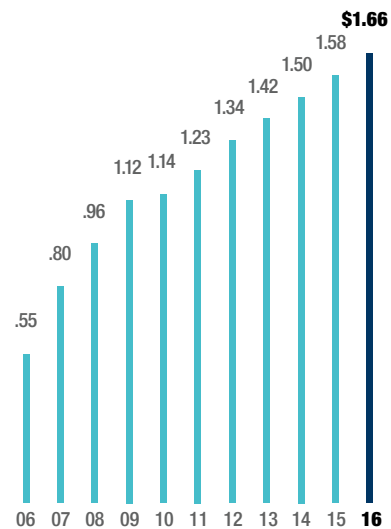
Aflac Financial Strength*

Standard & Poor's	A+
Moody's Investors Service	Aa3
A.M. Best	A+ (Superior)
Fitch	A+
Rating & Investment Information Inc. (R&I)	AA-

*Ratings as of 3/1/17

Visit aflac.com and click on *Investors* to access:

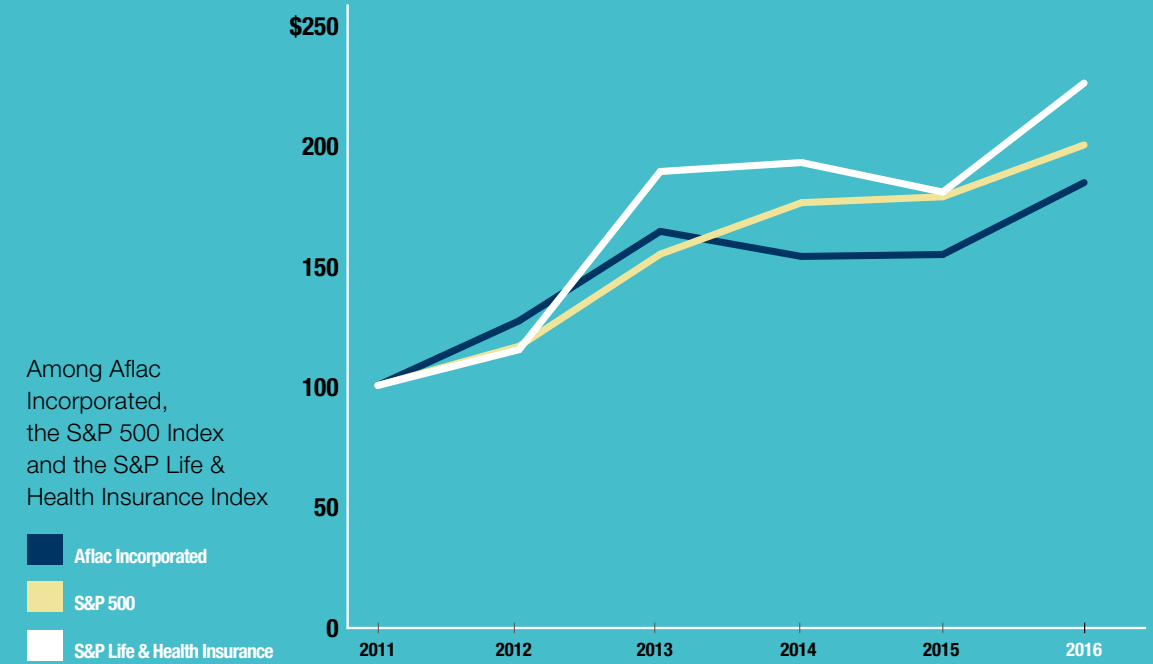
- ▶ Your AFL shareholder account through *aflinc*®
- ▶ Aflac's financial information
- ▶ A calendar of events
- ▶ Dividend reinvestment plan (DRIP) information



