Aflac

2007 FINANCIAL ANALYSTS BRIEFING

Aflac™
Incorporated

About This Book

This book primarily contains presentations on Aflac that were given at the company's 2007 Financial Analysts Briefing held on May 23-24, 2007, at the Mandarin Oriental Hotel in New York, New York. All are intended to provide a comprehensive discussion and analysis of Aflac's operations. The information contained in the presentations was based on conditions that existed at the time the material was presented. Circumstances may have changed materially since those presentations were made. The company undertakes no obligation to update the presentations.

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

Forward-Looking Information

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. We desire to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by Company officials in communications 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," "will," "assumes," "potential," "target," 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, 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 and customer response to new products and new marketing initiatives; ability to attract and retain qualified sales associates and employees; 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 including, but not limited to, morbidity, mortality, persistency, expenses, and investment yields; 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; ineffectiveness of hedging strategies; catastrophic events; and general economic conditions in the United States and Japan.

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Section I
Aflac Incorporated

A Strategic Overview of Aflac

Daniel P. Amos
Chairman and Chief Executive Officer

I'd like to provide an overview of Aflac's outlook for continued growth. But first, I'd like to let you know that I am extremely pleased with our start this year. I believe we are firmly on track to achieve our objectives for 2007, and I look forward to a record year of strong financial performance.

The reason for my confidence in this year's outlook is due to the strength and resilience of our insurance operations. I think strength and resilience are fitting words for both Aflac U.S. and Aflac Japan. Many of you will remember that it wasn't that long ago that we were enjoying the froth of what we affectionately refer to as the "Duck Bubble of 2000 to 2002." During that time, Aflac U.S. experienced mind-boggling agent, payroll account and sales growth. But that incredible growth created growing pains and challenges that we had to overcome. We were challenged to enhance our sales management infrastructure and increase our recruiting and training capacity in the field. Accordingly, over the last several years, we've focused a significant amount of our time and energy on strengthening the distribution side of our business as a platform for future growth. These changes were extensive, and they were also disruptive in the short term. But our results suggest they were also necessary and effective. Starting with the second quarter of 2005, our U.S. sales have been strong. In fact, we surpassed our sales objective last year and produced record new sales. And that momentum has continued into this year, with Aflac U.S. performing extremely well in virtually every area of operations.

With each year that passes, we gain a much better understanding of the U.S. market, and I am convinced that we have been focusing on the right aspects of our business to tap into the market opportunities. We are expanding and enhancing our distribution system, with particular focus on developing producing sales associates. We are properly positioning our brand. We are better using market research as we employ tactics to help us reach new consumer segments. We are adapting technology to effectively respond to our agents' and consumers' needs, and developing products that are well suited to the market.

As you have heard us say for many years, we view the United States as a vast and under-penetrated market. There are literally millions of companies and tens of millions of workers who can benefit from our products. And we believe the need for the products we offer will continue to rise. Our U.S. sales target for 2007 is a 6% to 10% increase. As we have discussed, that goal reflects the opportunities we see in the market, but acknowledges the tough comparison we have created by having a very strong fourth quarter in 2006. We fully expect to meet our sales objective for 2007. But I want to emphasize that our overriding goal has not changed. Long term, we want the Aflac U.S. double-digit sales growth that we have seen for the last two years to continue, which should result in double-digit revenue and earnings growth in our operation. I continue to believe the U.S. market can support double-digit growth, and I believe we are capable of producing it.

Turning to Japan, I think it would be difficult to find a more resilient organization than Aflac. Aflac Japan has effectively operated in a challenging macro environment for more than a decade. Despite a prolonged period of historically low interest rates, we have been able to invest our huge cash flows at yields that surpassed the industry without exposing the company to significant credit risk. Faced with a "crisis of confidence" in the life insurance industry due to several insolvencies and bankruptcies in the 1990s, Aflac quickly positioned itself as one of the financially strongest insurance companies in Japan. And despite an increase in competition following the liberalization of the insurance market in 2001, Aflac Japan employed new tactics and developed new products. As a result, we became the number one seller of stand-alone medical insurance in Japan in a very short period of time. And we retain that leading market position today. Clearly, Aflac Japan has built a track record of successfully overcoming adversity.

As we all know very well, we still face challenges in the Japanese market. The competition has not gone away, nor will it anytime soon. But I want to stress two things: First, we have not seen any major changes in the competitive environment in the last several months. Second, we have not experienced price competition in Japan, and our affordable premium rates still reflect a favorable operating expense structure. However, the market has become crowded with products that resemble ours. At the same time, we believe the demand for medical products in Japan has been temporarily impacted by the high profile claims payment issues and the resulting administrative sanctions on some insurers. Yet, even though our sales have been affected by external issues, we know we can execute better. To improve our execution, I believe we need to refocus on our core strategy. We must continue to develop market leading products. And most importantly, we must expand the size and enhance the capabilities of our sales force.

In the area of product development, we expect to have a new product available for the third quarter of this year. It's too early to talk about it in detail, but I can tell you that it will be consistent with our existing product portfolio. We are also continuing to work on products for the bank channel. As I have mentioned before, Aflac Japan has met with the management of the top ten banks over the last year, and I have personally visited the largest banks in Japan. I remain very enthusiastic about the opportunities for selling through the bank channel when it becomes available to us.

Our primary efforts on improving our execution in Japan are on the distribution side of our business. Over time, Japan has evolved from a market where our types of insurance products were bought to one where they must now be sold. As such, we need to transition the mentality of our management, employees and sales force toward using effective "push" rather than "pull" sales techniques. To that end, we are very focused on enhancing the infrastructure that supports our individual agencies in Japan. Our new training program should help improve the sales skills of our agents. If you think that sounds a bit similar to what we did in the United States, you're right. In fact, we are taking some of what we learned from our U.S. experience following the Duck Bubble, and employing that knowledge in the Japanese market. It's obviously a bit too early to say whether our efforts in Japan are having any impact. But, I remain optimistic that our business in Japan is beginning to recover. Based on our results so far this year, I believe we are positioned to achieve our first- and second-half sales targets for 2007. In fact, I'm more confident today that we will see a modest sales increase in the second half of the year.

But challenges still exist, and they are faced not only by Aflac, but by the entire life insurance industry. I'm referring specifically to the lack of confidence that consumers have in the industry due to the claims payment issue. As you know, Aflac Japan, along with all life insurers, was required by Japan's Financial Services Agency, or FSA, to conduct a review of its claims payments spanning the past five years. We reported our findings to the FSA in April, and our error rate was less than one-half of one percent out of more than 4.2 million benefit payments. From the onset, we took the claims review very seriously. As such, I am confident that the process we undertook to review our claims payments was thorough. As I have said repeatedly, Aflac is in the business of paying claims, not denying them. Paying claims promptly and fairly has always been, and continues to be, the cornerstone of our business.

Whether in Japan or the United States, conducting our business in this way is simply the right thing to do. Doing the right thing is equally important to the owners of Aflac. In that regard, we received a proposal last fall from an institutional investor on what is generally referred to as "Say on Pay." In short, the shareholder proposal was drafted to give shareholders the right to a non-binding vote on the compensation of the five named executive officers in the proxy statement.

We had extensive dialogue with this investor. We also consulted with Aflac's board of directors, outside advisers, officers of the company, and other sources. After deliberation, the board of directors unanimously decided to adopt the "Say on Pay" proposal, believing it was the right action for our company. By doing so, Aflac became the first company in the United States to give shareholders the opportunity to vote on executive compensation.

Our goal at Aflac has always been to be responsive to our shareholders. As owners of the company, I believe our shareholders have the right to know how executive compensation works, and specifically to know how I am paid. I believe that providing an opportunity for an advisory vote on our compensation report is a helpful avenue for our shareholders to give us feedback on our pay-for-performance compensation philosophy and pay package. And we understand that performing for our shareholders is the key.

In that regard, I realize you're most interested to receive an update on our earnings outlook. As I stated on our first quarter conference call, we are keenly focused on producing attractive earnings growth that will benefit our shareholders in the form of price appreciation. For 2007, we have retained our goal of producing 15% to 16% growth in operating earnings per diluted share, excluding the impact of the yen. We are establishing an objective for 2008. Our modeling and scenario testing suggests that a reasonable goal for next year is an increase of 13% to 15% in operating earnings per diluted share, excluding the impact of the yen. And I feel very optimistic about achieving next year's target, just as I felt about the 2007 target when we announced it at this meeting in 2005.

I am sure none of you are surprised that we expressed next year's earnings objective as a range just as we did for our 2007 target. As I told you in 2005 when we established our earnings objective for 2007, expressing our target as a range reflects some conservatism. The range also acknowledges that there is greater risk to a company in providing earnings targets and guidance.

I am still focused on achieving my personal goal of increasing operating earnings per share by a minimum of 15%, excluding the impact of the yen, for my first 20 years as CEO. I still think that goal is achievable, but it is more difficult. I based my goal on Aflac's steady top-line growth, expanding profit margins and share repurchase. Those favorable elements still exist today. But two years ago, I could not have predicted that we would be facing the possibility of six consecutive quarters of declining sales in Japan. Although sales don't have much of a financial impact in the short run, the pressure does accumulate over time. As such, we do need to see Aflac Japan's sales recover, and I am now more encouraged that we will see an increase in the second half of this year. We also need to see the sales increases continue into 2008. It also helps that Aflac U.S. has made a strong recovery and produced very good growth recently. Most importantly, I want to emphasize that when 2007 is complete, I am confident we will have produced a remarkable record of 18 years of at least 15% growth before the currency impact. As we look to 2008, we will do what we can to perform at the high end of the range.

In looking beyond 2008, I want to reiterate a comment I made on our first quarter conference call. Those of you who have been around awhile know that it would be out of character for me to do something in the short run to achieve my personal goal if it could jeopardize our growth rates in following years. Throughout my tenure as CEO, my management style has been to run the company in a way that produces fairly consistent and predictable growth over the long term. Fortunately, the renewal nature of our business lends itself to that approach. But we have also enhanced our earnings-per-share growth through repurchasing our shares. And we need to maintain a balance between a short-term and long-term outlook.

The reason is simple. Beyond my first 20 years as CEO, I would like to see another 10 years of double-digit earnings-per-share growth. Both Kriss and I believe that's a reasonable expectation in the long run. I should point out that we don't expect our earnings growth to abruptly slow. Instead, we believe our growth rates will grade down over time. As we look ahead, we should be able to produce double-digit growth due to the underlying earnings power of our insurance operations in Japan and the United States. And we will continue to enhance that growth on a per-share basis through methodical share repurchase activities. We have bought shares in every quarter since initiating our share repurchase program in 1994. I don't see that changing. I continue to believe that buying our shares is a good use of excess capital.

Cash dividends are another way of deploying excess capital for the benefit of our shareholders. In 2006, we increased the dividend twice. As a result, cash dividends paid in 2006 were 25% higher than 2005. We increased the cash dividend again in the first quarter of this year. And as you know, we announced another increase effective with the 2007 second quarter payment. At the indicated rate of $.205 per share, full-year dividends will be 45.5% higher than those in 2006. Our payout ratio this year is about 25% and our indicated yield is roughly 1.6%, which is higher than our peer companies. As I said on our first quarter call, we expect to increase cash dividends at a rate faster than earnings growth going forward.

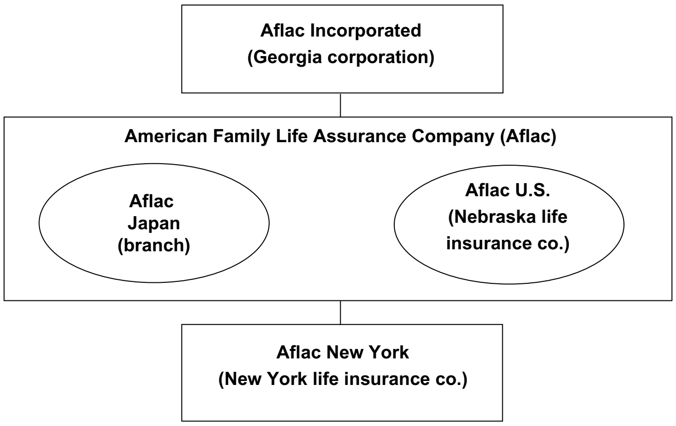
We all know that it is getting more difficult to grow at a 15% rate because of the sheer size of the company. Most of you have built earnings models on Aflac, and you clearly understand the math. But even though it is becoming more challenging to maintain a 15% growth rate, I still believe the future will continue to be very rewarding for Aflac's shareholders. Over the long run, I think Aflac will outgrow the industry, while continuing to generate higher returns on equity than peer companies. In addition, the other favorable attributes of our business that have attracted investors to Aflac won't change. Our top-line will be marked by predictability due to our large block of business and stable persistency. We will maintain a relatively low risk profile to our bottom line due to the nature of our fixed-benefit claims payments and expense structure. We will retain a conservative approach to our balance sheet by effectively managing credit risk in our portfolio. Most important, we will continue to run Aflac in a way that is marked by honesty, transparency and focused on building value for our shareholders.

Aflac Incorporated Overview

Kriss Cloninger III
President; Chief Financial Officer

I'd like to provide an overview of Aflac Incorporated, its consolidated capital structure, and the assumptions used in modeling our future operating earnings per share growth.

Aflac's Principal Operating Units



Our two major operating units are Aflac U.S., which includes our New York subsidiary, and Aflac Japan, which operates as a branch of Aflac U.S.

The Regulatory Environment

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

Aflac New York
- **New York Insurance Dept.**

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

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

As a branch, Aflac Japan is regulated by Japanese authorities as well as by the Nebraska insurance department. The principal regulatory requirements for Aflac Japan are set by the Financial Services Agency (FSA). However, the various insurance laws and regulations promulgated by the state of Nebraska also apply to Aflac Japan. The regulatory rules address matters related to operations and marketing as well as to investments and minimum capital levels.

Capital Adequacy Ratios

(In Millions, Except Ratios)

	2004	2005	2006
Total adjusted capital	**$2,888**	**$3,880**	**$4,415**
RBC ratios:			
Aflac	**426%**	**587%**	**601%**
Aflac New York	**193**	**188**	**228**
Solvency margin	**1,145**	**1,101**	**1,091***

*As of 9/30/06

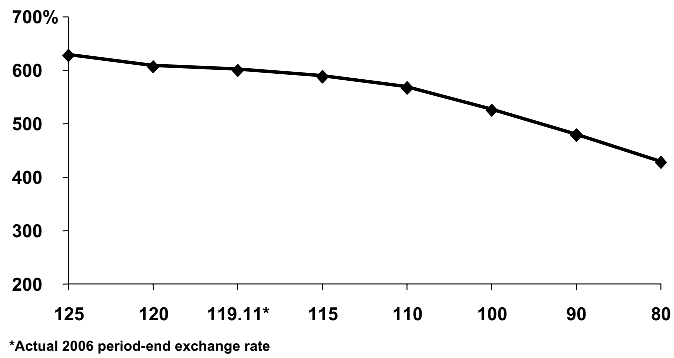
Many of you have inquired about or tried to estimate our excess capital, so let me spend some time on our capital position and considerations we take into account when we contemplate deployment of excess capital to enhance shareholder value. The capital levels of our operating units are influenced by our desire to maintain satisfactory risk-based capital, or RBC ratios based on the formula prescribed by the NAIC. The risk-based capital formula applies to Aflac on a combined basis for Aflac U.S. and Aflac Japan. Because of Aflac Japan's branch status, we don't report separate RBC ratios for Aflac Japan and Aflac U.S. However, our ratio is basically a combined ratio of the two operations. Aflac New York has to meet its own risk-based capital requirements on a stand-alone basis because it is a subsidiary of Aflac U.S. We do not have targeted capital adequacy ratios per se. Instead, we want to maintain a ratio that compares favorably to our peers and supports our ratings.

Aflac's RBC ratio has improved steadily since 2003, rising to 601% last year. We had actually expected it to be a bit higher for 2006. However, it was held down somewhat due to our holdings of Ford Motor and Ford Motor Credit, both of which were downgraded last year and are subject to concentration risk factors since they are among our larger holdings. Aflac New York's RBC ratio has been influenced by its growing block of short-term disability business, which has a higher risk factor than other products we sell in the supplemental market.

Aflac Japan also has to meet the capital requirements of the Japanese FSA on a stand-alone basis. Japan's solvency margin is similar to the risk-based capital concept. However, Japan's solvency margin ratio contains a component for unrealized gains and losses. Our solvency margin of 1091%, based on September 30, 2006 data, was fairly consistent with Japan's largest insurers. However, keep in mind that the solvency margin formula is currently being revised and may apply downward pressure on margins for the industry.

RBC Ratio Sensitivity to Yen/Dollar Exchange Rate

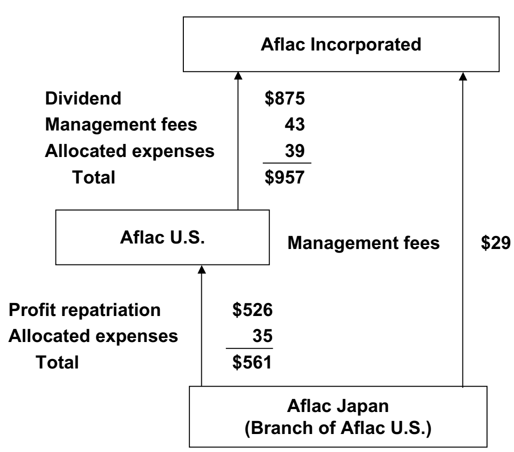
(December 31, 2006)



From an RBC perspective, we need to be cognizant of the impact of currency changes. The required capital, which is the denominator of the RBC ratio, is proportionately more sensitive to changes in the exchange rate than the adjusted capital and surplus component because our statutory capital and surplus is backed by our dollar-denominated bond portfolio. Therefore, as the yen strengthens to the dollar, our RBC ratio declines because our required capital increases at a greater rate than changes to our total adjusted capital. For instance, had the yen been at 80 to the dollar at the end of 2006, our RBC ratio would have fallen to 428%. So we must make sure we have an adequate buffer against significant fluctuations in foreign exchange or interest rates. And given our industry-high operating returns on equity, I think it's clear that we are not sitting on a lot of sterile capital.

2007 Estimated Flow of Funds

(In Millions)



This chart shows the estimated flow of funds from our operating units to the parent company. Our 2007 plan calls for Aflac Japan to send $561 million to Aflac U.S. Profit repatriation, which is determined using FSA earnings, is primarily used for shareholder-related activities such as share repurchases and the cash dividend, or parent company debt service. We estimate that profit repatriation will be about $526 million this year. Aflac Japan will also remit $35 million for allocated expenses to Aflac U.S. and another $29 million of management fees directly to Aflac Incorporated. Aflac U.S. will send $957 million to the parent company, which includes dividends, management fees and allocated expenses. In light of the increased shareholder dividend and greater share repurchases this year, we are contemplating an increase in the dividend this year that Aflac sends to the parent. Doing so would shift investment income to the parent, which would result in slightly higher benefit and expense ratios at Aflac U.S.

Aflac Incorporated Liquidity Analysis

(In Millions)

	2005 Actual	2006 Actual	2007 Plan
Max. dividend to parent	**$1,175**	**$1,248**	**$1,679**
Management fees	**73**	**68**	**72**
Allocated expenses	**27**	**30**	**39**
Other income	**16**	**18**	**33**
Less: Oper. expenses	**(51)**	**(53)**	**(64)**
Less: Int. expense	**(20)**	**(17)**	**(21)**
Less: Loan repayment	**(261)**	**(355)**	**(258)**
Less: Shareholder div.	**(209)**	**(258)**	**(360)**
Uncommitted cash flow	**$ 750**	**$ 681**	**$1,120**

This chart, which shows the anticipated cash requirements of Aflac Incorporated, gives you some idea about the amount of uncommitted cash flow. The maximum amount we can pay in any year is the larger of net income excluding net capital gains for the past year on a statutory basis, or 10% of the prior year statutory surplus. Because of our strong statutory results in 2006, the maximum we can dividend in 2007 without approval is approximately $1.7 billion. We do not plan on dividending the maximum amount this year.

In addition to the dividend, management fees and allocated expenses, Aflac Incorporated also has some miscellaneous sources of cash, including the exercise of stock options and shares issued through the dividend reinvestment plan. Those items are included in the "other" line. Aflac Incorporated uses these funds to pay operating expenses, interest expenses primarily associated with the debt financing of the stock repurchase program, principal payments on its debt, and dividends to shareholders. Our 2007 plan calls for an uncommitted cash flow of roughly $1.1 billion. This slide does not contemplate any proceeds from the issuance of Samurai securities in 2007 that could be used to repay debt that is due in June of this year.