Annual Cash Dividends Paid Per Share

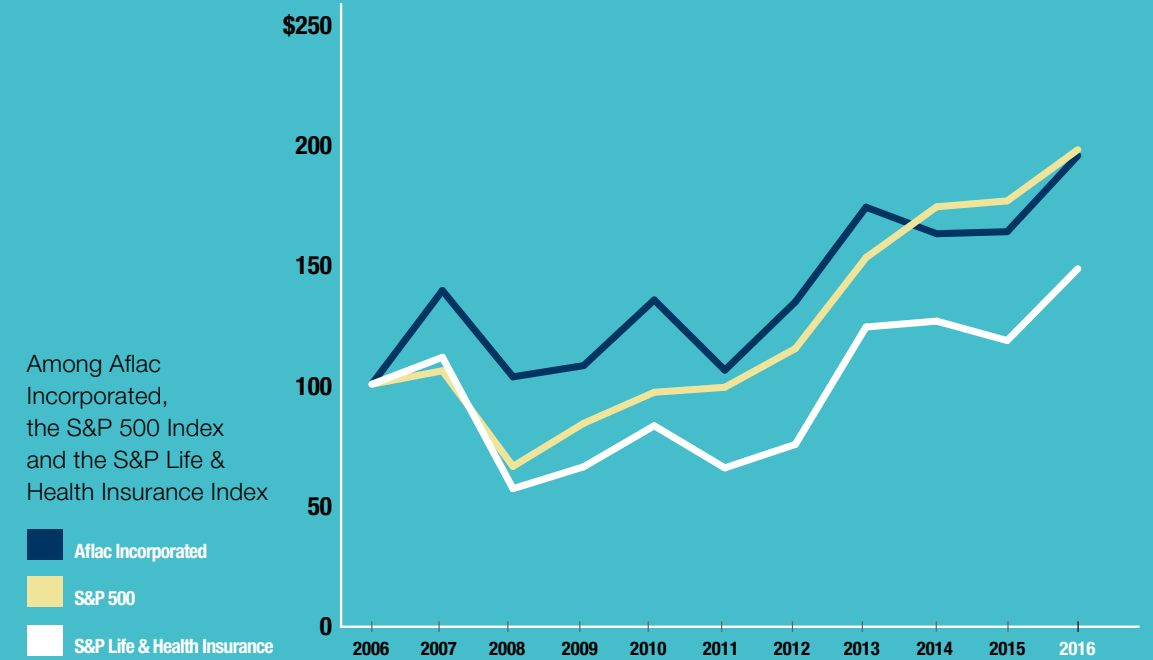
Aflac has increased its annual dividend for 34 consecutive years. Total cash dividends paid in 2016 were 5.1% higher than in 2015.

Comparison of Five-Year Cumulative Total Shareholder Return*



*\$100 invested on December 31, 2011, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2017 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.

Comparison of Ten-Year Cumulative Total Shareholder Return*



*\$100 invested on December 31, 2006, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2017 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.

BOARD OF DIRECTORS



Daniel P. Amos, 65, chairman and chief executive officer of Aflac and Aflac Incorporated, has been with the company full time since 1973. He was named president of Aflac in 1983 and chief operating officer in 1987. He became chief executive officer of Aflac Incorporated in 1990 and was named chairman in 2001. He joined Aflac Incorporated's board in 1983.



Paul S. Amos II, 41, president of Aflac, joined Aflac in 2002 as a state sales coordinator. He was promoted to executive vice president in 2005, leading Aflac U.S. operations, and a year later he was named chief operating officer. In 2007, he was promoted to president of Aflac. In 2013, Paul began oversight of Aflac Japan. He joined Aflac Incorporated's board in 2007.



W. Paul Bowers, 60, is chairman, president and chief executive officer of Georgia Power. Prior to being named to his current position, he was chief financial officer of Southern Company. He has held senior executive leadership positions across Southern Company as CEO of Southern Power, president of Generation and chairman, president and CEO of the company's former United Kingdom subsidiary. He is currently on the board of the Nuclear Electric Insurance Limited and serves as a regent for the University System of Georgia. He received the American Jewish Committee's 2015 National Human Relations Award and was inducted to the Junior Achievement Hall of Fame. He joined Aflac Incorporated's board in 2013.



Kriss Cloninger III, 69, president of Aflac Incorporated, joined Aflac in 1992 as senior vice president and chief financial officer after working with Aflac as a consulting actuary since 1977. In addition to serving as chief financial officer from 1992 to 2015, Kriss was named president of Aflac Incorporated in 2001. He also serves on the boards of TSYS and Tupperware Brands. He joined Aflac Incorporated's board in 2001.



Toshihiko Fukuzawa, 60, is president and chief executive officer of Yushu Tatemono Co., Ltd., a prominent real estate leasing company in Japan. Prior to this, he served in various positions, including managing executive officer of Mizuho Bank Ltd. and deputy president & executive officer of Mizuho Trust & Banking Co., Ltd. Over his 36-year career as a banker in Japan, he has gained extensive business and IT knowledge and experience with a wide range of Japanese financial services. He joined Aflac Incorporated's board in 2016.