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

Aflac Incorporated Capitalization
(In Millions)

	2005	2006	3/07
Total long-term debt	$1,395	$1,426	$1,434
Shareholders' equity*	6,010	6,891	7,118
Total capitalization	$7,405	$8,317	$8,552
Debt to total capitalization	18.8%	17.1%	16.8%

*Excludes unrealized gains on investment securities and derivatives

We analyze total capitalization excluding unrealized gains but including long-term debt. Our equity has grown in recent years, while total debt has remained fairly level. As a result, the ratio of debt to total capitalization decreased from 18.8% at the end of 2005 to 16.8% at the end of the first quarter. We view the upper limit of our debt to total capital ratio as 25%. However, please keep in mind that our debt is yen-denominated whereas most of our equity is dollar-denominated. If the year-end exchange rate had been ¥100 rather than ¥118 to ¥119 as it was in 2005 and 2006, the debt to total capital ratio would have been approximately 3% higher. This is a factor we have to consider when we are evaluating our capital position.

Yen-Hedged Net-Asset Position*
In Yen (billions):

	2006	3/07
Aflac Japan net assets	¥688.7	¥713.4
Less $ denom. net assets	412.8	472.2
¥ Denom. net assets in Japan	275.9	241.2
¥ Denom. net liabilities (parent)	(170.7)	(170.9)
Consol. ¥ denom. net assets	¥105.2	¥ 70.3
In Dollars (millions):		
Aflac Japan net assets	$5,782	$6,043
Less $ denom. net assets	3,466	4,000
¥ Denom. net assets in Japan	2,316	2,043
¥ Denom. net liabilities (parent)	(1,433)	(1,447)
Consol. ¥ denom. net assets	$ 883	$ 596

*Includes unrealized gains on investment securities

Although we do not hedge our income statement, once earnings are reflected in shareholders' equity, we hedge a portion of retained earnings. We reduce our yen-denominated equity by investing a portion of Aflac Japan's portfolio in dollar-denominated securities. We have also designated a portion of the parent company's yen-denominated debt as a hedge of our yen-denominated net assets, which is our investment in Aflac Japan. If the total of yen-denominated debt is less than the investment in Aflac Japan, then the hedge is deemed effective and the related exchange effect is reported in equity. If the total of yen-denominated debt exceeds the investment in Aflac Japan, then the portion of the hedge that exceeds the investment is deemed ineffective, and we would report the related exchange effect in the SFAS 133 component of net earnings. At March 31, 2007, our hedge was effective with yen-denominated assets exceeding yen-denominated liabilities by ¥70.3 billion.

Our yen-denominated debt effectively hedges our consolidated equity against currency fluctuations. However, the real attraction to borrowing in yen is the low cost of yen financing. At the same time, profit transfers from Japan provide a readily available source of yen-denominated, free cash flow with which to service our debt in future periods and to repurchase our shares on an orderly basis at a relatively low cost, which we believe is in the best interest of our shareholders.

Parent Company Loan Maturities*
(December 31, 2006)

Contractual Maturities	Percent of Total	Amount (Millions)	Amount (Billions)	Interest Rate
2007	17.8%	$ 252	¥ 30.0	.96%
2009	31.8	450	55.6	1.67
2010	23.7	336	40.0	.71
2011	8.9	126	15.0	1.52
2011	11.9	168	20.0	.71
2016	5.9	84	10.0	2.26
Total	100.0%	$1,416	¥170.6	1.23%

*Excludes capitalized leases of $10 million at December 31, 2006

The average interest rate associated with Aflac Incorporated's borrowings was a fixed rate of 1.23% after interest rate swaps at the end of March 2007. Currently, we have three sources of borrowings.

Our first source of debt is the $450 million of senior notes we issued in 1999. These notes carry a 6.50% coupon, payable semiannually, and are due in April 2009. We entered into cross-currency swaps that effectively convert the dollar-denominated principal and interest into yen-denominated obligations. At year-end 2006, the outstanding principal was ¥55.6 billion at a fixed interest rate of 1.67%.

The second source of our debt is in the Samurai area. Since October 2000, we have issued four series of Samurai notes, the first two of which we paid off in 2005 and 2006. These securities have five-year terms and carry fixed rates of interest. In January 2006, we filed a shelf registration with Japanese regulators to issue up to ¥100 billion of yen-denominated notes in Japan. It's likely that we will issue notes to refinance the Samurai issue that matures in June of this year.

Our third source of debt is the Uridashi note area. Last August we filed a shelf registration statement for ¥100 billion of yen-denominated Uridashi notes. Uridashi notes are very similar to Samurai notes except they are issued in the Euroyen market rather than in the Samurai market in Japan. In September 2006 we issued three tranches of Uridashi notes totaling ¥45 billion. One of the tranches has a five-year variable coupon, which we have swapped into a fixed rate.

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

Share Data
(In Thousands)

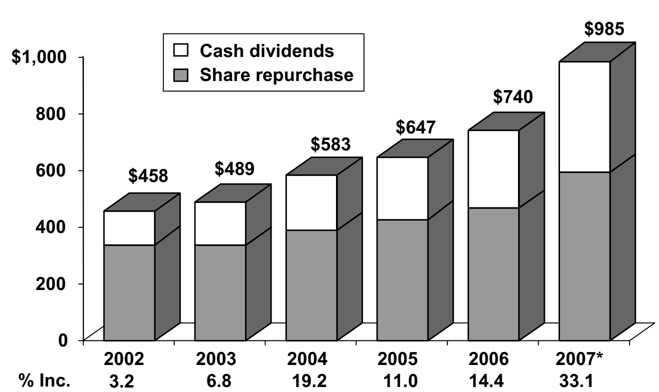
	Beginning Shares	Issued Shares	Purchased Shares	Ending Shares
2002	521,615	5,114	12,290	514,439
2003	514,439	5,857	10,404	509,892
2004	509,892	3,821	10,105	503,608
2005	503,608	5,531	10,245	498,894
2006	498,894	3,976	10,320	492,550
3/07	492,550	1,344	5,062	488,832

So far, I've discussed the considerations that impact our capital management decisions. Now let me comment on how we have deployed excess capital to enhance shareholder value. In recent years, our primary focus has been on the repurchase of our shares. Last year we bought 10.3 million shares, and this year we expect to purchase about 12 million shares. During the first quarter of this year, we purchased 5.1 million shares. At the end of March, we had authorization to purchase approximately 32 million shares, and we held 167.5 million shares in the treasury at a cost of $3.6 billion, or approximately $21.34 per share.

We have been issuing new shares and reissuing treasury shares to support the Aflac U.S. Stock Bonus Plan for sales associates, the dividend reinvestment plan, and our stock option plans. Despite this outflow, we have consistently reduced the number of shares outstanding over an extended period of time.

Many of you have asked why we don't use all of our excess capital to repurchase a large block of shares and then return to business as usual. One factor is determining how much excess capital we would have under various scenarios that we might reasonably be expected to prepare for. Another factor is that a large, one-time share repurchase program would significantly increase EPS growth in the short term, but make it difficult if not impossible for us to hit our targets over the longer term. As Dan indicated, that is not our style because we generally seek to produce steady, consistent and reliable trends in growing our earnings. We believe that is one reason Aflac generally trades at a premium to its peers.

Returning Capital to Shareholders
(In Millions)



*Estimate

You can expect, however, that we will be returning an increasing amount of capital to our shareholders as our regulatory basis earnings remain strong. I'm sure you have noticed that in addition to our share repurchase activities, we have also been significantly increasing the cash dividend to shareholders. In 2007, we expect about 40% of the capital returned to shareholders will be in the form of cash dividends, compared with approximately 26% in 2002.

Let me turn to a brief review of Aflac's consolidated operating results, beginning with a comparison of our 2006 statutory and GAAP results.

Comparative Statutory and GAAP Income Statement Items
(In Millions)

	2006 Stat*	2006 GAAP	Stat as a % of GAAP
Premiums	$12,487	$12,314	101.4%
Net investment income	2,141	2,171	98.6
Benefits	8,860	9,016	98.3
Expenses	3,742	3,336	112.2
Pretax operating earnings	2,059	2,185	94.2
Income tax	379	781	48.5
After-tax earnings	1,680	1,432	117.3
Investment gain/loss	35	51	68.6
Net income	1,715	1,483	115.6

*Excludes Aflac New York

This statutory data is from our principal statutory filing, which excludes Aflac New York. However, our consolidated GAAP data shown here includes not only our New York operation, but also our printing subsidiary and corporate and other expenses. As such, this is not an ideal comparison. But I think it will give you an idea of some of the differences between our statutory and GAAP financial statements.

The major differences between the accounting methods are driven primarily by timing differences that occur in expense and income tax recognition. Under statutory reporting, acquisition costs are not deferred, which results in higher expense ratios when the business is growing. Deferred taxes run through surplus on a statutory basis, while on a GAAP basis they run through the income statement. The timing of investment losses also differs as statutory accounting utilizes the interest maintenance reserve for capital gains and losses resulting from interest rate changes. Although statutory and GAAP benefits were similar in 2006, benefits can also vary due to differences in reserving methodologies as Sue explained.

Reconciliation of Operating to Net EPS

	2005	2006	3/06	3/07
Operating earnings	$2.54	$2.85	$.72	$.82
Reconciling items*:				
Inv. gains (losses)	.33	.10	.02	.02
SFAS 133	(.02)	—	—	—
Valuation allowance on def. tax assets	.07	—	—	—
Net earnings	$2.92	$2.95	$.74	$.84

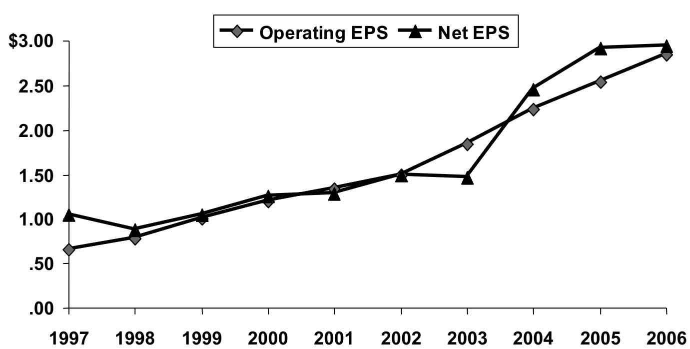
*Net of tax

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

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

Comparison of Operating to Net Earnings Per Share

(Diluted Basis)



Reflects SFAS 123R beginning in 2002

Aflac's operating earnings per share have historically been very close to reported net earnings per share. In the last 10 years, operating earnings per diluted share have averaged 94.8% of net earnings per diluted share. Net earnings detached from operating earnings in 1997 due to the sale of our broadcast operations at a significant gain and then again in 2003 as a result of our holdings in Parmalat. Net earnings were higher than operating earnings in 2005 due primarily to the significant investment gains we realized in the bond swap program. In the first quarter of this year, operating earnings per share were 97.6% of net earnings per share.

The Impact of Currency Changes on Consolidated Operating Results

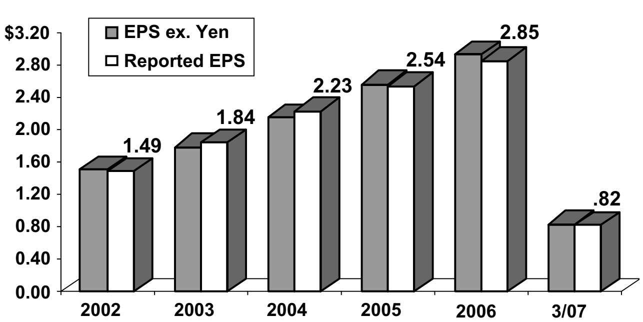
	2006		3/07	
	Percentage Change		Percentage Change	
	As reported	Ex. yen	As reported	Ex. yen
Premium inc.	2.7%	7.0%	5.0%	6.6%
Invest. inc.	4.8	7.8	7.9	9.1
Total rev.	3.0	7.1	5.5	7.1
Benefits/claims	1.4	6.0	3.5	5.2
Expenses	2.8	6.3	6.7	8.0
Pretax earn.	10.4	13.5	11.6	12.8
Income taxes	9.5	12.9	11.2	12.6
Oper. earn.	10.8%	13.9%	11.8%	13.0%
Oper. EPS	12.2%	15.4%	13.9%	15.3%

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

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

Operating Earnings Per Share

(Diluted Basis)



	2002	2003	2004	2005	2006	3/07
Yen impact	$(.02)	.06	.08	(.02)	(.08)	(.01)
% inc. ex. ¥	17.9	19.5	16.8	14.8	15.4	15.3

At the bottom of this slide, you'll see the per-share impact from the changes in average yen/dollar exchange rates for the reporting year. In the last five years, we have seen the impact from both the weaker and stronger yen on earnings-per-share growth, which suggests the impact from currency fluctuations tends to be smoothed out over the long term.

EPS Growth Objectives

- **Increase operating earnings per diluted share 15% to 16% in 2007, excluding the impact of currency translation**
- **Increase operating earnings per diluted share 13% to 15% in 2008, excluding the impact of currency translation**

We continue to focus on maintaining strong fundamentals in our core businesses and building on our record of strong earnings growth. Our goal for 2007 is to increase operating earnings per share 15% to 16%, excluding the yen. And our objective for 2008 is to increase operating earnings per share 13% to 15%, excluding the impact of the yen. We believe these targets represent realistic underlying financial assumptions.

Aflac Japan Assumptions

	2007	2008
Sales growth	down 2% to 5%	up 3% to 7%
New money	2.75% to 3.00%	2.75% to 3.00%
Benefit ratio	down 1.25% to 1.75%	down 1.0% to 1.5%
Persistency	Stable	Stable

For Japan, our assumption is that sales will likely be down slightly in 2007, followed by a recovery in 2008. Our assumption for new money yields is a range of 2.75% to 3.00%. Our financial modeling assumes that our persistency remains stable. As we have discussed for many years, we expect continued improvement in the benefit ratio due primarily to our change in business mix. We now believe the benefit ratio will improve by roughly 125 to 175 basis points in 2007 and 100 to 150 basis points in 2008. This improvement is somewhat higher than the benefit ratio assumptions we showed you last year due, in part, to favorable claims experience. Our general expectation is that the expense ratio will remain relatively stable.

Aflac U.S. Assumptions

	2007	2008
Sales growth	5% to 10%	5% to 10%
New money	5.50% to 6.00%	5.50% to 6.00%
Benefit ratio	down .25% to .75%	flat to down .5%
Persistency	Stable	Stable

For Aflac U.S., we've assumed sales will increase 5% to 10%, which is slightly different than our actual marketing objective for this year. In terms of new money yields, we have assumed we will invest in the 5.50% to 6.00% range. We anticipate the benefit ratio will improve by approximately 25 to 75 basis points in 2007. In 2008, we expect it to be flat to 50 basis points better than 2007. We're assuming that persistency also remains fairly stable. We expect to see some margin expansion at Aflac U.S. this year.

Corporate Assumptions

- **Repurchase 12 million shares per year**
- **Shareholder dividend increasing at 46% in 2007 and 15% to 20% in 2008**
- **Substantially maintain current capital structure**
- **No change in tax rates from 2006 levels**

In addition to share repurchase and cash dividend assumptions, we also expect to maintain or slightly increase our current level of corporate debt. We assume the 2006 tax rates will remain in effect through 2008. All of these assumptions reflect our best estimates of factors that can impact future results. We believe they are reasonable, if not conservative. But I want to remind you again that there are risks that can affect our future financial performance. We regularly assess those risks and describe them in our SEC filings, and I'd encourage you to review them as well.

2007 Annual EPS Scenarios

Average Exchange Rate	Annual Operating EPS	% Growth Over 2006	Yen Impact
105	$3.46 – 3.49	21.4 – 22.5%	$.18
110	3.37 – 3.40	18.2 – 19.3	.09
116.31*	3.28 – 3.31	15.1 – 16.1	—
120	3.23 – 3.26	13.3 – 14.4	(.05)
125	3.17 – 3.20	11.2 – 12.3	(.11)

*Actual 2006 exchange rate

The center line on this chart represents our earnings target for 2007 of $3.28 to $3.31 per share, or a 15% to 16% increase over 2006. The yen/dollar exchange rate has been fairly stable over the last year. However, if the yen averages 120 for the full year, reported EPS should come in at $3.23 to $3.26. We estimate that a one yen change in the average exchange rate should impact EPS by about 1.4 cents per share this year.

I hope the presentations about Aflac's operations in Japan and the United States have provided you with a solid understanding about how we approach our business. I also hope you have a strong sense about our commitment to thorough and transparent disclosure. We believe it's important to present information to investors in the same manner in which we actually manage our operations. And I want to assure you that we will maintain the highest degree of integrity in the way we manage Aflac and report its financial results.

Product Pricing and Reserving

Susan R. Blanck
Senior Vice President; Corporate Actuary

I will present information regarding product pricing and reserving, as well as claim experience trends. I will also include information that illustrates profit emergence under GAAP.

Pricing Assumptions

(U.S. and Japan)

- **Morbidity**
- **Mortality**
- **Persistency**
- **Expenses**
- **Investment returns**

Product pricing includes assumptions for morbidity, mortality, persistency, expenses and investment returns. In Japan, the product pricing assumptions are approved by the FSA. Premiums are calculated using assumptions that include provisions for adverse deviation, or PAD. These may be greater than those used for GAAP. No explicit margin for profit is added. Instead, profit margins arise from the pricing PAD.

The interest rate assumption for product pricing is established by each company and must be justified to the FSA. The rate may vary depending on the type of product. For example, we use a lower interest rate for pricing first sector products than for third sector products. Other pricing assumptions such as morbidity and persistency are also reviewed and approved by the FSA. These assumptions may be developed based on Aflac experience, industry experience, national statistics or a blend of data.

The persistency assumptions are generally higher than our actual persistency. For products with cash values, we generally assume no voluntary lapses. When the cash values are not present in the product, we use a low level of voluntary lapse in each year. In the first part of 2007, we modified our first sector premium rates to reflect the revised standard mortality table that was promulgated by the FSA. In September, we will reflect the new standard mortality table for third sector products in our product pricing. This table has lower mortality rates than the previous table, and will generally add to the conservatism in our overall pricing persistency assumptions for third sector products.

The expense assumptions reflect our actual operational costs. Hiroshi Yamauchi's presentation provides detail regarding Aflac's cost structure per policy versus other companies in Japan. Reflecting the efficiency of our operations in our product pricing allows us to maintain a competitive edge in our premium rates.

In the U.S., the pricing assumptions tend to be based on our own experience, including some provision for adverse deviation. In addition, it is our practice to target an explicit profit margin, expressed as a percentage of premium. Because most of our products do not consume significant amounts of statutory capital for a long period of time, we do not price on a return-on-invested-capital basis. We do, however, monitor invested capital patterns on a regulatory basis and may include an invested surplus charge if necessary.

FSA Reserve Assumptions

(Japan)

- **Net Level Method**
- **Interest Rate – 1.50%**
- **Lapse Rate – lower than pricing basis**
- **Mortality – Standard Mortality Table**
- **Morbidity – pricing basis with stress testing**

In Japan, we are required to use specific reserving methods, as well as certain minimum assumptions for our FSA reporting. The net level premium reserving approach required by the FSA is similar to what we use for GAAP reporting. Benefit reserves begin building from the first policy year. However, unlike our GAAP reporting, where we are allowed to defer certain costs of acquiring business, the FSA reporting doesn't make any allowance for the first-year profit strain of issuing a policy. For this reason, there can be significant surplus strain associated with new business. In addition, the interest rates, lapse assumptions, mortality tables and morbidity rates required for the reserve calculation generally result in reserves that are larger than those calculated using the pricing assumptions.

FSA Reserving Strain

(Japan Representative Plan)

Premium Rate as a Percentage of FSA Basis Premium	FSA Reporting Basis Breakeven Year
100%	5
90	8
80	18

This has an influence on our product pricing, because there can be significant FSA surplus strain when the product pricing assumptions result in lower premiums than those based on FSA reserving assumptions. This slide shows the FSA surplus strain for a representative medical product. As shown, the surplus strain is fairly minimal when the product premiums use the same assumptions as the FSA reserving with a breakeven period of five years. However, when the premiums are lower than those calculated using FSA reserving assumptions, the breakeven period lengthens dramatically. Using premiums that are 90% of the FSA basis premiums, the breakeven period lengthens to eight years. And, at an 80% premium level, the breakeven period lengthens to 18 years. This discourages the use of pricing assumptions that are more liberal than FSA reserving assumptions.

U.S. Statutory Assumptions

- **1- or 2-Year Preliminary Term for health**
- **Interest Rate – generally lower than pricing**
- **Lapse Rate – prescribed, generally lower than pricing basis**
- **Mortality – pricing basis or lower for health**
- **Morbidity – pricing basis with load and some prescribed tables**

In the U.S., premium rates are filed with each state's Department of Insurance. We must demonstrate that premiums are reasonable in relationship to the benefits provided by the policy. Many states also require that we demonstrate the product experience will meet or exceed a minimum loss ratio requirement. For most of our health products in the U.S., we use a two-year preliminary term method for calculating Statutory benefit reserves. With this method, benefit reserves begin building from the third policy year. This feature helps mitigate the surplus strain caused by new business. Statutory reporting prescribes the maximum interest rates that can be used in the reserve calculation. The lapse assumptions, mortality tables and morbidity rates are generally based on our pricing assumptions with an added margin for conservatism.

GAAP Reserve Assumptions

- **Morbidity**
- **Mortality**
- **Persistency**
- **Expenses**
- **Investment returns**

Once the premium rates are established, we determine appropriate assumptions to use in calculating GAAP reserves. The calculation of GAAP reserves requires assumptions for morbidity, mortality, persistency, expenses and investment returns.

Aflac Japan Investment Return Assumptions

	GAAP	Pricing	FSA
Life/Health	**1.65% - 3.00%**	**1.50% - 2.35%**	**1.50%**
Annuity	**1.65%**	**1.65%**	**1.50%**

As the chart shows, for our major selling product lines in Japan, GAAP reserve assumptions generally use higher investment return rates than the pricing or FSA reserving assumptions. GAAP assumptions generally use claim and persistency assumptions that are derived from our actual experience, or from assumptions used in the product pricing when we don't have enough of our own credible experience.

Aflac U.S. Investment Return Assumptions

	GAAP	Pricing	Statutory
Life/Health	**5.50%**	**4.50% - 7.00%**	**4.00%**

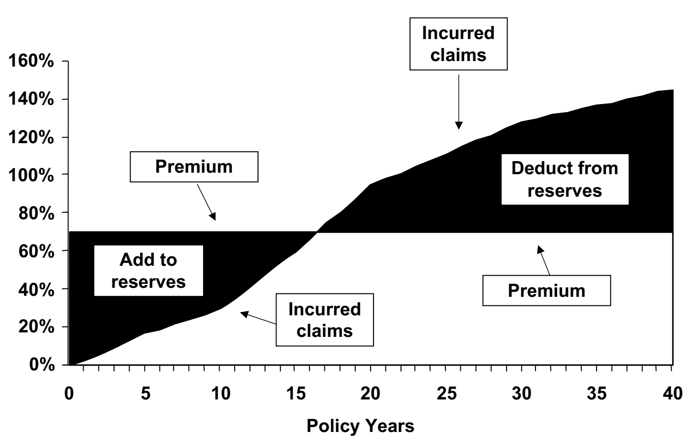
In the U.S., all of our currently issued products use a 5.50% investment return for GAAP reserves. That is generally in line with our pricing assumptions. However, some products that were priced several years ago used higher or lower investment assumptions when they were priced. For statutory accounting purposes, we use a 4.0% interest assumption for all new business.

GAAP Reporting

- **Benefit reserve uses net level premium method**
- **Certain acquisition costs are capitalized and put into a deferred policy acquisition cost asset**
- **The deferred policy acquisition cost asset is amortized over the premium paying period of a policy**
- **Requires a provision for adverse deviation (PAD) in the benefit reserve calculation**

GAAP reserves are computed using the net level premium method. Under this approach, benefit reserves begin to build in the first policy year. Certain expenses associated with the cost of acquiring new business are capitalized and amortized over the premium paying period of a policy. The combination of the net-level premium reserve methodology and the capitalization of acquisition costs result in an expected profit emergence pattern that is fairly level over time. However, there are various acquisition costs we are not allowed to defer, so the expected profit in the first policy year is usually much lower than in other policy years.

Claims vs. Reserves



This simplified schematic shows why benefit reserves are provided and illustrates the relationship between incurred claims and benefit reserves. The policyholder pays a level premium each year. In early years, incurred claims are lower than the premium. The difference between the premium paid and claims incurred is added to the benefit reserve. In later years, incurred claims exceed the premium and the benefit reserves are released to accommodate the higher claims.

In theory, GAAP benefit reserves are derived in such a way that gross profits would emerge in a fairly level pattern over time. However, GAAP benefit reserves are required to include a provision for adverse deviation, or PAD, which suppresses the profit somewhat in the early years of a policy and magnifies the profit in later years.

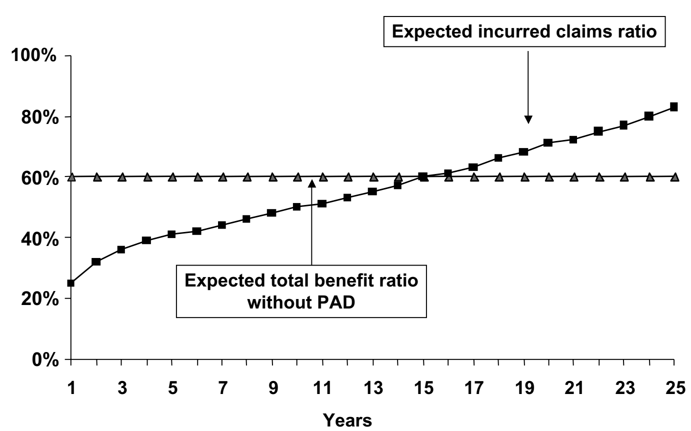
GAAP Experience Emergence Parameters

- **Assumes representative health plan where claim costs are expected to increase by policy year**
- **The expected lifetime loss ratio for the representative plan is 60%**
- **All ratios shown are to earned premium**
- **The margins shown are gross margins**

To demonstrate this phenomenon, we have developed some illustrations using a representative health product where claim costs are expected to increase by policy year. This representative product has an expected lifetime loss ratio of 60% as measured using the present values of future claims and future premiums. All ratios shown in these slides are to earned premium. And the margins that are illustrated are gross margins. The gross margin is the percentage of premium in each year that is available for expenses and profit.

GAAP Experience Emergence without PAD

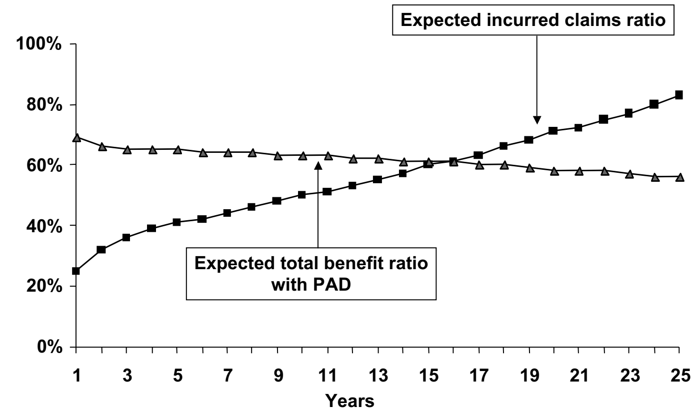
(Ratios to Earned Premium)



The first chart shows the expected incurred claims ratios and expected total benefit ratios assuming that the GAAP benefit reserves are calculated without the required provision for adverse deviation. This chart demonstrates that if actual experience exactly matches expected experience in all years, the total benefit ratio would be the same 60% in each year, which is the expected lifetime loss ratio for the product.

GAAP Experience Emergence with PAD

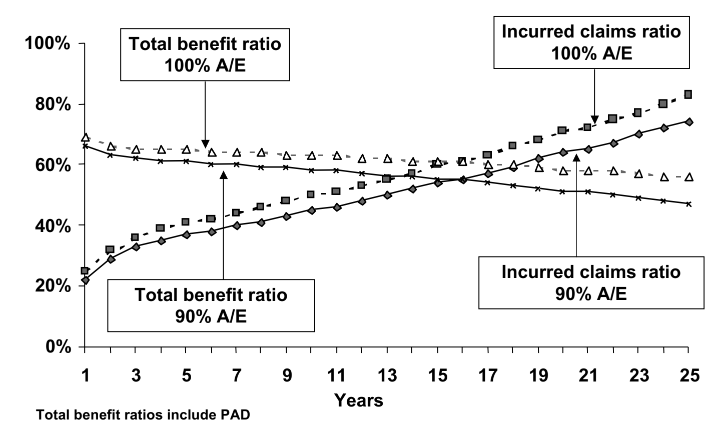
(Ratios to Earned Premium)



This next chart shows the same expected incurred claims ratios. But this time, the GAAP benefit reserves have been calculated with the required PAD. As you can see, the expected total benefit ratio is no longer flat and is higher than the expected lifetime loss ratio of 60% in early policy years. The margins are captured in the GAAP benefit reserve in early policy years when the reserve is building and incurred claims ratios are low. They are then released over time as reserves release to fund the higher level of incurred claims anticipated in later policy years. Again, this chart assumes that the actual experience emerges exactly as expected.

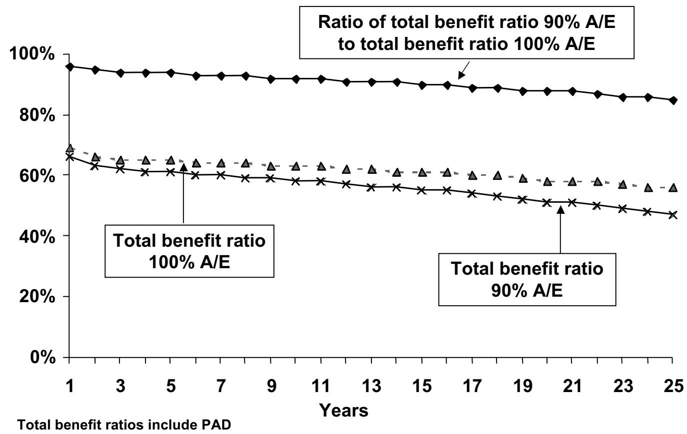
GAAP Experience Emergence

(Ratios to Earned Premium, 90% Actual-to-Expected Claims)



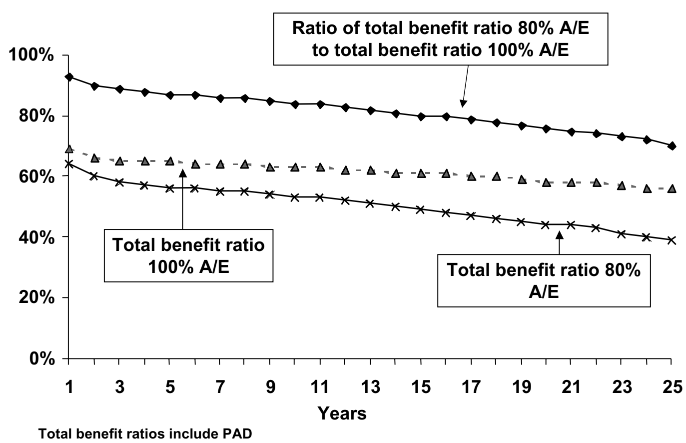
Now, we move on to a demonstration where the actual experience emergence differs from what was expected. This chart includes the original expected total benefit ratios with PAD and incurred claims ratios but also illustrates the patterns if the actual claim costs emerge at 90% of expected. While the incurred claims ratios are 90% of the original expected incurred claims ratios in each policy year, the total benefit ratios decline slightly in the early policy years and by an increasing amount in later years when provisions for adverse deviations are released and the incurred claims are a larger portion of the total benefit ratio.

GAAP Experience Emergence
(Ratios to Earned Premium, 90% Actual-to-Expected Claims)



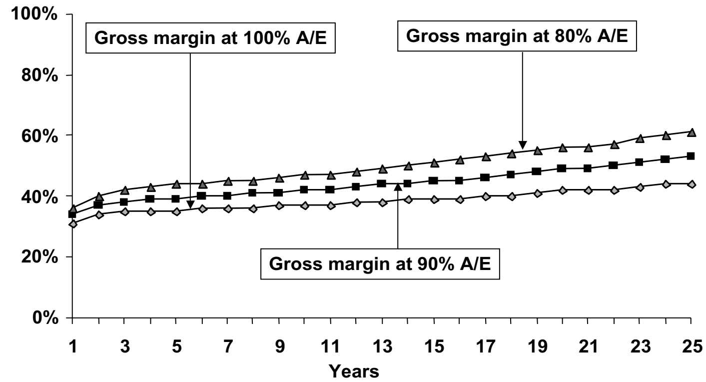
You'll note in this chart that I've added a line showing the ratio of the total benefit ratios under the 90% actual to expected claim emergence to the original expected total benefit ratios. In early policy years, the ratio is between 90% and 100%. However, in later policy years, the ratio is less than 90%. As discussed previously, this demonstrates the build up of margins in early policy years followed by the release of those margins in later policy years.

GAAP Experience Emergence
(Ratios to Earned Premium, 80% Actual-to-Expected Claims)



Next, this chart shows the same presentation but with claims at 80% actual to expected. As the chart illustrates, the difference in profit emergence in early years versus later years is even more exaggerated, with a ratio between 85% and 95% in early years, falling well below 75% in later years.

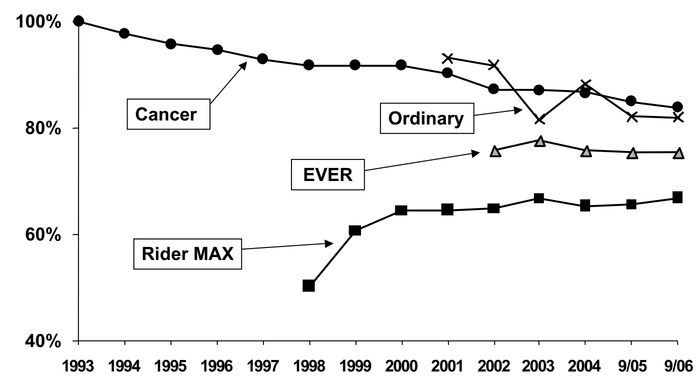
GAAP Gross Margin Scenarios



Finally, this chart shows how gross margins emerge under each scenario. While the gross margins under all the actual-to-expected scenarios have relatively small differences in early years, the difference expands with each policy year as provisions for adverse deviation are released and the difference between actual and expected total benefits grows larger.

Now, let me take that theoretical discussion and apply it to our operations in Japan.

Aflac Japan Actual vs. Expected Claims
(Expected = 100%)

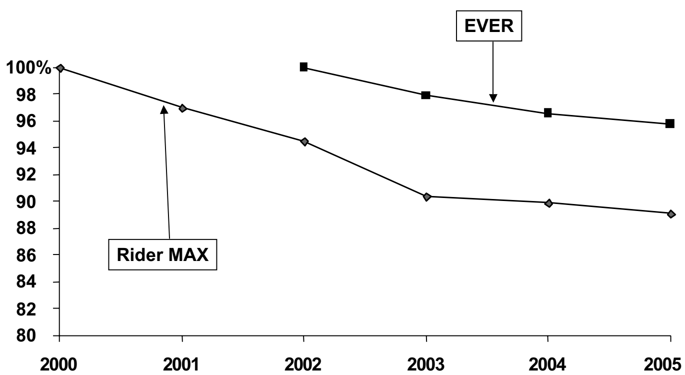


The characteristics of GAAP reserving that I just described are reflected in the trend of our total benefit ratio in Japan. In recent years, we have experienced favorable claim trends for our major product lines in Japan. Rider MAX claims have been better than expected since that product's introduction in 1998. Actual cancer life claims as a percentage of expected claims have declined since 1993 and were about 85% as of September 2006. EVER claims have also been lower than expected since that product's introduction in 2002.

This year, we have added our ordinary life business to the chart. It also shows favorable ratios, but we expect these ratios will show some variability over time until our block reaches a critical mass.

As we have shown you previously, our experience in Japan related to the average length of stay in the hospital for cancer treatment has declined steadily for some time now. The Ministry of Health, Labor and Welfare has tried to control escalating national health care costs by limiting reimbursements to hospitals for longer hospital stays. At this time, the amount of reimbursement a hospital receives varies depending on the aggregate average length of stay for the hospital. Prior to July 2006, the variation between the highest reimbursement rate and the lowest reimbursement rate was just under 25%, with the highest level paying ¥12,090 per day if stays averaged 21 days or less and the lowest level paying ¥9,740 per day if stays average more than 28 days. In July 2006, the reimbursement scale was modified. Now, the highest reimbursement rate is ¥15,550 per day if stays average 19 days or less and the lowest reimbursement rate is ¥9,540 per day if stays average more than 24 days. With a more than 60% increase in the reimbursement rate for the shortest length of stay category compared to the longest length of stay category, there is a great deal of financial incentive for hospitals to shorten the length of hospital stays.

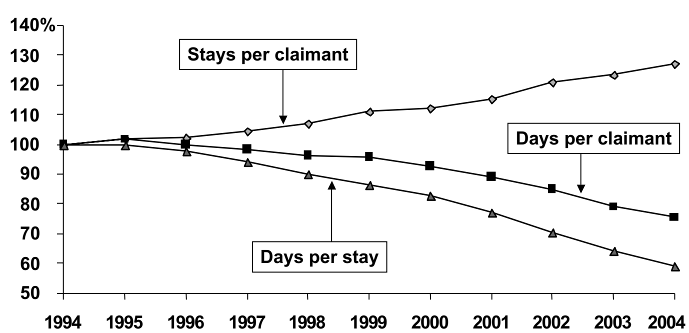
Aflac Japan Trends in Sickness Average Length of Stay



We have seen the effect of these actions in our actual experience. For the sickness hospitalization benefit for example, we have seen a downward trend in the average length of hospital stays for Rider MAX and EVER. The next slide shows the hospitalization trends for cancer.

Aflac Japan Trends in Cancer Hospitalization

(Cancer Only, 24-Month Runoff)

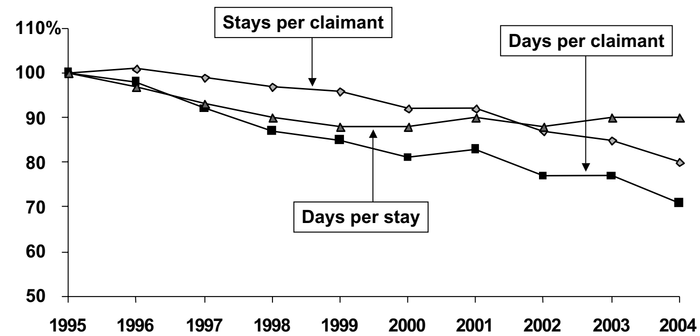


Cancer treatment patterns in Japan are being influenced by significant advances in early-detection techniques and by the increased use of pathological diagnosis rather than clinical exams. Follow-up radiation and chemotherapy treatments are occurring more often on an outpatient basis. Such changes in treatment not only increase the quality of life and initial outcomes for the patients, but also decrease the average length of each hospital stay. In short, more people are surviving cancer, and those who continue in treatment are generally living longer.

Despite the significant decline in the average length of stay per hospitalization, we have also noted that the number of hospital stays per claimant has been increasing. Our analysis of claims data shows that the total number of days hospitalized per claimant is declining, but at a much slower rate than the average length of stay per hospitalization. We anticipate that more hospital stays of shorter durations will continue going forward.

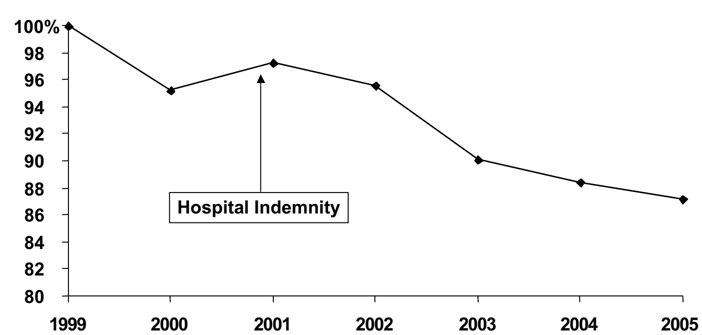
Aflac U.S. Trends in Cancer Hospitalization

(Cancer Only, 24-Month Runoff)



In the U.S., we are seeing a trend toward greater use of outpatient treatments for cancer. The average days per hospital stay for cancer treatment has leveled off in the last few years. But the average number of hospital stays per claimant and the total hospitalization days per claimant have both declined considerably.

Aflac U.S. Trends in Average Length of Stay



Finally, we look at our hospital indemnity products in the U.S. For the past several years, we have seen a downward trend in the average length of stay per hospitalization.

I hope that this information provides you with a strong foundation for understanding how our products are priced as well as how the profit from those products emerges. While we generally do not project future improvements in claim trends in our pricing, the impact of lower than expected claim costs over time and the emergence of the profit from the better than expected experience has a strong impact on our projections and our outlook for Aflac's future profit growth.

Aflac Market Performance

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

In looking back 50 years since Aflac's founding, the performance of our shares during that time has been impressive. Investors who purchased 100 shares in 1955 when Aflac was founded paid $1,110. As a result of 28 stock dividends or splits, those 100 shares had grown to 187,980 shares valued at $9.6 million at the end of April 2007. In addition, those early investors would receive approximately $150,300 in cash dividends in 2007 based on the current quarterly dividend rate of $.205 per share. That is more than 135 times the original acquisition price of those 100 original shares.