Elizabeth J. Hudson, 67, retired from her position as chief communications officer for the National Geographic Society in 2015, having previously held similar positions with iVillage, the Reader's Digest Association and NBC. She was also previously a director in Spencer Stuart's Media & Communication Practice. Hudson co-chairs the Washington Chapter of Women Corporate Directors, and joined Aflac Incorporated's board in 1990.



Douglas W. Johnson, 73, certified public accountant and retired Ernst & Young audit partner, has spent the majority of his career auditing companies in the life, health and property/casualty segments of the insurance industry. He joined Aflac Incorporated's board in 2003.



Robert B. Johnson, 72, retired from his position at Porter Novelli in 2014, at which he had been senior advisor since 2003. He was formerly chairman and CEO of the One America Foundation (an organization that promotes dialogue and solidarity among Americans of all races). He also previously served in President Clinton's White House as an assistant to the president and director of the president's initiative for One America. He joined Aflac Incorporated's board in 2002.



Thomas J. Kenny, 53, has served as a TIAA-CREF trustee since December 2011. He currently serves as the chair of the TIAA-CREF Funds Investment Committee and also serves on the TIAA-CREF Funds Operations Committee. Prior to his role at TIAA-CREF, he held a variety of leadership positions at Goldman Sachs. He joined Aflac Incorporated's board in 2015.



Charles B. Knapp, 70, is president emeritus of the University of Georgia. Earlier in his career, he served as U.S. deputy assistant secretary of labor in the Carter Administration. He also served as executive vice president and chief financial officer of Tulane University. He joined Aflac Incorporated's board in 1990.



Karole F. Lloyd, 58, is a certified public accountant and recently retired vice chair and managing partner for Ernst & Young, LLP. With more than 37 years of experience and leadership, she has extensive experience with large financial services, insurance and health care companies in both the United States and Canada, as well as additional experience with leadership and consulting related to financial reporting, board governance and legal matters, regulatory compliance, internal audit and risk management. She was appointed to Aflac Incorporated's board in January 2017.



Joseph L. Moskowitz, 63, retired as executive vice president of Primerica, Inc. after more than 25 years of service. He led the Product Economics and Financial Analysis Group after previously serving as chief actuary, among various other positions of increasing responsibility. Prior to joining Primerica, he was vice president of Sun Life Insurance Company of America and also worked for KPMG. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. He joined Aflac Incorporated's board in 2015.



Barbara K. Rimer, DrPH, 68, has been dean and alumni distinguished professor at the University of North Carolina at Chapel Hill Gillings School of Global Public Health for more than 10 years, and was previously director of the Division of Cancer Control and Population Sciences at the National Cancer Institute. She was elected to the Institute of Medicine in 2008 and was appointed chair of the President's Cancer Panel in 2011. She joined Aflac Incorporated's board in 1995.



Melvin T. Stith, 70, dean emeritus of the Martin J. Whitman School of Management at Syracuse University, was also previously dean and Jim Moran Professor of Business Administration at Florida State University, where he remains dean emeritus. Before retiring in 2015, Dr. Stith maintained his role as professor of marketing and business for more than 35 years, after previously serving in the U.S. Military Intelligence Command and achieving the rank of captain. He joined Aflac Incorporated's board in 2012.

EXECUTIVE MANAGEMENT

Daniel P. Amos (see facing page) | **Kriss Cloninger III** (see facing page) | **Paul S. Amos II** (see facing page)



Frederick J. Crawford, 53, joined Aflac in June 2015 as executive vice president and chief financial officer of Aflac Incorporated, responsible for overseeing the financial management of company operations. Before joining Aflac, he served as executive vice president and chief financial officer of CNO Financial Group, after spending more than a decade at the Lincoln Financial Group in roles of increasing responsibility, including executive vice president and chief financial officer. Prior to that, he held leadership positions at Bank One Corporation. Fred received a bachelor of arts from Indiana State University and a master of business administration from the University of Iowa.



Kenneth S. Janke, 58, executive vice president; treasurer; head of Corporate Finance and Development, Aflac Incorporated, joined Aflac as manager of Investor Relations in 1985. He was promoted to senior vice president in 1993 and to executive vice president; deputy chief financial officer of Aflac Incorporated in 2010. In July 2013, he assumed the additional role of president, Aflac U.S., before returning full-time to the deputy CFO role in September 2014. In his current role, Ken is responsible for the management of Aflac's corporate finance activities and treasury operations, as well as strategic partnerships and acquisitions.