Stock Dividend and Split History

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

*Reorganizational exchange: holding company formed and listed on NYSE

Market Performance

The stock market posted strong gains in 2006, as did insurance stocks. The Standard & Poor's (S&P) 500 Index was up 13.6%, while insurance stocks, as measured by the Standard & Poor's Life and Health Insurance Index were up 15.0%. Due primarily to investor concerns about Aflac Japan's sales, Aflac's performance did not keep pace with the market in 2006. Aflac's share price closed the year at $46.00, down .9% from its 2005 closing price of $46.42. Including reinvested cash dividends, Aflac's total return to shareholders was .3% in 2006. For the last five years, Aflac's total return has compounded annually at 14.5%. And over the last 10 years, our total return to shareholders has compounded at 16.7% annually, compared with an 8.4% compound annual return for the S&P 500. Aflac has outperformed the S&P 500 in 23 of the 32 years its shares have been listed on the New York Stock Exchange.

For the first four months of 2007, Aflac's shares outperformed the market averages. Through April 30, 2007, our shares had appreciated 11.6% from our year-end closing price. By comparison, the S&P 500 had risen by 4.5% during the same period, and the S&P Life and Health Insurance Index was up 10.6%.

A Stable Shareholder Base

Approximately 82,600 registered shareholders owned Aflac shares at the end of 2006. Institutional investors owned approximately 60% of Aflac's shares, with the balance owned by individual investors. Directors, employees and agents owned about 5% of the company's shares at the end of 2006.

A Commitment to Our Shareholders

We view our disclosure obligations and practices to our shareholders as a top priority. Our responsibility as a public company is to provide all members of the investment community with transparent and meaningful disclosure of issues that may affect an investor's understanding of our operations. And we take that responsibility very seriously. Our overriding objective is to provide investors with the information they need to make informed investment decisions.

Our Shareholder Services Department provides stock transfer services and administers our dividend reinvestment plan. It also offers many shareholder services, including aflinc, which is accessed through our Web site, aflac.com. Through aflinc, shareholders can get secure Internet access to their investment accounts. Shareholders can also view account balances, complete investment transactions, change home and e-mail addresses, as well as view, download, and print dividend-related tax forms. We also provide electronic delivery of certain documents, such as reinvestment statements, proxy statements, and annual and quarterly reports to shareholders through aflinc.

We also offer other informational services on aflac.com. The conference calls we conduct in conjunction with quarterly earnings releases are webcast at aflac.com and are archived for two weeks following the release. In addition, investors can access webcasts of our company's analyst meetings. Investors can view and print the shareholder calendar of events at aflac.com or sign up for an e-mail alert notification service. This service automatically sends investors an e-mail message whenever Aflac issues a press release. In addition, investors can find valuable financial information at our Web site. Interested shareholders, investors, and consumers can easily download and print annual and quarterly reports, SEC filings, and quarterly statistical financial supplements from the "For Investors" page.

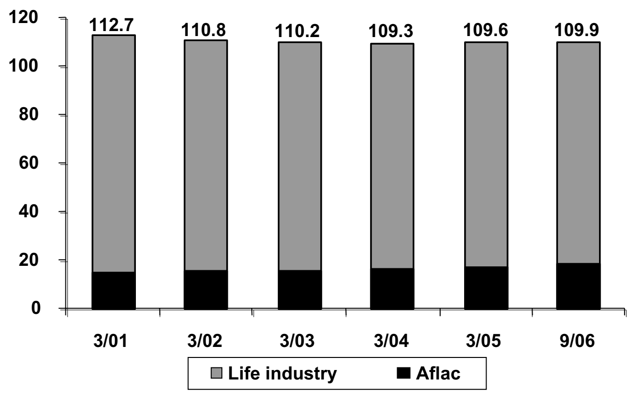
Section II
Aflac Japan

Introduction to Aflac Japan

Tohru Tonoike
President and Chief Operating Officer, Aflac Japan

I would like to provide you with a brief introduction to the Japanese life insurance market and an update of Aflac Japan's operations. Then, you will have a chance to hear more presentations from several officers of Aflac Japan.

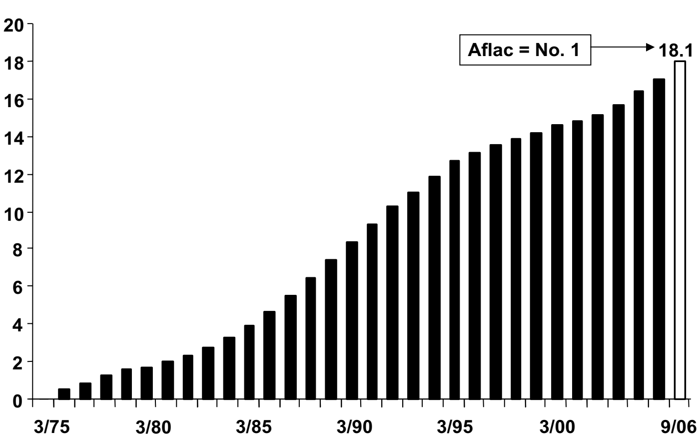
Life Insurance Policies in Force
(FSA Basis, in Millions)



Source: Life Insurance Association of Japan, Insurance Research Institute

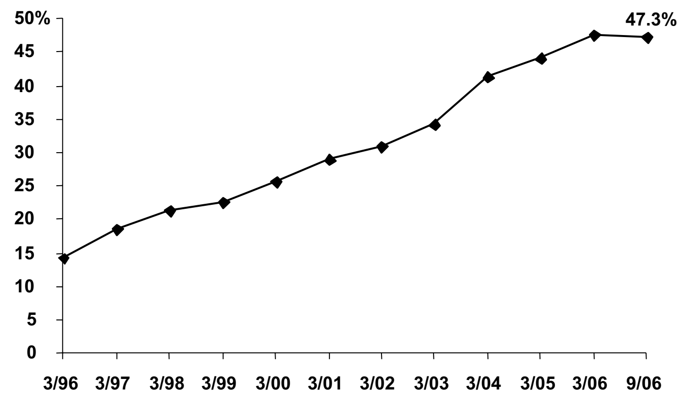
After experiencing a downward trend in the total number of policies in force over the past several years, the Japanese life insurance industry has seen a slight increase in that number since March 2004. The increase in policies in force has benefited from the expansion of the third sector market, which includes, among others, medical and cancer insurance products.

The Number One Life Insurer in Japan
(Policies in Force, FSA Basis, in Millions)



Aflac Japan has consistently increased its number of policies in force over the past three decades, as you can see from this chart. After surpassing Nippon Life at the end of March 2003, we remain the number one company in terms of individual life insurance policies in force. As of the end of September 2006, Aflac's policies in force were 18.1 million, representing 16.4% of the entire life insurance industry, compared with 13% five years ago.

Third Sector's Increasing Share
(New Policy Sales)



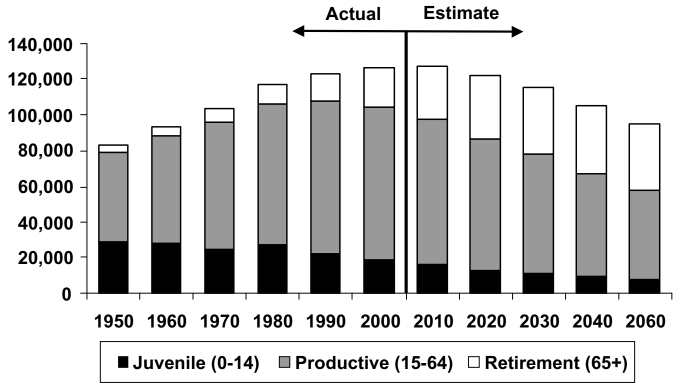
Source: Life Insurance Association of Japan, Insurance Research Institute

This slide shows the third sector's increasing share of new business within the life insurance industry. In terms of new policies sold, the third sector has grown to 47.3% of the overall market during the six months ended September 2006, compared with just 14.4% in 1996. These statistics show how quickly the third sector has been expanding. And I believe there is still a lot of potential not only for growth in the overall third sector, but more importantly, growth for Aflac Japan.

Consumers' interest has been shifting from traditional life insurance products, or first sector, that pay death benefits to third sector products that provide "living" benefits. Consumers have been revisiting their life insurance portfolio by canceling or reducing their death benefit coverage and purchasing living benefit products. One factor that has influenced this trend is the aging of Japan's population.

Japan's Aging Population and Declining Birthrate

(In Thousands)



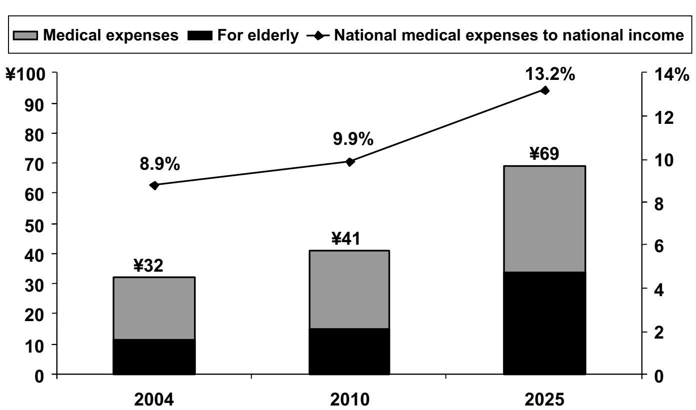
Source: National Institute of Population and Social Security Research,
Future Estimated Population of Japan, 12/06

Japan continues to face an aging population and a declining birthrate. These are the primary reasons today's working population in Japan is so concerned about its future. As a matter of fact, Japan's population peaked in October 2005 at 127.8 million. The following month, the decline in Japan's population began as the number of deaths actually surpassed the number of births. As shown on this chart, Japan's population will likely decline to 95.2 million by 2050, a drop of 25.5% from its peak. The primary reason for the expected population decrease is that families are having fewer children, with Japan's total fertility rate falling to a low of 1.25 in 2005, far below the rate of 2.08 that is considered the required rate to maintain a stable population.

Japan's aging population and declining birthrate have put tremendous pressure on its social security system. It is inevitable that Japan will have to reduce the benefits of its social security system regardless of whether or not consumers will face an increase in the premium contribution to the national social security and welfare insurance system. Either way, reducing benefits will likely impact the public health care insurance system.

National Medical Expenses

(Yen in Trillions)



Source: Ministry of Health, Labor and Welfare

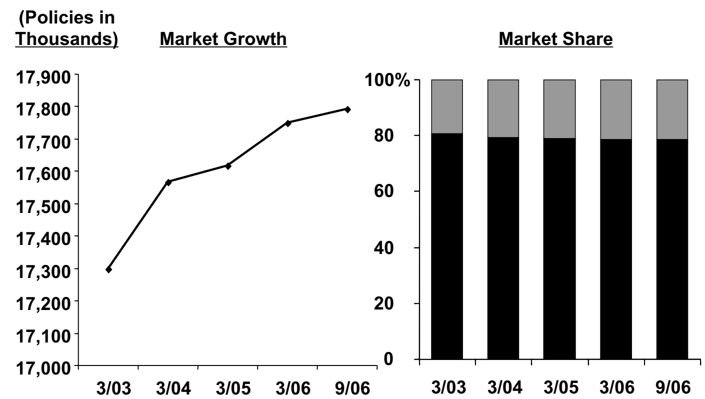
Japan has a compulsory, universal public health care insurance system. As Japan's population ages, the resultant increase in national medical costs is a matter of national concern. This increased burden will fall on the shoulders of the productive-age population, again if everything stays the same.

Although it's difficult to project how the health care reform will develop in the near future, it is clear that reform measures so far have been based on self-responsibility and market-driven competition. Against this backdrop, we have been very successful, and we believe our strong market position will continue.

Let me show you some market share data for our two primary product categories beginning with the cancer life insurance market. The following market share slides are on an FSA basis and represent data for the life insurance industry only. Although, as many of you may know, several non-life companies are in the medical market as well, the information on the non-life industry is not reflected in the following slides because the nature of non-life reporting makes it difficult to get any official data for medical products.

Aflac's Share of In-Force Business: Cancer

(FSA Basis, Stand-alone, Life Industry Only)

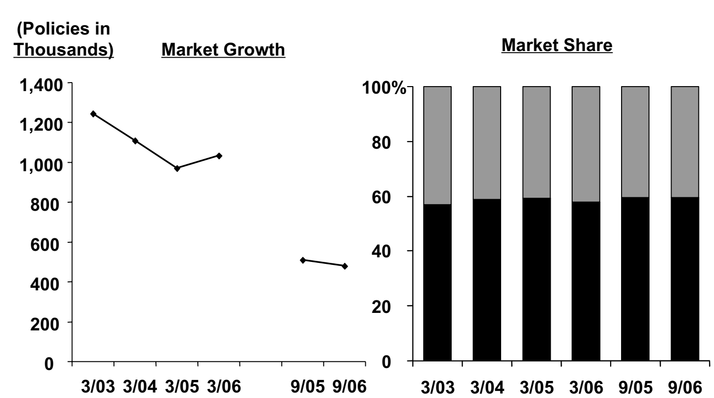


Source: Insurance Research Institute,
Life Insurance Association of Japan

As this slide shows, the overall market for stand-alone cancer insurance in the life insurance industry has grown on an in-force basis. Of the total market, Aflac Japan has approximately 79% of the stand-alone cancer insurance in the marketplace at the end of September 2006, and its share has been fairly stable.

Aflac's Share in New Business: Cancer

(FSA Basis, Stand-alone, Life Industry Only)

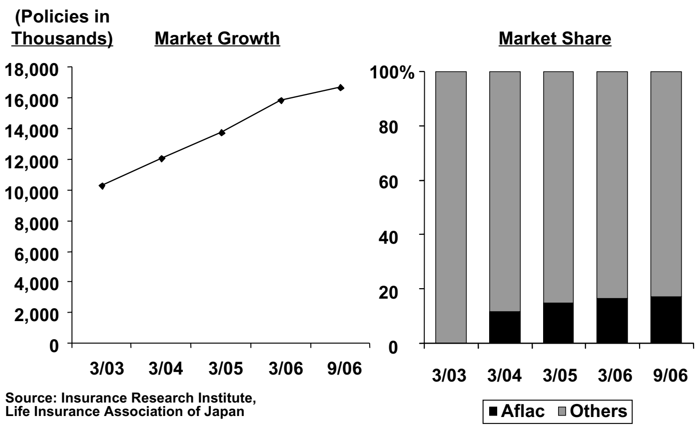


Source: Insurance Research Institute,
Life Insurance Association of Japan

From a new business standpoint, our current market share for stand-alone cancer insurance was about 60% for the six months ended September 2006. Since market deregulation in 2001, we've experienced a stable to improved market share for new sales of cancer insurance. Our strategic alliance with Dai-ichi Mutual Life has greatly contributed to maintaining and even increasing our market share of cancer products even after deregulation.

Aflac's Share of In-Force Business: Medical

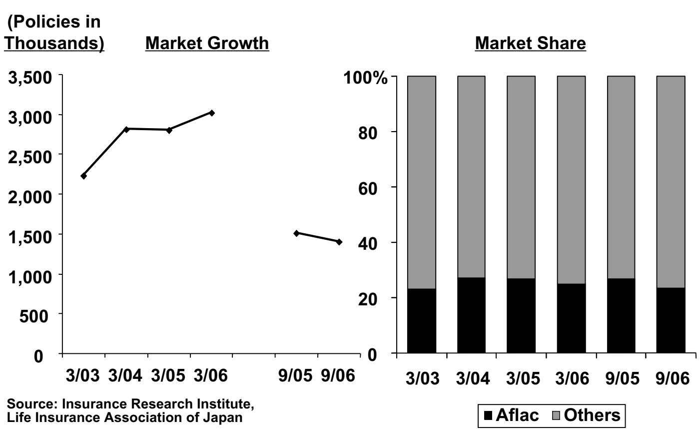
(FSA Basis, Stand-alone, Life Industry Only)



These charts show the growth of the medical market and Aflac's market share of stand-alone medical policies in force over the past five years. As this slide illustrates, Aflac Japan had 17.1% of the stand-alone medical insurance market at the end of September 2006. This is an impressive accomplishment considering that we did not aggressively participate in the stand-alone medical market until 2002.

Aflac's Share in New Business: Medical

(FSA Basis, Stand-alone, Life Industry Only)

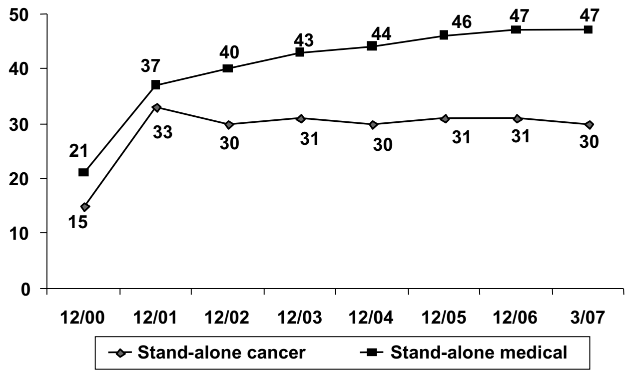


In terms of new sales, our market share was about 23% for stand-alone medical insurance in the six months ended September 2006, which was down a bit from the end of March 2006 when our share was 24.8%. Although our share is greater than any other individual insurance company, the increased competition that we have experienced recently has impacted our share somewhat. For the whole industry, we also saw a slight decline in medical sales for the six months ended September 2006.

We believe the weak new sales of medical products for both Aflac and the whole industry had been impacted by consumers' reluctance to buy any insurance in the wake of the intensified media coverage of the administrative sanctions against some insurers by the FSA for claims issues.

Competitors in the Third Sector

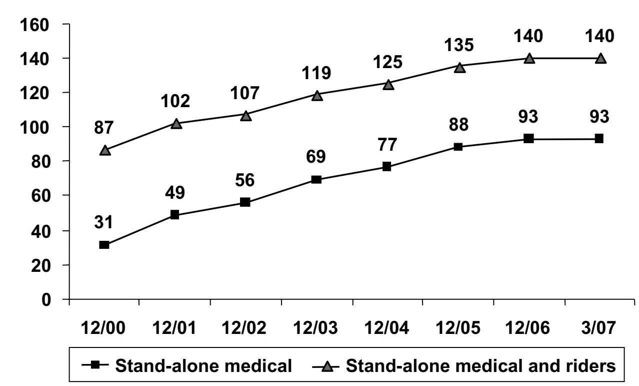
(Number of Life and Non-life Insurance Companies)



Reflects results of company mergers and companies that have discontinued sales
Source: Web sites of each company

As you may know, Aflac started its operations in Japan in 1974. Since then, Japan's third sector market has experienced two stages of deregulation. The first stage occurred in the early 1980s when nine mid-sized insurers, both domestic and foreign, were allowed to sell cancer insurance for the first time. The second stage was in 2001 when all insurers, regardless of their size, were allowed to sell stand-alone cancer and medical insurance for the first time. As a result, we have seen a fairly steady increase in the number of competitors over the last several years. At the end of March 2007, 30 companies offered stand-alone cancer insurance, while 47 companies offered stand-alone medical insurance. At present, except for six companies that focus on selling either annuity products or group policies, all life insurance companies have stand-alone medical products.

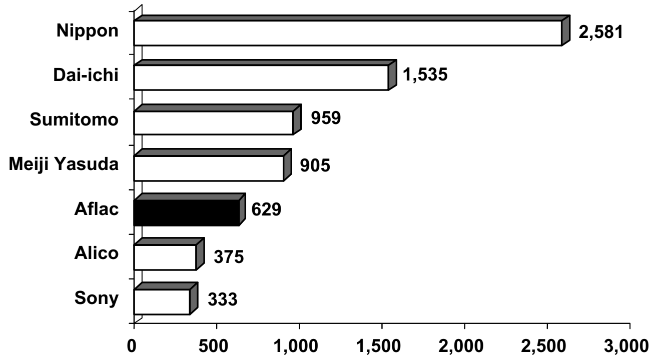
Number of Medical Products



Reflects results of company mergers and companies that have discontinued sales
Source: Web sites of each company

This chart shows the number of medical products now offered by both life and non-life insurers. As this chart suggests, the market for medical insurance has become very crowded.

Japan's Most Popular Life Insurers
(Rating Points)



Source: The Nikkei Financial Daily, 1/5/07

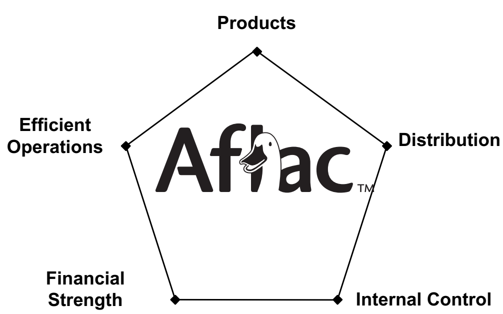
Despite increased competition over time, Aflac Japan still stands out in the industry. For instance, let me share the results of a popularity survey that was conducted and issued by the Nikkei Financial Daily in January 2007. As in the past survey, Nippon Life and three other major domestic insurers occupied the top four places, followed by Aflac Japan.

Aflac Japan's Strategy for Growth

- **Product broadening**
- **Distribution expansion**
- **Operational efficiency**

I'll now focus on Aflac Japan's strategy for growth. Our strategy for growth has been consistent for a long time, and that is to broaden our product line, to diversify our distribution system, and to maintain our position as the most efficient life insurer. We have been disciplined in staying with this strategy, and we believe it is one of the key reasons we have achieved market leadership.

Aflac Japan's Competitive Strengths



As we have discussed before, we believe we have established best practices in several areas of our business that represent the competitive strengths we bring to the market. And we believe that these strengths are reflected in the overall success of our brand.

I'll begin with our product line.

Aflac Japan's Product Line

Third Sector Products	First Sector Products
• 21st Century Cancer	• WAYS
• Super Care	• Ordinary life
• EVER	• Fixed annuity
• EVER Half	
• EVER Bonus	
• EVER Paid Up	
• Rider MAX	

Our primary product focus has been the third sector. However, we have also effectively participated in the first sector through the sale of smaller death-benefit coverage. Our name recognition and reputation has certainly helped in this area. Our product strengths include reasonable premiums and an ability to develop products that accurately match customers' needs, such as WAYS. As you have heard us say many times, we believe our products are extremely competitive in our segment of the industry.

Distribution is another competitive strength for Aflac Japan.

Aflac Japan's Distribution Channels

- **Affiliated corporate**
- **Independent corporate**
- **Individual**
- **Dai-ichi Mutual Life**

We believe our sales channels make up the most efficient, diversified and sophisticated distribution system in the Japanese insurance industry. Our traditional channels include affiliated corporate agencies, independent corporate agencies and individual agencies. In addition, as you know, we formed a successful marketing alliance with Dai-ichi Mutual Life in 2001. And as you will hear from Mr. Matsumoto, Aflac service shops are playing an increasingly important role in our distribution system because they enable consumers to receive face-to-face consultation before buying a product.

To reinforce its distribution system, Aflac Japan develops training programs for each channel and level of expertise. Last year, we introduced a training system called New ABT, which stands for New Associates Basic Training. We are also promoting an alliance strategy that will allow individual agencies access to the corporate market and give corporate agencies knowledge of face-to-face sales consultation similarly to the sales approach of service shops. This year, we are even pursuing an alliance between Aflac and our agencies to try to contact all of our existing policyholders and make additional sales to them. Mr. Matsumoto will cover these actions in more detail later. I believe these improvements in our distribution channels will bring us better sales results in the future.

Another of Aflac's competitive strengths is its internal control system. The basic philosophy of the FSA is one of "self-responsibility." However, the FSA also monitors insurance companies' effectiveness at corporate governance, risk management and disclosure. Several years ago we took steps to further strengthen our internal control system by using a best-practices approach that we believe has made Aflac the standout in the industry. We believe effective internal controls are important to our reputation and success in the marketplace, and we will continue to focus on internal controls going forward.

In the area of financial strength, Aflac Japan also has a solid reputation. Our solvency margin is well above the regulatory requirement, and it helps support our strong ratings, which can influence a consumer's decision to purchase insurance.

Positioning Aflac as Japan's low-cost producer in the third sector is probably our greatest strength. We have been improving our business processes in various areas. As a result, our maintenance expenses per policy in force are significantly lower than every other company in Japan.

We are also expanding the use of technology. Last November, we completed our mainframe consolidation project, which we believe will provide us with significant benefits including making Aflac Japan's operations even more efficient than before. Mr. Yamauchi will cover this in more detail later in his presentation.

Through the following Aflac Japan presentations, we hope you will understand why we remain convinced that Japan offers a lot of opportunity for future growth. More important, we believe we have the right products, distribution, business processes and people to enable us to achieve our sales and financial objectives in 2007 and beyond.

Japan's Regulatory Environment

Charles D. Lake II
Vice Chairman, Aflac Japan

I would like to update you on the changes currently underway in the Japanese financial and social security systems and how we believe these changes will impact the insurance industry in Japan.

Progress in Financial Regulatory Reform

From MOF era to FSA era

- **From the "convoy system" to rules-based approach**
- **Free, transparent and fair global market**

The Abe Cabinet's financial system reform

- **"Open and Innovation"**
- **Transform Tokyo into an international financial and capital market on par with New York and London**

Japan has made tremendous progress in restructuring its financial system since the start of its financial "Big Bang" program in the mid-1990s. Even so, Prime Minister Abe is embarking on new reforms aimed at enhancing Japan's competitiveness as an international financial center. If successful, the reforms will make Japan one of the best places in Asia for many financial institutions to do business. In this context, I would like to provide a brief overview of Japan's financial system.

Japan's financial system has undergone dramatic change over the past decade. The traditional philosophy of the Ministry of Finance, or MOF, is known as the "convoy system." The convoy system emphasized maximum control, industry protection, and the use of informal administrative guidance. That philosophy has been replaced by the Financial Services Agency's, or FSA's, rules-based regulatory approach, which relies on transparency and subsequent checking and is based on the notion of self-responsibility by financial institutions. Most recently, under its newly completed Program for Further Financial Reform, the FSA introduced a range of measures in the banking, securities, and insurance sectors aimed at establishing a vibrant, international financial system that emphasizes consumer convenience and protection, as well as price competitiveness.

In spite of the substantial progress to date, Japan has much work to do to achieve its stated goal of becoming an international financial center. Indeed, in the rapid globalization of the world economy, which includes swift economic integration in the fast-growing Asia region, it is critical for Japan to strengthen the global competitiveness of its financial sector. Accordingly, the Abe Cabinet is actively considering a range of tax, human resource, regulatory, and corporate governance measures aimed at creating an international financial and capital market on par with New York and London.

Expected Changes in the Market Environment

- **Complete deregulation of bank sales**
- **Review of claims payments**
- **Market conduct**
- **Price flexibility**
- **Third sector reserving rules**
- **New regulations for previously unregulated small-amount, short-term insurance providers**
- **Policyholder protection fund**

In the insurance sector, where Aflac operates, the government is continuing with reforms. Since December 2005, banks have been allowed to sell additional insurance products besides the variable and fixed annuities and other products previously allowed. These products are savings-type products, including single-premium endowment, single premium whole life, and savings-type accident insurance. Banks selling the newly allowed products have been obliged to comply with strict new market conduct rules governing bank sales. These rules will also apply to any additional expansion of the bank channel.

The FSA has been monitoring the effectiveness of these rules. If no major problems arise, the FSA plans to open the channel to the full range of products in December 2007. Hisayuki Shinkai will share more information about the bank sales channel in his presentation.

As Dan covered, Aflac Japan fully complied with the FSA order and submitted the result of its claims review on April 13. The FSA is waiting for other companies to complete their review, and once the reports are submitted, the FSA will determine what additional action, if any, is required. We do not know at this point when the FSA will make this determination.

Another expected change is in the area of market conduct. As we discussed at our analyst meetings last year, an interim FSA report issued in March 2006 recommended that when insurance companies sell certain insurance products, they obtain written confirmation from the customer regarding the customer's specific needs. Based on this recommendation, the FSA changed its market conduct rule. As a result, beginning in April 2007, insurance companies began phasing in the requirement to obtain written confirmation, with complete implementation by September 2007 at the latest. Aflac has welcomed this change, believing that it will strengthen consumer protection and further improve customer satisfaction.

In addition, although the current rules technically allow comparative advertising, existing regulatory hurdles make it, practically speaking, very difficult. The FSA believes that increased comparative advertising could be helpful to consumers looking for useful information upon which to base insurance purchasing decisions. Accordingly, in June 2006 an FSA-sponsored study group released a report recommending measures that could make comparative advertising easier. In accordance with the report's recommendations, the FSA will be making it easier for consumers to compare the financial health of insurance companies by such measures as posting companies' financial information on its Web site.

The FSA has also released draft guidelines that cover product comparisons. The draft guidelines are very restrictive with regard to direct product comparisons. Unless the guidelines are changed, it is not likely that product-to-product comparative advertising will increase substantially.

A year ago I noted that the FSA has allowed pricing flexibility on insurance premium loading since April 2006. As a result, companies seeking to change premiums are no longer required to include a description of expected expenses in premium calculation methodology documents. Instead, the FSA subsequently monitors companies' pricing decisions by requiring the submission of periodic reports in order to ensure that companies do not hurt their profitability.

It's important to note that unfair discrimination between similarly situated policyholders regarding premiums and special benefits to promote insurance sales are still prohibited. Even with the revisions, as we predicted last year, the FSA has not allowed companies to cut premiums without rational justifications as to why the cut is warranted. As a result, there has not been, nor do we expect, any immediate or dramatic changes in the competitive environment from a pricing perspective.

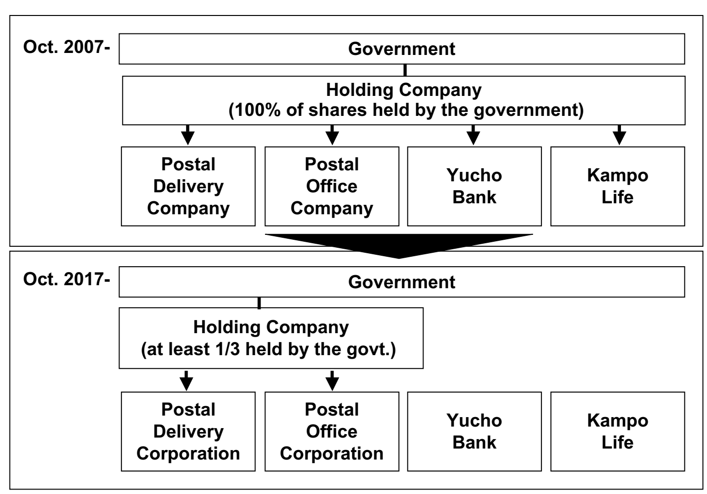
As we also discussed in May 2006, the FSA intends to apply new rules on third sector reserving for fiscal year 2007 financial statements that will be published in June 2008. We do not expect any material impact on our financial condition or competitive position in the marketplace as a result of the reserving standards.

Since April 2006, legislation has been in effect to regulate most insurance cooperatives, or "Kyosai," that had previously not been regulated. This regulatory framework has substantially enhanced the FSA's ability to ensure a stable marketplace, improving consumer confidence in the market.

As we discussed before, the Insurance Business Law was amended to reform the Life Policyholder Protection Corporation (PPC) in April 2005. Although the amended law did not provide the permanent solution we had hoped for, it is still unlikely to result in additional assessments to the industry in the near-term.

Indeed, in light of the industry's improving financial health and the enhanced effectiveness of the FSA's early warning and intervention measures, it appears unlikely that there would be a need to tap the Life PPC funds in the near future. However, because measures in the amended law will expire in March 2009, it will be necessary to revisit the issue of PPC reform sometime between this year and mid 2008.

Postal Privatization



Postal privatization serves as a litmus test of Japan's commitment to creating an international financial center. In fact, the privatization of the postal financial institutions, Kampo Life and Yucho Bank, have attracted a lot of attention around the world. Accordingly, I would like to take a moment to discuss the postal privatization process.

The privatization laws, which were enacted in October 2005, split Japan Post into four independent entities and generally recognize the need for a level playing field between Japan Post and the private sector. Specifically, the laws contain a commitment to implement "measures to ensure equivalent conditions of competition" between the four privatized Japan Post companies and other companies "engaged in like business operations." The law also requires the postal insurance entity to ultimately be subject to the same tax and policyholder safety-net contribution requirements as its private competitors, as well as to the Insurance Business Law and FSA supervision. The new postal entities will begin operations in October 2007, and the privatization process is scheduled to be completed by October 2017. Currently, Japan Post plans to conduct an initial public offering (IPO) of the postal insurance entity shares at the earliest in 2010 and to complete the sale of all of its shares in the insurance entity by 2017.

Last month, Japan Post submitted its privatization plan to the government. The government will be reviewing the plan with final approval before October 1, 2007. The plan provides general outlines of planned management structures as well as general ideas regarding what the entities would like to do. However, the law clearly stipulates that, when the new Japan Post financial entities start operations on October 1, 2007, they will be limited to the sale of the products that they currently offer, which means they will not be a direct competitor of Aflac with regard to stand-alone medical and cancer products. In addition to the ordinary FSA product approval process, the law also establishes a special process for the approval of any new business proposals, which involves a special review by the Privatization Commission, FSA, and Ministry of Internal Affairs and Communications.

The Post Office Corporation will operate nearly 24,000 post office locations nationwide. In addition to selling Kampo products, the Post Office Corporation has expressed its intent to sell the products of private sector insurance companies. From the perspective of meeting customer needs, producing steady revenues, and building sound internal controls and corporate governance, the sale of market-tested products of private sector insurance companies is a good choice for the Post Office Corporation. This creates a win-win situation for its employees and customers, as well as private sector companies alike. The Post Office Corporation is planning to sell private sector automobile insurance starting in October 2007. Whether or not it will be permitted to sell private sector life insurance products or third sector products will be evaluated by Japan Post and the Japanese government in the coming months and years.

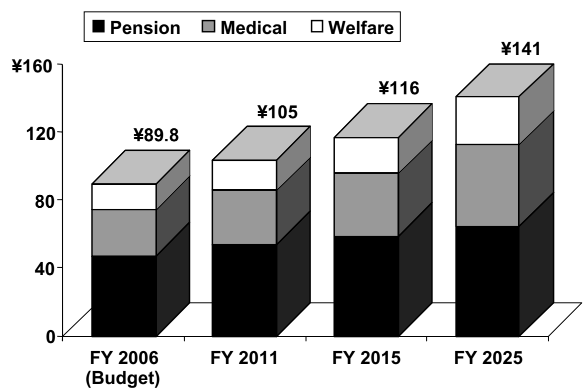
The Council for Promotion of Cancer Policy

- **Include medical experts and members from patient groups**
- **Review and comment on the formulation of the government's Basic Plan for Promotion of Cancer Measures**
- **Enhance the awareness of Japanese consumers regarding cancer**

Since 1981, cancer has been the leading cause of death in Japan. In 2005, 30% of all deaths were cancer-related. As part of its efforts to deal with the situation, the Government of Japan recently enacted the Basic Act for Cancer Policy. Although this legislation will not substantially change cancer treatment in Japan, it aims to promote cancer prevention and early detection by improving Japan's health check system, narrowing the gap in the quality of cancer treatment between major cities and outlying areas, and promoting the study of cancer. Pursuant to the act, the Council for Promotion of Cancer Policy was established this April and includes medical experts and members from cancer patient groups. The Council's mission is to review and comment on the formulation of the government's Basic Plan for Promotion of Cancer Measures. We believe that the discussion will enhance the awareness of Japanese consumers regarding cancer and ultimately strengthen the demand for our cancer products.

Rapidly Increasing Social Security Benefits

(Yen in Trillions)



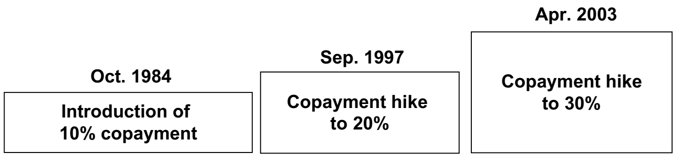
Source: Ministry of Health, Labor and Welfare, 5/06

One of the biggest challenges currently facing Japan is its declining birthrate and aging population. As Japan's society continues to age and its population declines, Japan's publicly funded social insurance programs will come under ever-increasing financial pressure. According to statistics from the Ministry of Health, Labour and Welfare, medical insurance benefits paid will reach as high as ¥48 trillion in 2025, which is 74% higher than the medical benefits budgeted for 2006.

As mentioned earlier, Prime Minister Abe, using the key words "openness and innovation," is proceeding with health care sector reforms, including the introduction of IT-related innovations such as online medical records and billing. As a result of these reforms and discussions over higher quality of medical care, we expect consumers will have more interest in the health care sector, including medical insurance products.

Major Changes in Copayments for the Employed

(Age 69 or Under)

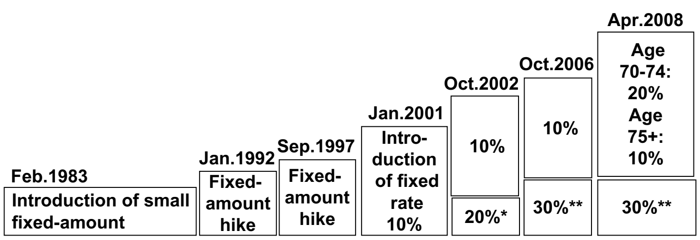


As you may know, Japan has a system of compulsory, universal public health care insurance. The public medical expenditures the system requires are covered by the premiums the insured and their employers pay and by taxes and copayments paid by patients.

However, given the aging population and declining birthrate, the system is under strain, and copayments have been rising. Specifically, in 1984, a 10% copayment was introduced for salaried workers under 70. Then in 1997, this amount was raised to 20%, and in April 2003 it was raised again to 30%.

Major Changes in Copayments for the Elderly

(Age 70 and Over)



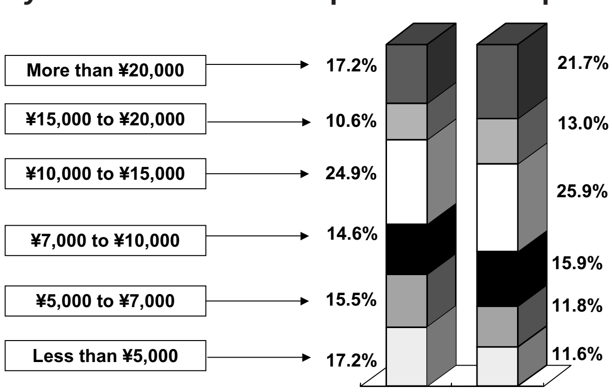
* Husband and wife or individual with annual income exceeding ¥6.37 million or ¥4.5 million, respectively, including pension

**Husband and wife or individual with annual income exceeding ¥5.2 million or ¥3.8 million, respectively, including pension

In 1983, a fixed-amount-per-visit copayment was introduced for those over 70 for outpatient and inpatient services. Since then, the copayment has increased several times.

The Diet enacted health care reform legislation in June 2006, and it took effect in October of the same year. This legislation increased the copayment for high-income seniors to 30% and, in April 2008, will raise copayments for other seniors aged 70 to 74 from 10% to 20%.

Daily Out-of-Pocket Hospitalization Expenses

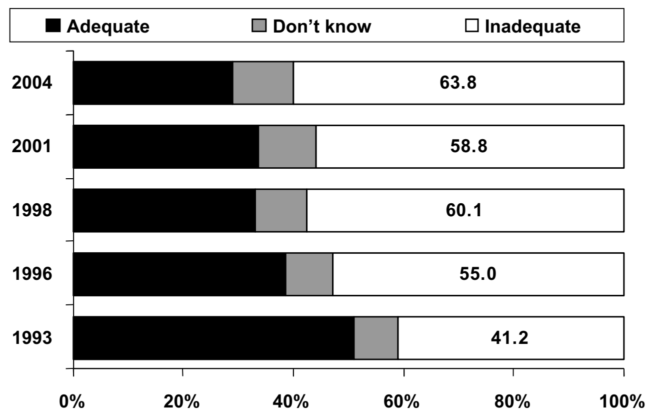


Source: Japan Institute of Life Insurance, 1/05

Part of the need for our products arises because many expenses are not covered by Japan's health care system. Patients must bear these expenses, which include extra charges for private or semi-private hospital rooms, special treatments or medicines not covered by the national health care system, transportation costs for family members traveling to the hospital, and daily necessities while in the hospital. According to a 2005 survey by the Japan Institute of Life Insurance, an average amount of out-of-pocket hospitalization expenses including all types of patients was ¥14,700 per day, up 14% from 2001.

About 61% of the people surveyed had to bear costs of ¥10,000 per day or more themselves, while approximately 22% had to bear costs of ¥20,000 per day or more.

The Public's View on the National Health Care System



Source: Japan Institute of Life Insurance, 1/05

Given the aging population, the Japanese government faces tight financial conditions, and many people worry that further increases in out-of-pocket expenses will be required. Some worry not only that their burden will increase, but that the scope of government coverage may be reduced as well.

The percentage of people who believe the cost of their medical care will be covered entirely by public health care insurance has been decreasing every year. A January 2005 study shows that since 1993, those who consider that public insurance will be inadequate to cover medical expenses increased to almost 64% of the population.