J. Todd Daniels, 46, executive vice president; global chief risk officer and chief actuary, joined Aflac in 2002 as an actuarial assistant. He was promoted to vice president, Financial Planning and Analysis in 2011 and to senior vice president; deputy corporate actuary in 2012. He assumed the responsibilities of global chief risk officer in January 2014 and the additional role of chief actuary in December 2015. Todd oversees the actuarial functions of both Aflac U.S. and Aflac Japan and leads strategic and tactical global risk management programs and policies for the company. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.



Charles D. Lake II, 55, president, Aflac International; chairman, Aflac Japan, joined Aflac International in February 1999 and Aflac Japan in June 1999. Prior to his current position, he served as vice chairman and president of Aflac Japan. Before joining Aflac, he was director of Japan Affairs at the office of the U.S. Trade Representative in the executive office of the president, and he practiced law in Washington, D.C.



Teresa L. White, 50, president, Aflac U.S., joined Aflac in 1998. She has served in various leadership roles within Administration and Sales Support leading to her current position in September 2014, where she is responsible for driving seamless strategy and execution across Aflac's U.S. operations, including oversight and support of the company's extensive insurance distribution network of individual agents and brokers. She is an alumna of Leadership Columbus; a Fellow of the Life Management Institute; and a member of Delta Sigma Theta.



Eric M. Kirsch, 56, executive vice president and global chief investment officer, joined Aflac in 2011 and is responsible for overseeing the company's investment efforts, including Aflac's investment portfolio and investment team. He is a chartered financial analyst and former chairman of the Stable Value Investment Association. Eric is also a trustee of the Jersey Shore University Medical Center Foundation and serves on the board for the Baruch College Fund.



Audrey Boone Tillman, 52, executive vice president and general counsel, Aflac Incorporated, joined Aflac in 1996 in the company's Legal Department. She was promoted to vice president; senior associate counsel, Legal, in 2000; to senior vice president; director, Human Resources in 2008; and to executive vice president, Corporate Services in 2011. She was promoted to her current role in May 2014 where she oversees Aflac's legal division and functions related to Corporate Communications, Compliance, Government Relations, Federal Relations, Global Cyber Security and the office of the Corporate Secretary. In addition to her role at Aflac U.S., Audrey's responsibilities also include oversight functions of the General Counsel and Compliance offices at Aflac Japan.



Hiroshi Yamauchi, 65, president and chief operating officer, Aflac Japan, joined Aflac in 1976 and served in the Actuarial Department as section manager and assistant general manager. He was promoted to general manager in the Policy Maintenance Department in 1998, to vice president in 1999 and to first senior vice president in 2002. In January 2012, he was promoted to executive vice president and assumed his current position as president and chief operating officer of Aflac Japan in January 2015.



Masatoshi Koide, 56, deputy president, Aflac Japan, originally joined Aflac in November 1998 and stayed with Aflac until March 2006. He worked for Nikko Asset Management before he joined Aflac again in December 2008 as vice president. He was promoted to senior vice president in January 2012 and to first senior vice president in July 2013. He was promoted to executive vice president, Planning and Research, Risk Management, Investment, Compliance and General Affairs in January 2015 and to his current position in July 2016. He is a member of the New York State Bar.



Koji Ariyoshi, 63, executive vice president; director of Sales and Marketing, Aflac Japan, joined Aflac as senior vice president responsible for sales planning in 2008. Since then, he has managed various departments, including Retail Marketing, Alliance Management and Hojinkai Promotion. He was promoted to his current position in January 2012. Before joining Aflac, he worked for Alico Japan as vice president and for AXA Life Insurance as senior vice president.



John A. Moorefield, 55, executive vice president; chief transformation officer, IT, policy services, information security, Aflac Japan, joined Aflac in 2005 and has held several key positions, including chief information officer of Aflac Japan. Prior to joining Aflac, he served as a principal in ApproxCom, LLC and held executive leadership positions at Cap Gemini Ernst & Young LLP, Fidelity Investments and NationsBank, where he was responsible for technology strategy and delivery of information architecture and systems. He was promoted to his current position in January 2017.



Jun Isonaka, 59, first senior vice president, sales, Aflac Japan, joined Aflac in 1980 and served as general manager in various marketing and sales departments from 1999 through 2001. He was promoted to vice president in 2002 and to senior vice president in January 2007. He became chief administrative officer in January 2010 and was promoted to his current position in January 2012.