In summary, the ultimate objective of the Japanese government's various reforms is to improve convenience and safety for individuals. In this rapidly changing environment, companies that prevail are companies that focus on consumers. In particular, Japan's rapidly aging population and low birth rate is putting the country's social security system under increasing strain, forcing Japanese consumer to bear an ever growing share of the burden themselves. Under these circumstances, we believe Aflac will continue to be successful as a company that consumers will choose over other insurance companies.

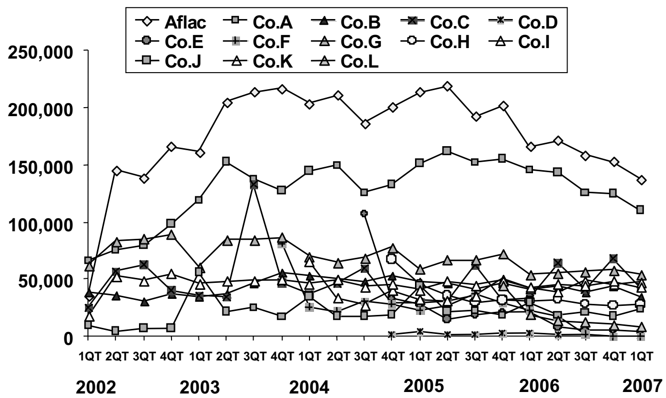
Aflac Japan Marketing and Sales

Takaaki Matsumoto
First Senior Vice President; Director of Marketing and Sales, Aflac Japan

I'll be covering the marketing and sales activities of Aflac Japan, as well as the recent changes in our business environment and our sales strategies.

Comparative Medical Policy Sales

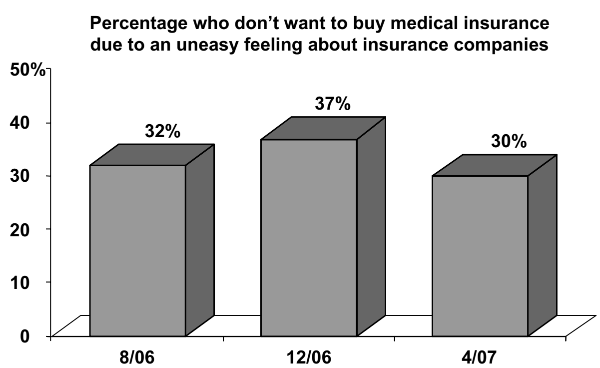
(Stand-alone Basis)



Source: Internal data; excludes one-year term policy sales

Let me begin with our medical insurance. This chart shows the top 13 sellers of medical insurance. These companies represent approximately 80% of total medical sales in Japan. Aflac began selling EVER in February 2002 and quickly became the number one seller of medical policies sold. As you can see, we have consistently maintained that position. Since the end of 2005, however, sales of medical policies have declined industrywide. We believe two factors are the primary causes of this trend.

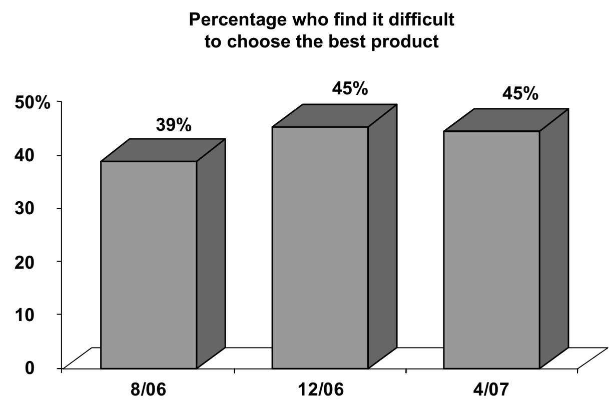
Effect of Administrative Sanctions



Source: Interscope Inc.

The first is the effect of media coverage of administrative sanctions that were imposed on many life and non-life insurers recently. Since the majority of administrative sanctions were related specifically to medical insurance claims, consumers seem to have focused their concerns on this particular product line. As the number one insurance company in terms of medical policy sales, I believe we have been impacted more than the industry as a whole. As you know, all of Japan's life insurance companies submitted a report on their claims payment review to the FSA on April 13. Following the claims review submission, 30% of consumers said they did not want to purchase medical insurance due to an uneasy feeling about the insurance industry according to independent research, compared with 27% in March. Also, in our survey of more than 470 agencies and 200 service shops, about 60% said that there has been a negative impact on customer attitude and behavior toward buying insurance products because of the claims issue. As media coverage remains intense on this topic, it is unclear as to when consumers' attitudes toward purchasing insurance might improve.

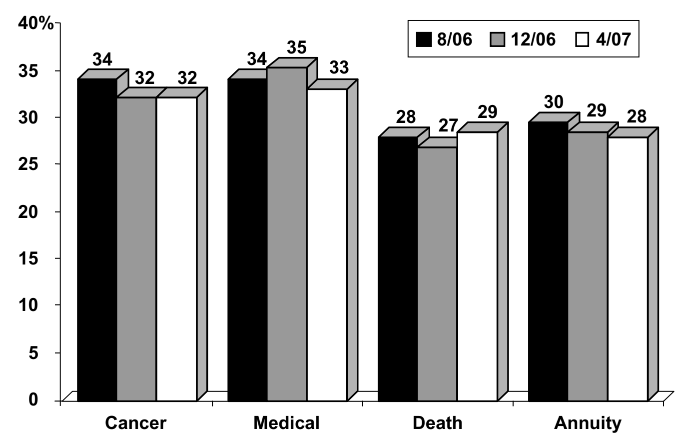
Consumers' Confusion with Various Types of Medical Products



Source: Interscope Inc.

The second factor impacting medical sales is simply the sheer number of competitors. As you heard from Tonoike-san, there are 47 companies offering medical policies in Japan. Given the crowded market conditions, consumers appear to be confused and seem to be taking more time to make a decision when considering the purchase of a medical policy. A recent survey indicates that 45% of consumers think there are too many products, which makes it difficult to choose.

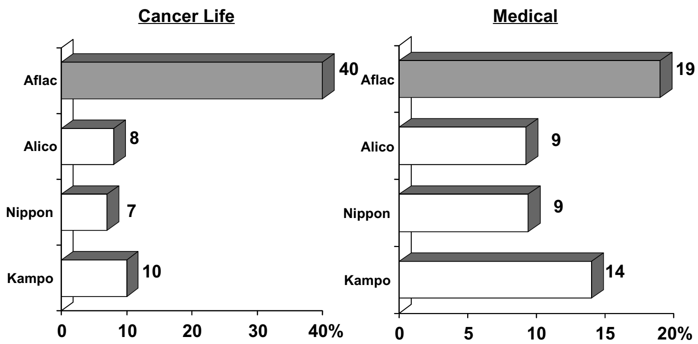
Consumers' Interest in Buying Insurance



Source: Interscope Inc.

Despite sluggish industry sales of medical insurance, the results of a recent survey suggest that consumers' interest in purchasing medical policies continues to be high. We believe there will continue to be increasing financial pressures on the public health care system due in part to Japan's aging population. Therefore, we expect the market for medical products will continue to expand.

The Most Preferred Insurer for Cancer Life and Medical Insurance



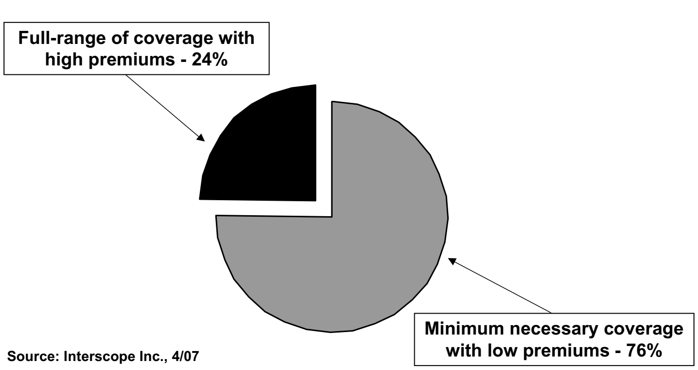
Source: Interscope Inc., 4/07

We remain the "most preferred insurer" for both medical and cancer insurance. This suggests that consumer intention to purchase medical policy and to purchase it from Aflac continues to be high. In spite of the temporary setback in the wake of the administrative sanctions, we are confident that the underlying consumer need for our products and our brand image for both cancer and medical insurance remain strong among our competitors.

To support agencies from a product perspective, we are in the process of developing a new third sector product and plan to launch it in the third quarter this year. Because the product has not yet been approved by the FSA, I am unable to provide you with product details at this point. However, I can tell you it will be a simple product, and one we believe our agencies can easily market, including our affiliated agencies. We will continue to work hard to develop new products that meet consumers' needs, and by doing so, we expect to maintain our leading market position.

Need for Insurance with Low Premiums

Preference of medical insurance by product type



Source: Interscope Inc., 4/07

One reason consumers choose Aflac is that the benefits of our medical insurance best match their needs. According to an independent survey in April, when comparing medical insurance of "full coverage with high premiums" to "minimum necessary coverage with low premiums," 76% of the respondents prefer the latter. That suggests there is a strong preference for low-price medical insurance, which is our specialty.

Premium Comparison of Medical Products

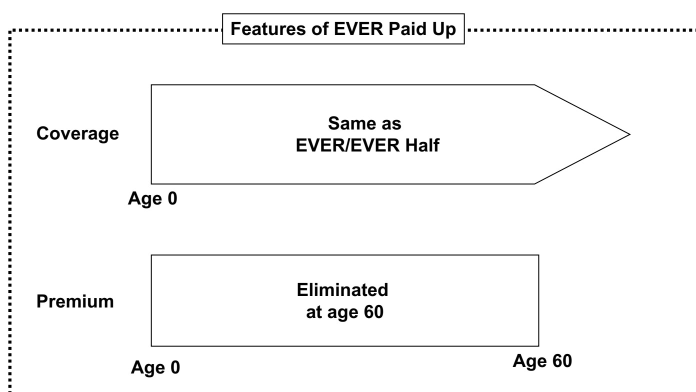
(Whole-life, Stand-alone Basis)

	Requires Overnight Stay	Max. Days per Hospital Stay	Max. Lifetime Days	Issue Ages	Monthly Premium (50-yr. Male)
Aflac	No	60	1,095	0-80	¥6,150 ¥5,890 *
Co. A	No	60	730	18-65	7,050
Co. B	Yes	62	1,095	50-74	10,020
Co. C	No	60	1,095	2-70	6,900

*After premium rate adjustment in September 2007
Premiums for ¥10,000/day hospitalization benefits
Co. A: Maximum days per hospital stay is 180 for certain diseases.
Maximum lifetime days is 1,095.
Co. B: Maximum lifetime unlimited for cancer.
Co. C: Premium may be reduced if interest rates rise.

This slide shows a comparison of our premiums with those of major medical insurance companies, who are our primary competitors. This year, life and non-life insurers adopted the new mortality table on April 2, which may have resulted in revised premiums on third sector products. We will adopt the new tables for our health products in September. Improvements in mortality rates increase premiums for health products like EVER. However, we have decided to maintain premiums close to the current level due to the trend of shorter hospital stays. Some of our competitors have also decided to maintain their premium levels in an effort to remain competitive in the marketplace. We don't expect to see much of a change in the pricing of medical products. We believe our insurance premiums will continue to be the lowest among our principal competitors.

Launch of EVER Paid Up

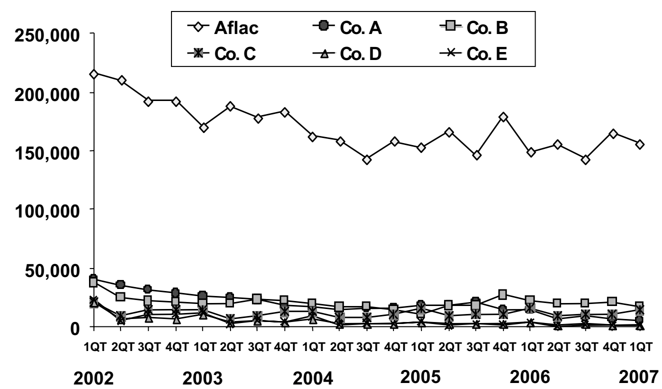


This February, in response to strong requests from our agencies, we launched an additional version of EVER. The insurance coverage of our EVER Paid Up product is the same as EVER, however, the premium is fully paid by age

60. We believe the launch of this new product allows us to be able to respond to more diversified consumers' needs.

Comparative Cancer Policy Sales

(Stand-alone Basis)

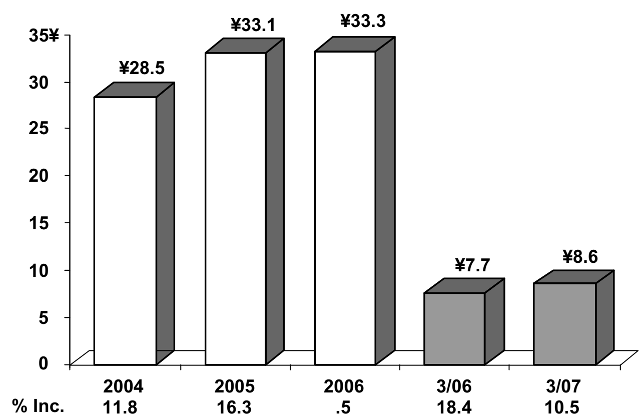


Source: Internal data; excludes one-year term policy sales

In terms of cancer insurance, we continue to stay far ahead of the competition. Although major domestic life and non-life insurers entered the cancer insurance market following deregulation in 2001, no competitors have threatened our position in this segment. Our cancer policy sales were fairly stable in 2006. We do not believe administrative sanctions or competition have had much of an impact on the cancer insurance market.

New Sales of Cancer Insurance

(New Annualized Premium, Yen in Billions)



Cancer insurance sales grew 10.5% in the first quarter of 2007. Since the start of the year, we have been emphasizing and promoting cancer policy sales to our field employees and sales associates more intensely. In February, we introduced a plan with enhanced outpatient coverage for cancer because of the increase in outpatient treatment in Japan. We have also been active in carrying out training and publicity campaigns to expand sales. Consumer awareness of cancer in Japan has been increasing along with the implementation of the Basic Act for Cancer Policy in April. We believe this new law has benefited cancer insurance sales.

Premium Comparison of Cancer Life Policies

(Whole-life, Stand-alone Basis)

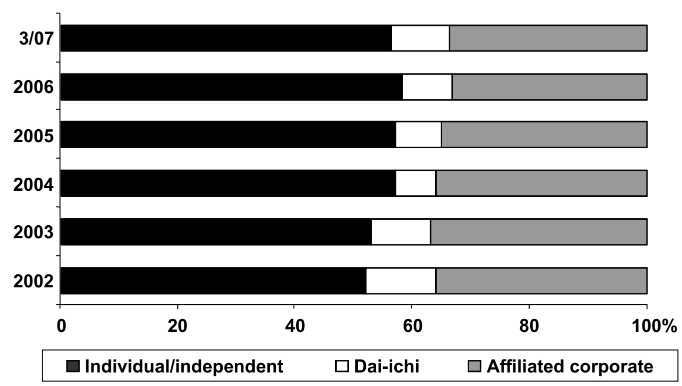
	Male - Direct Rate	
	30-year-old	40-year-old
Aflac (CSV=100%)	¥2,360	¥3,166
	¥2,673*	¥3,565*
Co. A (CSV=100%)	3,196	4,148
Co. B (CSV=100%)	4,190	5,582
Aflac (CSV=0%)	1,957	2,759
	2,204*	3,092*
Co. C (CSV=0%)	3,152	4,544
Co. D (CSV=30%)	2,362	3,251

*After premium rate revision in 9/07

This slide shows our premium rates for cancer life policies compared with our competitors. When we adopt the new mortality table, our cancer life policy's premium rates will increase despite a shortening of hospital stays due to rising cancer morbidity rates and an increasing frequency of surgery treatment for cancer. However, despite the premium rate revision, our premiums will remain lower than our principal competitors.

Sales Composition by Type of Agencies

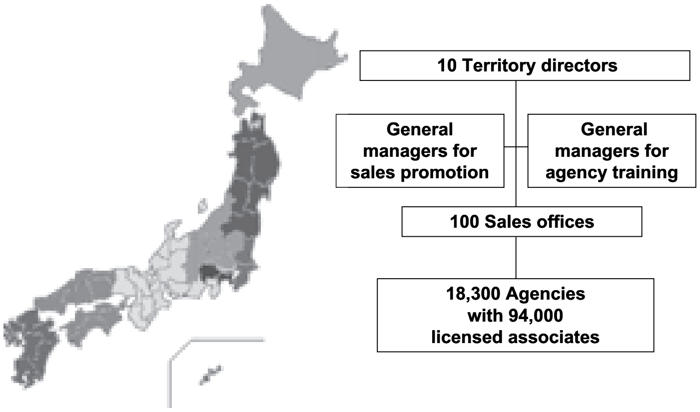
(New Annualized Premium Sales)



Next, I'll discuss our distribution system. Our first channel is affiliated corporate agencies. These agencies are associated with a specific corporation and sell to employees of that corporation and related companies. Sales through this channel have been declining for several years. Aflac's second channel includes individual and independent agencies. These primarily sell on a direct basis to workers of small- and medium-sized companies as well as government and public offices. This channel has been expanding.

A third channel is our strategic alliance with Dai-ichi Mutual Life. We believe this alliance is extremely important for both companies. Sales of our cancer policy through Dai-ichi Life have been fairly stable.

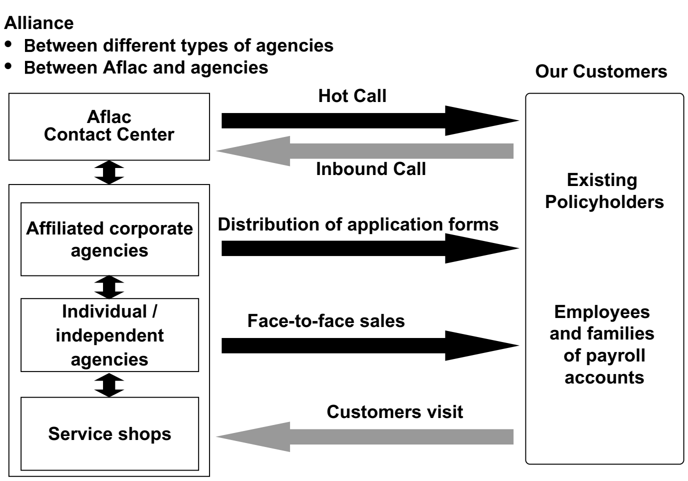
Sales Organization



This year we streamlined the structure of our sales offices to improve contact with customers and associates. Previously, our sales offices reported to sales departments, and sales departments reported to territory directors. Our new sales organization allows sales offices to directly report their territory director, which results in decisions and actions being taken more quickly.

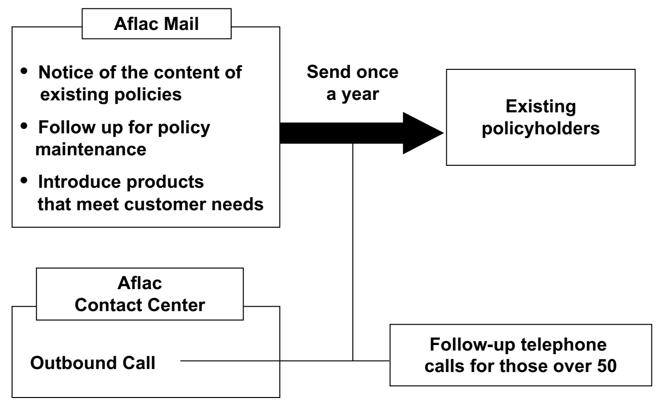
To further enhance our sales offices, we created two new general manager positions reporting to the territory directors. One general manager is responsible for sales promotion and the other is responsible for training. General managers responsible for sales promotion are assigned to territories that oversee the worksite market to help reinvigorate affiliated and independent agencies who service the large payroll account market. General managers responsible for training are charged with providing training support to our field employees and agencies throughout all territories. Currently, Aflac Japan's 100 sales offices nationwide oversee 18,300 agencies and 94,000 licensed associates.

Contacting Existing Policyholders



Our slogan for this year's sales activities is "Making contact with all policyholders." We have been pursuing alliances between affiliated agencies and individual/independent agencies to invigorate the worksite market since early 2006. We are continuing to promote this type of alliance. However, the Personal Information Protection Law makes it more difficult for individual and independent agencies to gain access to customers at work. So we have seen many cases where alliances haven't worked as well as we would like. In response to this situation, we started an extensive outbound phone call campaign in April 2006 called "Hot Call" to contact our existing policyholders. With this new type of alliance between Aflac and both affiliated and independent agencies, Aflac can make a phone call directly to existing policyholders, provide policy maintenance service, and make additional sales. We have also formed alliances for agencies with clients who live far from the agency, but still want face-to-face consultation. In this case, the agency can tie up with an individual or a service shop that is located near the client.

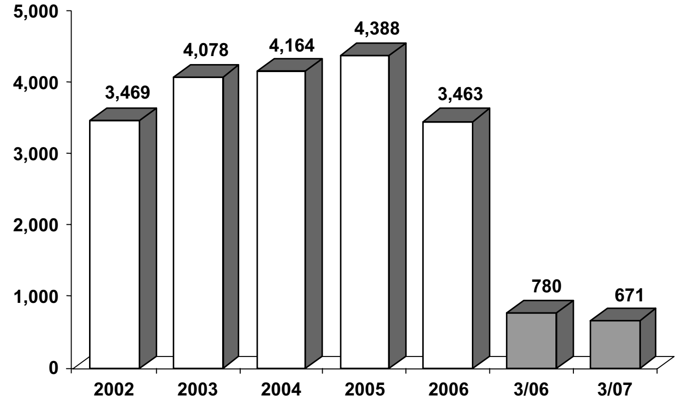
Strengthening the Approach to Existing Policyholders



By contacting our 18 million policyholders, we can improve customer satisfaction and increase sales of affiliated and independent agencies. One improvement we have made is with a specific mail we send to our policyholders once a year. Previously, we sent it primarily for policy maintenance-related issues. Starting this June, we will change its name from "Hot Mail" to "Aflac Mail" and will begin to include product information that will match the customer needs with our products based on a segmentation analysis of age and the current coverage of the customer.

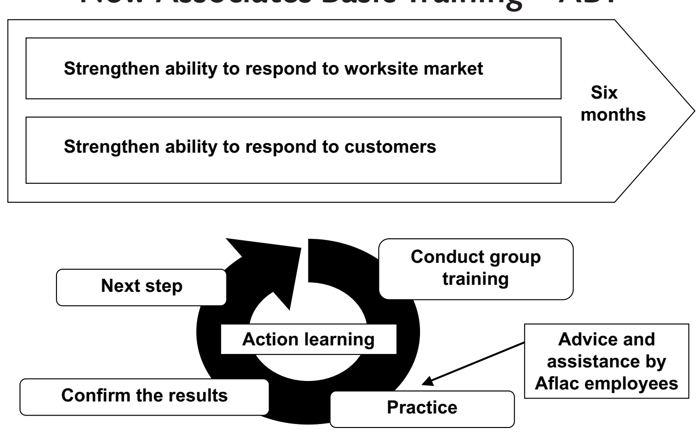
This change will benefit us in two ways. First, we can make direct contact with many more policyholders. If a policyholder wants to discuss insurance needs, Aflac will pass this information on to an agency that will be able to market our products more effectively through face-to-face consultations. Second, Aflac and its agencies can better divide their roles by having Aflac offer products and receive application forms, while agencies follow up on other processes until a policy is actually issued. Also, by implementing follow-up phone calls to policyholders of age 50 and over, we can also expect to communicate more effectively with our older policyholders, who are more likely to be at home during the daytime.

Recruitment of New Agencies



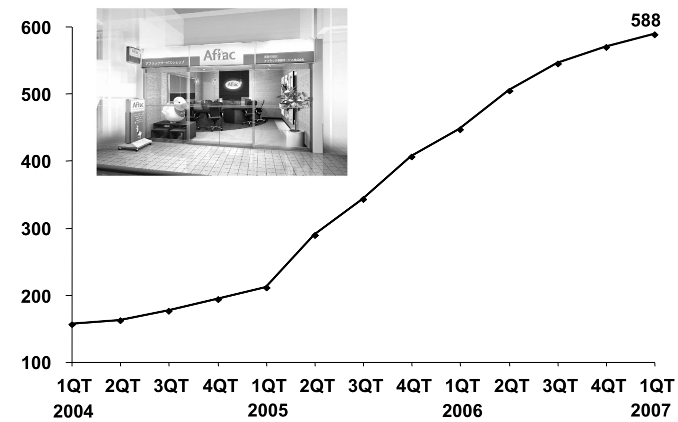
As you can see, the number of newly recruited agencies declined last year and in the first quarter. One of the reasons for this decline is due to the tight labor market in Japan that has emerged as a result of Japan's economic recovery. In response to this situation, we introduced an advanced commission structure in October 2006, and we are aggressively promoting it this year. Aflac Japan generally pays commissions to agencies the month after premiums are collected, which means in many cases, agencies may have to wait three or four months after an application is submitted before they receive payment. This new advanced commission structure allows them to receive 80% of the first-year commission just one month after the submission of an application. In addition, we plan to implement a new program in the second half of this year that will result in commission payments every ten days. We believe the new commission structure will help agency recruitment as well as enabling our sales associates to be more productive.

New Associates Basic Training – ABT



We also believe improved training will enhance agent productivity. You'll recall that we initiated the New Associates Basic Training, or New ABT, last November. The New ABT is aimed at improving the skills of our sales associates by focusing their activities on the direct market and small- to medium-sized companies. We also focus on face-to-face consultation skills to potential customers. This training occurs over a six month period and is based on a format of repeated group training and visits with potential customers. At the end of March, 1,500 licensed associates had started ABT and some 3,000 people are expected to take part in the training this year. Although it is still too early to comment on any specific results of the training program because it has only been in place for a short time, we have received positive feedback from our associates and we believe our training will be effective.

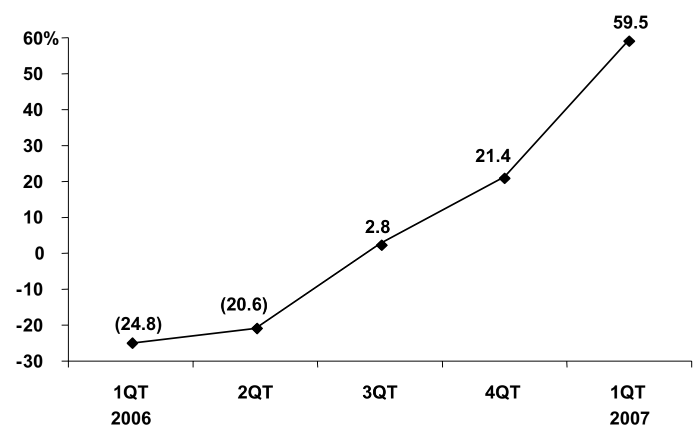
Number of Service Shops



Aflac pioneered the development of service shops, which provide an environment that enhances face-to-face consulting sales efforts. At the end of March, our agencies operated 588 service shops around the country. Aflac will open two additional service shop training centers this year to assist agencies in improving the quality of their service. Affiliated corporate agencies have also been opening service shops. For example, the company that operates Tokyo's subway system has service shops at subway stations, which naturally attract a large number of customers.

Sales Growth in the Hojinkai Market

(Quarterly Growth Rates)



As we discussed last year, we have been increasing our focus on the Hojinkai market. In 1983 we began selling through Hojinkai, which is an association of about 1.1 million small- to medium-sized businesses throughout the nation. Until mid-2006, we were only selling third sector products to the Hojinkai market. However, since last year we have been permitted to offer our first sector products. As a result, new sales in this market have improved. As we increase the number of licensed associates who have participated in the New ABT program, we expect the volume of new sales in the Hojinkai market to continue to increase.

Television Commercials

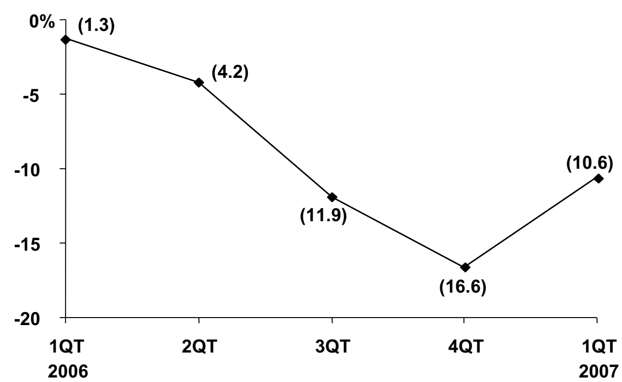
EVER

Cancer

I am sure you are not surprised that we have continued to employ the Aflac Duck in television commercials. In the commercials that promote our cancer life policy, we feature Ms. Miyashita, who currently works as a licensed associate at a service shop. Ms. Miyashita sells our insurance products while undergoing outpatient cancer treatment. In addition to television commercials, we are using newspaper and Internet advertisements to raise cancer awareness and communicate the need for our cancer coverage.

Aflac Japan New Annualized Premium Sales

(Quarterly Growth Rates)



As we reported in April, new sales for the first quarter were down 10.6% compared with the first quarter of 2006. Although sales again declined, we had expected a drop in sales. And the rate of decline was significantly less than in the fourth quarter of 2006.

Marketing Objectives for 2007

Distribution Channel

- Alliance between Aflac and agencies
- Strengthen training for individual agencies and licensed sales associates
- Enhance service shops
- Strengthen overall sales organization

Product

- Promote cancer insurance
- Develop new products

Market

- Strengthen approach to existing customers
- Individual and Hojinkai markets

To increase sales in second half of 2007 and position Aflac Japan for improved sales growth in 2008

By continuing to focus on improving the effectiveness of our distribution and expanding our product line, we hope to produce a sales increase in the second half of the year. In addition, we believe we can improve our sales momentum in 2008 as bank distribution is available to us.

It's clear that we remain in a challenging market. Nevertheless, we are confident that Aflac is in a strong competitive position in the fastest growing sector of Japan's insurance market. We are convinced the underlying consumer need for the third sector products is intact and should actually expand as Japan's elderly population increases and pressure continues to mount on the health-care insurance system.

Aflac Japan Bank Channel Preparations

Hisayuki Shinkai
First Senior Vice President, Aflac Japan

I'll cover the sale of insurance products through the bank channel. Let me start with the current status of the bank channel and the bank channel market in Japan.

Financial Institutions in Japan

	No. of Institutions	No. of Branches Total	No. of Branches per Institution	No. of Employees Total	No. of Employees per Institution
Mega banks	4	2,298	575	78,143	19,536
Other major banks	7	456	65	25,710	3,673
Regional banks	64	7,515	117	124,737	1,949
2nd-tier regional banks	46	3,281	71	48,079	1,045
Shinkin banks	287	7,777	27	114,231	398
Total	408	21,327	52	390,900	958

In Japan, there are a total of 408 banks, which includes mega banks, regional banks and credit, or Shinkin banks. In addition, there are cooperative financial institutions, such as credit associations and agricultural cooperatives, which tend to be very small in size. As a result, the aforementioned 408 banks basically represent the target market for Aflac's products. The 408 banks have a total of approximately 21,000 branches and more than 390,000 employees. These numbers point out the tremendous size of the bank channel.

The mega banks include Mizuho, Tokyo-Mitsubishi UFJ, and Sumitomo Mitsui. They are large-scale banks with an average of 575 branches at each bank. These banks offer a wide range of operations throughout the nation, from investment banking to wholesale, retail and private banking. In retail banking, the mega banks make use of their vast branch networks to make over-the-counter sales and sales by phone and the Internet. They also emphasize private banking with affluent individuals as well. Mega banks have recently been opening a number of what they call "consulting plazas" dedicated to consulting sales of personal loans and investment products. While the three banks I mentioned earlier are usually referred to as "mega banks," we have added a fourth bank, Resona, to the list of mega banks in the slide. Resona shares characteristics of the other three mega banks such as an extensive nationwide network for both wholesale and retail banking operations.

Regional banks have strong business foundations in their respective regions with strengths in lending to local large and medium-sized businesses as well as in retail banking. In the retail division, door-to-door sales are the second-largest channel after over-the-counter sales through their branches. Regional banks based in the Tokyo metropolitan area have retail banking businesses similar in scale to mega banks. Recently, they have also started to emphasize Internet banking and telephone banking.

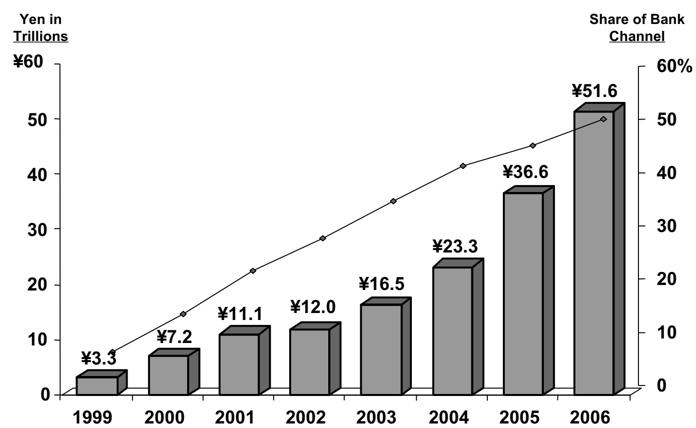
Shinkin banks are cooperative financial institutions specializing in banking services for medium to small regional businesses and individuals. Their sales activities are deeply rooted in local communities, and door-to-door sales make up a significant part of their retail business.

History of Bank Sales

December 1998	Investment Trusts first offered
April 2001	Long-term fire insurance related to housing loans, etc.
October 2002	Individual annuity, savings-type accident insurance with annuity, etc.
December 2005	Single premium whole-life, single-premium endowment insurance, etc.
December 2007	All remaining insurance products

Sales of financial products through the bank channel began when the ban on the sale of investment trust products was lifted in December 1998. Since then, deregulation has accelerated. The ban on the sale of housing loan-related long-term fire insurance was lifted in 2001. The sale of individual annuity products was allowed beginning in October 2002, and single-premium whole-life insurance and endowment insurance starting in December 2005. Finally, the remaining restrictions on the sale of insurance products by banking institutions are scheduled to be fully eliminated in December 2007. That includes third sector products.

Investment Trust Sales by Bank Channel

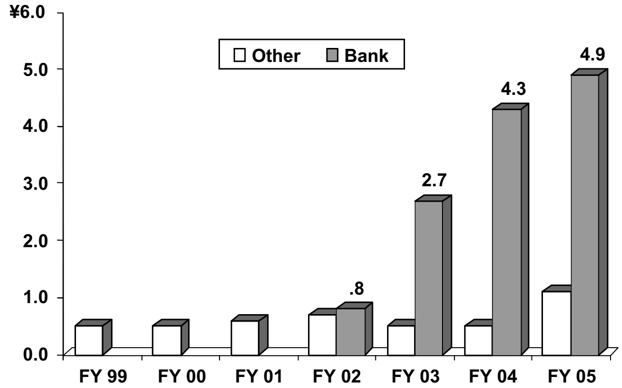


Source: Investment Trusts Association of Japan

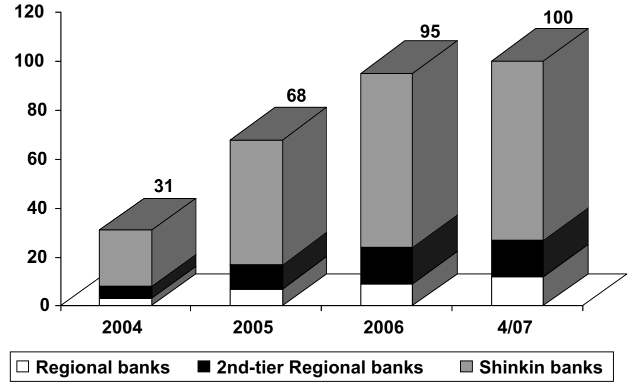
Investment trust products provide the best example to illustrate the potential of the bank channel. Since the ban on investment trust sales through the bank channel was lifted in 1998, their balance has grown significantly. In December 2006, bank sales of investment trusts overtook sales through traditional channels such as securities companies. Total market value of the investment trusts sold through the bank channel reached ¥51.6 trillion as of December last year, accounting for 50.6% of the total market value of investment trusts.

Individual Annuity Sales by Channel

(First Year Premium, Yen in Trillions)



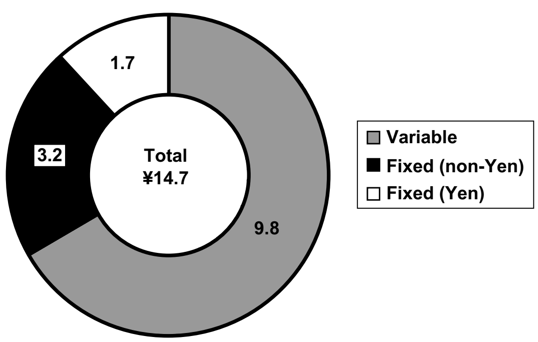
Number of Financial Institutions Selling Aflac Products



Sales of individual annuities through the bank channel are also expanding. Before the ban on selling individual annuities through the bank channel was lifted, sales on an initial-year premium income basis were limited to ¥500 to ¥600 billion a year. However, once the ban was lifted, sales through the bank channel grew rapidly, with sales reaching ¥4.9 trillion yen in fiscal year 2005. That is about five times the sales through other channels.

Cumulative Sales of Annuity Products by Bank Channel

(10/02 - 9/06, Yen in Trillions)



Source: Insurance Daily News

Moreover, on a cumulative basis from October 2002 through September 2006, sales of individual annuities totaled ¥14.7 trillion. Of the total, variable annuities amounted to ¥9.8 trillion, or 66% of the total, and fixed annuities accounted for 34%. Of the fixed annuities, ¥3.2 trillion or 22% of the total is foreign-currency-denominated products, and ¥1.7 trillion or 12% of the total is yen-denominated products.

Most variable and fixed annuities are single premium products. And many banks, such as mega banks and regional banks, only handle single-payment products as they generate high commissions at the time of sale. Aflac only offers yen-denominated, level-premium, fixed-annuity plans, which account for less than 1% of the total in terms of value.

Even in this environment, 100 financial institutions are currently selling Aflac's individual annuity products. This figure, which was 31 institutions in December 2004, had more than doubled to 68 after one year and tripled to 100 within a span of two years.

Relationships with Banks

	Business with Affiliated Corporate Agencies			Bank Employees Related Business	
	No. of Affiliated Corporate Agencies	No. of Cancer Policies in Force*	No. of Cancer Policy-Holders*	No. of Bank Employees*	Coverage
Mega, long-term credit and trust banks	9	1,659	63	104	61%
Regional banks	62	505	80	125	64
2nd-tier Regional banks	43	231	28	48	59
Shinkin banks	145	198	46	114	40
Total	259	2,593	217	391	56

*In thousands

One of the reasons for the growth in the number of financial institutions offering our products can be attributed to the expectations those financial institutions placed on Aflac ahead of the deregulation of bank sales for third sector products. Some of the regional banks started selling Aflac's level premium annuity products to have their employees become familiar with level premium products in advance of Aflac providing them with level premium third sector products. However, we believe a major reason is the long-standing relationships Aflac has developed throughout the banking industry. We have been conducting business through bank-affiliated corporate agencies for more than 30 years by selling third-sector insurance products to bank executives and employees.

Through affiliated corporate agencies, Aflac Japan has established business relationships with nine of the major

11 banks, 62 out of the 64 regional banks and 43 of the 46 second-tier regional banks. As for Shinkin banks, 145 of 287 have their affiliated corporate agencies selling Aflac products. In total, Aflac Japan has affiliated corporate agency relationships with 259 banks, or about 63% of the total number of banks in Japan.

These close business relationships have helped expand the number of cancer insurance policies in force sold by bank-affiliated corporate agencies. Currently, bank-affiliated agencies are responsible for 2.59 million cancer policies, accounting for about 28% of the total 9.22 million policies in force sold through all our affiliated corporate agencies in Japan. That demonstrates how powerful the bank channel is. Perhaps more important, 217,000 people, or about 56% of the bank employees and executives, are Aflac cancer insurance policyholders.

Aflac has long-standing relationships with many banks and bank-affiliated corporate agencies. And more than half of the bank employees and executives have purchased Aflac insurance products and have a sense of affinity with Aflac products. I believe the strong relationship with banks developed over the last 30 years is a unique strength of Aflac.

Banks' Points of View

- **Well-branded company and products**
- **Simple products and higher commissions**
  - **» Cancer life**
  - **» EVER**
  - **» WAYS**
- **Sales support and policy maintenance**
  - **» 100 branches nationwide**
  - **» 1,200 field sales employees**
  - **» 1,200 contact center operators to be hired**
  - **» Policy maintenance system**
  - **» Claims payment system**

To help us fully prepare for the upcoming bank channel deregulation, I have been visiting banks virtually every day since the beginning of this year. Our CEO, Mr. Amos, also makes it a point to visit banks and meet with the management every time he is in Japan. Out of the 408 financial institutions now in Japan, I have met with the management of all mega banks in addition to almost all regional banks and second-tier regional banks. I have also met with the management of more than two-thirds of the Shinkin banks, and listened to their needs regarding sale of third-sector products. From these visits, I believe there are three important points for banks to actively sell third-sector products. And I further believe that Aflac Japan comfortably meets these requirements.