GLOSSARY OF SELECTED TERMS

Affiliated Corporate Agency – Agency in Japan directly affiliated with a specific corporation that sells insurance policies primarily to its employees

Direct Premium – Premiums earned before the impact of reinsurance

Earnings Per Basic Share – Net earnings divided by the weighted-average number of shares outstanding for the period

Earnings Per Diluted Share – Net earnings divided by the weighted-average number of shares outstanding for the period plus the weighted-average shares for the dilutive effect of share-based awards outstanding

Group Insurance – Insurance issued to a group, such as an employer or trade association, that covers employees or association members and their dependents through certificates of coverage

Individual Insurance – Insurance issued to an individual with the policy designed to cover that person and his or her dependents

In-force Policies – A count of policies that are active contracts at the end of a period

Net Investment Income – The income derived from interest and dividends on investment securities, after deducting investment expenses

New Annualized Premium Sales – Annual premiums, on policies sold and incremental increases from policy conversions, collected over a 12-month period, assuming the policies remain in force

Operating Earnings Per Diluted Share Excluding the Impact of Foreign Currency – Annual profits per share derived from operations before realized investment gains and losses from securities transactions, impairments, derivative and hedging activities, other non-operating income (loss) from net earnings as well as nonrecurring items, computed using the average yen/dollar exchange rate for 2015 and divided by the average outstanding diluted shares for 2016

Persistency – Percentage of premiums remaining in force at the end of a period, usually one year. For example, 95% persistency would mean that 95% of the premiums in force at the beginning of the period were still in force at the end of the period

Premium Income – Revenues that an insurer receives as premiums paid by its customers for insurance products

Risk-based Capital (RBC) Ratio – Statutory adjusted capital divided by statutory required capital. This insurance ratio is based on rules prescribed by the National Association of Insurance Commissioners (NAIC) and provides an indication of the amount of statutory capital the insurance company maintains, relative to the inherent risks in the insurer's operations

Solvency Margin Ratio (SMR) – Solvency margin total divided by one half of the risk total. This insurance ratio is prescribed by the Japan Financial Services Agency (FSA) and is used for all life insurance companies in Japan to measure the adequacy of the company's ability to pay policyholder claims in the event actual risks exceed expected levels

Total Return to Shareholders – Appreciation of a shareholder's investment over a period of time, including reinvested cash dividends paid during that time

Voluntary Supplemental Insurance – Benefits purchased by a consumer at the consumer's own expense in addition to a (typically employer-provided) major medical plan that covers out-of-pocket expenses not typically covered under the primary insurance policy

RECONCILIATION OF NET EARNINGS TO OPERATING EARNINGS PER DILUTED SHARE

TWELVE MONTHS ENDED DECEMBER 31,	2016	2015	% Change
Net earnings per diluted share	\$ 6.42	\$ 5.85	9.7 %
Items impacting net earnings:			
Realized investment (gains) losses:			
Securities transactions and impairments	(.32)	(.35)	
Impact of derivative and hedging activities:			
Hedge costs related to foreign currency investments ¹	.45	.17	
Other derivative and hedging activities ¹	.37	.05	
Other and non-recurring (income) loss	.07	.61	
Income tax (benefit) expense on items excluded from operating earnings	(.20)	(.17)	
Operating earnings per diluted share	6.79	6.16	10.2 %
Current period foreign currency impact ²	(.34)	N/A	
Operating earnings per diluted share excluding current period foreign currency impact ³	\$ 6.45	\$ 6.16	4.7 %

¹ Prior year amounts have been reclassified to reflect the change in methodology of calculating the hedge costs related to foreign currency investments.

² Prior period foreign currency impact reflected as "N/A" to isolate change for current period only.

³ Amounts excluding current period foreign currency impact are computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.

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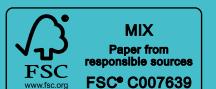
This 2016 Year in Review contains forward-looking statements based on expectations, estimates and projections as of the date of this report. These cautionary statements by their nature are subject to risks, uncertainties and assumptions, and are influenced by various factors. As a consequence, actual results may differ materially from those expressed in the forward-looking statements. Aflac undertakes no obligation to update such forward-looking statements. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Information" in Aflac's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission.

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Communicorp, Aflac's printing and communications subsidiary, has received Forest Stewardship Council® (FSC®) certification. This chain-of-custody certification is part of a not-for-profit organization program that brings people together to find solutions and reward good forest management.





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