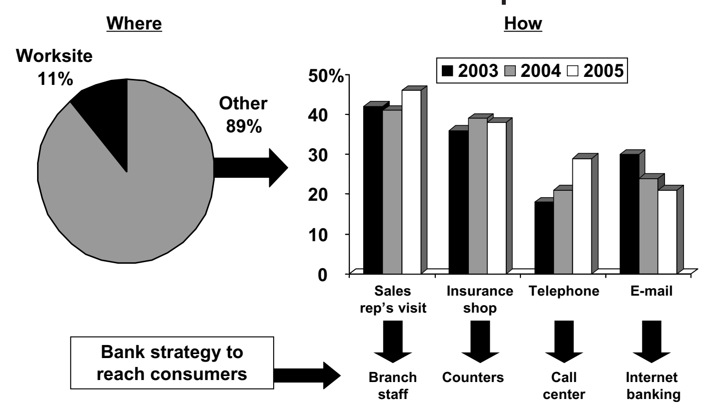
First, the insurance company and product must be well recognized by bank customers. Aflac Japan has achieved a high level of brand power and customer recognition through its TV commercials. As Mr. Matsumoto indicated, Aflac is the number one insurance company preferred by consumers when purchasing medical and cancer insurance.

Second, the insurance product must be easy to explain to the bank customer and must offer high commissions to those who sell it. Aflac's products are very simple, and the commission levels paid by Aflac are high. We plan to modify our cancer policy, EVER and WAYS for the bank channels in order to meet banks' needs for sales promotion and policy administration procedures. All three products have high customer recognition and strong consumer interest for purchase.

And third, the insurance company must provide strong sales support. Aflac Japan has 100 offices across Japan with about 1,200 field sales employees. We have also been expanding our contact center and plan to increase the number of operators to 1,200 by the end of this year. These sales offices, field employees and contact center will be supporting insurance sales by banks.

In addition, Aflac has established a sound system and business model for the maintenance of policies and payment of insurance benefits. In the one-year period from April 2005 through March 2006, we paid a total of ¥354.7 billion in insurance claims and benefits, which translates to an average of ¥1.4 billion payment per business day. Of the total, hospitalization benefits were ¥178.7 billion, or ¥700 million per business day. Aflac Japan has paid out the highest level of hospitalization benefits among Japan's life insurance companies for more than 10 years. I am confident that the infrastructure and expertise that we have developed over 30 years is more than sufficient in responding to the expectations of financial institutions.

Consumers' Preference for Explanations



Source: Internal Data

As this slide demonstrates, our research shows that 89% of consumers prefer to receive explanations on insurance products through an avenue other than the worksite. They want to have face-to-face conversations with a sales representative either in their home or at an insurance shop. Direct sales through the phone and e-mail are also acceptable ways to reach consumers. Aflac has been responding to this type of consumer preference by expanding the individual agency channel, opening service shops, and improving online sales through aflacdirect.com.

Banks are also developing channels that are compatible with Aflac's approach. At banks, sales reps who actually visit customers at their home and tellers who work at branches also conduct face-to-face sales. In addition, banks are making every effort to improve remote channels, such as call centers and Internet banking. I believe we can apply the business model we have developed to bank sales, which means our traditional channel is compatible with the bank channel.

Sales Approaches by Type of Bank

Mega and <u>major banks</u>	**Direct mail Internet Consulting**
Regional and <u>Shinkin banks</u>	**Over-the-counter Home-visit**

We look for the sales approach for insurance products to vary depending on type of bank. For example, major banks, including mega banks, focus on sales efficiency and place importance on mass sales through mail order, the Internet and consulting sales at their branches. Although regional and Shinkin banks will sell over-the-counter, they are expected to put more emphasis on consultative sales at the home so they can also be focused on selling hybrid products such as WAYS. In either case, Aflac has the infrastructure and know-how to become a financial institution's best partner by making use of its brand recognition to the fullest extent and providing flexible response to the sales channel strategies of each bank.

I hope this presentation has helped you understand the preparations we are making and the strengths we bring to the bank channel. Aflac Japan has been making frequent visits to the 408 banks throughout Japan with an objective of promoting the sale of our products through bank channels. With Aflac's brand strength, our easy-to-understand products, our high commissions, and our sales and administrative support structure, I believe we should be able to meet the needs of these banks. I am confident that we will be competitive when the lifting of the ban on insurance sales by bank channel takes place.

Aflac Japan's Product Line

(as of 4/30/07)

Cancer Life - 21st Century Cancer (Best Plan)

(One Unit, Individual Coverage)

Benefits:		
First occurrence	¥1,000,000	$ 8,333
Hospitalization/day	10,000	83
Surgical	200,000	1,667
Advanced medical treatment	60,000 to 1,400,000	500 to 11,667
Outpatient/day	5,000	42
Special outpatient/day	5,000	42
Terminal/care	100,000	833
Terminal/day	5,000	42
Cancer death	100,000	833

Sample Premium (Monthly Group Rate):		
30-year-old male	¥1,913	$ 15.94
40-year-old male	2,701	22.51
50-year-old male	3,862	32.18

Rider MAX 21 (Whole life, No CSV)

Benefits:		
Non-cancer:		
Sickness or accident hospital/day	¥ 5,000*	$ 42
Surgical	50,000 to 200,000	417 to 1,667

*Covers overnight hospital stay. Maximum days per hospital stay is 124. Maximum lifetime days is 1,004.

Sample Premium (Monthly Group Rate):		
30-year-old male	¥1,845	$ 15.38
40-year-old male	2,340	19.50
50-year-old male	3,180	26.50

EVER (Stand-alone whole life medical)

Benefits:		
Hospitalization/day	¥ 10,000*	$ 83
Surgical	100,000 to 400,000	833 to 3,333

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

Sample Premium (Monthly Group Rate):		
30-year-old male	¥3,520	$ 29.33
40-year-old male	4,460	37.17
50-year-old male	6,050	50.42

Aflac Japan's Product Line (con't)

(as of 4/30/07)

EVER Half (Stand-alone whole life medical)

Benefits:

Hospitalization/day	¥ 10,000*	$ 83
Surgical	100,000 to 400,000	833 to 3,333

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

**Benefits remain the same over the life of the policy.

Sample Premium (Monthly Group Rate):

Premium cut in half from age 60**		
30-year-old male	¥ 3,760	$ 31.33
40-year-old male	5,020	41.83
50-year-old male	7,800	65.00

Premium cut in half from age 65**		
30-year-old male	¥ 3,680	$ 30.67
40-year-old male	4,760	39.67
50-year-old male	6,980	58.17

EVER Bonus (Stand-alone whole life medical with CSV)

Benefits:

Hospitalization/day	¥ 10,000*	$ 83
Surgical	100,000 to 400,000	833 to 3,333
Death/severe disability	1,000,000	8,333
No-claim bonus	100,000***	833

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

**Benefits remain the same over the life of the policy.

***Paid every 10 years unless the hospitalization benefit was paid for 10 or more consecutive days.

Sample Premium (Monthly Group Rate):

Premium cut in half from age 60**		
30-year-old male	¥ 7,320	$ 61.00
40-year-old male	9,590	79.92
50-year-old male	14,230	118.58

Premium cut in half from age 65**		
30-year-old male	¥ 7,060	$ 58.83
40-year-old male	9,030	75.25
50-year-old male	12,750	106.25

EVER Paid Up (Stand-alone whole life medical)

Benefits:

Hospitalization/day	¥ 10,000*	$ 83
Surgical	100,000 to 400,000	833 to 3,333

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

Premium paid up at age 60 (Monthly Group Rate):		
30-year-old male	¥ 4,540	$ 37.83
40-year-old male	6,860	57.17
50-year-old male	14,300	119.17

Premium paid up at age 65 (Monthly Group Rate):		
30-year-old male	¥ 4,120	$ 34.33
40-year-old male	5,780	48.17
50-year-old male	9,860	82.17

Care Master

(One Unit, Individual Coverage)

Benefits:

Care annuity/year	¥ 240,000	$ 2,000
Lump-sum care benefit*	50,000	417

*First year only

Sample Premium (Monthly Group Rate):		
30-year-old male	¥ 1,224	$ 10.20
40-year-old male	1,680	14.00
50-year-old male	2,352	19.60

Ordinary Life (Basic plan)

Benefits:

WAYS

Payment through age 60	¥5,000,000	$ 41,667

Sample Premium (Monthly Direct Rate):		
30-year-old male	¥ 9,040	$ 75.33
40-year-old male	14,665	122.21
50-year-old male	31,205	260.04

Whole Life

Payment through age 60	¥5,000,000	$ 41,667

Sample Premium (Monthly Direct Rate):		
30-year-old male	¥ 9,935	$ 82.79
40-year-old male	15,725	131.04
50-year-old male	32,455	270.46

Note: Premiums in dollars reflect exchange rate of ¥120=$1.

Corporations Supporting Aflac Japan

(as of 4/30/07)

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

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

Textiles
- # Toyobo Co., Ltd.
- ▶ # Kanebo, Ltd.
- # Renown, Inc.
- # The Japan Wool Textile Co., Ltd.
- # Wacoal Holdings Corp.
- # Teijin Ltd.
- # Mitsubishi Rayon Co., Ltd.
- # Kuraray Co., Ltd.

Paper & Pulp
- # Oji Paper Co., Ltd.
- # Nippon Paper Group, Inc.
- # Mitsubishi Paper Mills, Ltd.

Chemicals
- # Mitsui Chemicals, Inc.
- * Showa Denko K.K.
- # Sumitomo Chemical Co., Ltd.
- # Ube Industries, Ltd.
- # Kao Corporation
- # Dai-ichi Sankyo Co., Ltd.
- # Takeda Pharmaceutical Co., Ltd.
- # Sionogi & Co., Ltd.
- # Astellas Pharma, Inc.
- # Shiseido Co., Ltd.
- ▶ # Otsuka Pharmaceutical Co., Ltd.
- # Mitsubishi Chemical Holdings Corp.
- # Daicel Chemical Industries, Ltd.
- # Sekisui Chemical Co., Ltd.
- # Asahi Kagaku Kogyo Co., Ltd.

Oil & Coal Products
- # Cosmo Oil Co., Ltd.
- # Nippon Oil Corporation
- # Showa Shell Sekiyu K.K.
- * Tonen General Sekiyu K.K.

Rubber Goods
- * Bridgestone Corp.

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

Iron & Steel
- # Nippon Steel Corporation
- # JFE Holdings
- # Sumitomo Metal Industries, Ltd.
- # Kobe Steel, Ltd.

Non-ferrous Metals
- # Mitsubishi Materials Corporation

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

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

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

Precision Machinery
- # Canon, Inc.
- # Konica Minolta Holdings, Inc.
- # Nikon Corp.
- # Citizen Watch Co., Ltd.
- * Seiko Corp.
- # Ricoh Co., Ltd.

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

Commerce
- # Mitsui & Co., Ltd.
- # Itochu Corporation
- # Marubeni Corporation
- # Toyota Tsusho Corporation
- # Sumitomo Corporation
- # Mitsubishi Corporation
- # Sojitsu Corporation
- # Mitsukoshi, Ltd.
- # The Daimaru, Inc.
- # The Daiei, Inc.
- # AEON Co., Ltd.
- ▶ # Skylark Co., Ltd.
- # Takashimaya Co., Ltd.
- # Tokyu Department Store Co., Ltd.

Long-Term Credit Banks, City Banks
- # The Shinsei Bank, Ltd.
- # Mizuho Financial Group, Inc.
- # Mitsubishi UFJ Financial Group, Inc.
- # The Sumitomo Mitsui Banking Corporation
- # Resona Holdings, Inc.

Securities, Non-life Insurance
- # Daiwa Securities Group, Inc.
- # Nikko Cordial Corporation
- # Nomura Holdings, Inc.
- # Mitsui Sumitamo Insurance Co., Ltd.
- # Millea Holdings, Inc.
- * Nippon Koa Insurance Co., Ltd.
- # The SMBC Friend Securities Co., Ltd.

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

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

Electricity & Gas
- # The Tokyo Electric Power Co., Inc.
- # The Kansai Electric Power Co., Inc.
- # Chubu Electric Power Co., Inc.

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

Legend

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

Aflac Japan Administration

Hiroshi Yamauchi
First Senior Vice President; Chief Administrative Officer,
Aflac Japan

I will cover information regarding Aflac Japan's efforts to provide the best customer service, while at the same time maintaining low-cost operations from an administrative perspective.

Let me start with Aflac Japan's low-cost operations by showing you a couple of statistical comparisons between Aflac Japan and our competitors.

Maintenance Expenses Per Policy in Force

(FSA Basis, 3/06)

Rank by Assets		General Operating Expenses (In Millions)*	Policies in Force (In Thousands)	Cost Per Policy
1	Nippon	¥240,737	13,411	¥17,950
2	Dai-ichi	181,387	11,498	15,775
3	Meiji Yasuda	180,254	9,666	18,648
4	Sumitomo	165,240	9,128	18,102
6	Taiyo	50,258	3,368	14,922
10	Alico	58,127	5,273	11,023
11	Aflac	77,288	17,801	4,341
15	Sony	26,306	3,815	6,895
18	Tokio Anshin	29,770	1,820	16,357

*Excludes commissions
Source: Disclosure statements from each company

As you can see, our maintenance expenses per policy in force are considerably lower than those of any of our competitors. These costs refer to general administrative costs, excluding renewal commissions paid to sales agencies.

I would like to remind you that Aflac Japan continues to rank as the number one life insurance company in Japan in terms of the number of individual policies in force. Furthermore, the number of policies in force used to calculate operating cost per policy of Aflac Japan does not even include the number of riders, which makes the figure of ¥4,341 for Aflac Japan even more remarkable.

Number of Policies Per Administrative Employee

(FSA Basis, 3/06)

Rank by Assets		Administrative Employees	Policies in Force (In Thousands)	Policies per Employee
1	Nippon	10,754	13,411	1,247
2	Dai-ichi	9,253	11,498	1,242
3	Meiji Yasuda	8,755	9,666	1,104
4	Sumitomo	8,149	9,128	1,120
6	Taiyo	2,704	3,368	1,245
10	Alico	2,687	5,273	1,962
11	Aflac	2,967	17,801	5,999
15	Sony	957	3,815	3,986
18	Tokio Anshin	1,156	1,820	1,574

Source: Disclosure statement from each company

This table shows the number of policies in force per administrative employee. As you can see, Aflac Japan also achieves efficient operations through employee productivity. This measure shows that our employees administer about five times the number of policies in force, compared with other large domestic life insurance companies. This difference in productivity helps explain why we maintain a low-cost-operation advantage.

Efficiency Improvement Measures by Leveraging IT

- **AANET**
- **e-App**
- **eco**
- **Aflac Net Billing**

A key to efficient business operations is reducing costs without negatively affecting quality. In order to achieve this goal, Aflac Japan and Aflac U.S. have been sharing best practices for many years and implementing specific initiatives by leveraging IT solutions. Let me give you an idea of how some of our actions are benefiting Aflac Japan's operations.

The first topic is AANET, a system Aflac developed and launched in 2000 that provides various information and services from Aflac to sales associates via the Internet. AANET allows creation of premium quotes, verification of the policyholders' policy status and downloading of policy maintenance related documents along with many other services. AANET is also used as a sales support tool for activities like suggesting suitable additional policies or riders by enabling us to extract customer data by various keys such as product, age, address, or group attributes.

It is also considered an important tool, especially for achieving paperless operations. For example, manuals are provided through AANET for sales associate training as well as the announcements from Aflac.

The next initiative I would like to touch upon is e-App®, a system that allows the electronic submission of an application instead of using traditional paper-based forms. This system, which is modeled after Aflac U.S.'s SmartApp®, was launched in 2003 as a pilot program followed by a full-scale promotion to all sales agencies. At the end of March 2007, 4,370 agencies were using e-App, and 20.0% of applications were submitted through this electronic system in the first quarter of this year.

Since 2001 we have been using eco, a tool designed to easily create applications by downloading the form from AANET. While e-App is used for face-to-face applications with a customer, eco is a convenient tool that can be used even for non-face-to-face applications. By the end of March 2007, 8,541 associates were using eco, and it accounted for 14.6% of the overall applications in the first quarter of this year.

It is easier for customers to fill out the application form using eco because only limited sections such as the declaration along with a few other sections need to be completed and signed. For associates, the burden of inventory control is less. Furthermore, data entered upon application is stored in Aflac's servers and can be reused at a later point, which leads to an efficient processing after receiving the application from the customer.

The fourth initiative I will highlight is the Aflac Net Billing system. This system was developed to replace the monthly paper bills we send to our payroll accounts. At the end of the first quarter, more than 11,400 payroll accounts had adopted the Net Billing system, compared with 7,947 a year ago.

Aflac Contact Center

Aflac Contact Center

Aflac Call Center
(Inquiries from existing policyholders)

Aflac Sales Support Center
(Inquiries from prospective consumers)

Outbound Center – Hot Call Center
(Outgoing calls to existing policyholders)

Associates Support Center
(Inquiries from sales agencies)

In addition to leveraging IT, we have been implementing new ways of doing business as we strive to improve efficiency. One example of this was the consolidation of the contact center.

Previously, we had a call center for existing policyholders, the Aflac Sales Support Center, to answer prospective customer inquiries related to newspaper advertisements. We also had an outbound center which was called the Hot Call Center where the calls were made to policyholders as follow-up to mail that promotes new business. Finally, we had the Associates Support Center where we responded to inquiries from sales agencies. In 2006, we consolidated these organizations to establish the Aflac Contact Center.

Benefits of Establishing the Aflac Contact Center

- **Sharing IT infrastructure**
- **Flexible human resource allocation**
- **Sharing knowledge and skills**
- **Deterring cancellations and increasing sales opportunities**

We gained several benefits from establishing the Aflac Contact Center. By sharing IT infrastructure, which used to be operated separately before consolidation, detailed customer information can be shared among the centers, which enables our representatives to provide better service to the customers. Human resource allocation has become more flexible, and knowledge and skills sharing are becoming much more active too.

In addition, we are combining our outbound customer service calls with associates' sales activities. This approach is especially useful for us to deter any cancellations from customers who are retiring. The initial outbound call is for policy administration purposes, but we are able to also use this opportunity to assess any additional insurance needs the customer may have. Brochures and materials are immediately sent if the customer demonstrates an interest in purchasing an additional policy or rider, and a sales associate then follows up with the customer. As Matsumoto-san covered in his presentation, we are eager to maximize the potential of the Aflac Contact Center function this year to help contribute to the growth of new business.

Mainframe Consolidation Project (MCP)

MCP benefits:

- **Reduced operational costs**
- **More effectively use new technology**
- **Greater access to third-party development tools**
- **Enables better application and data integration between core systems**
- **Significant performance increases improve services to our business users**

On November 6, 2006, Aflac Japan successfully completed the Mainframe Consolidation Project, known as MCP. As the name implies, this project's goal was the consolidation of our two core processing applications, ATLAS and NAPOLEON, onto one mainframe system. While these systems were able to integrate and work together, this environment created complexity and inefficiencies in development and operational management. Successful completion of the MCP was a critical milestone for our future IT plans for further improvement.

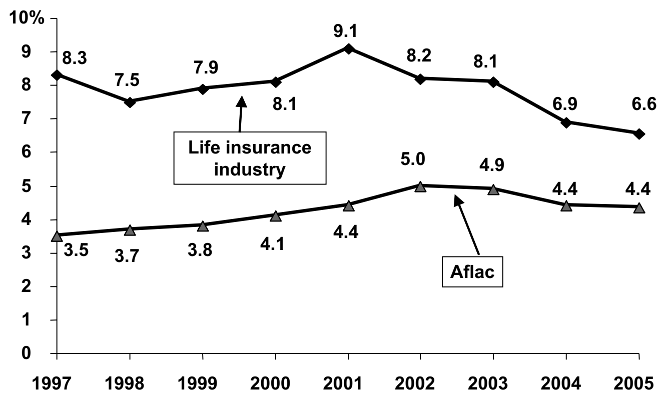
There are several benefits from the consolidation. First, by eliminating duplicative systems and operations, we will experience lower costs. Our intent is to leverage these savings to further improve our systems through other infrastructure and application initiatives. Second, we are able to more effectively use new technologies. Third, by migrating to the IBM environment, we also have greater availability of third party management and development tools. We have already begun leveraging these tools to improve our operational management and development processes.

Fourth, from a future development perspective, creation of a single mainframe environment enables greater application and data integration between our core systems. Through a series of new initiatives, we believe that further improvement of development and support capabilities will strengthen Aflac's ability to accelerate delivery of new and innovative products.

Finally, significant performance increases are helping to improve services to Aflac's business users. In some cases, MCP has resulted in lowering processing times. For some tasks users are reporting speeds that are four to ten times faster than before consolidation. These improvements were experienced by on-line users as well as in our nighttime and month-end processing.

Surrender and Lapse Rates

(Individual Insurance Only, FSA Policy Basis)

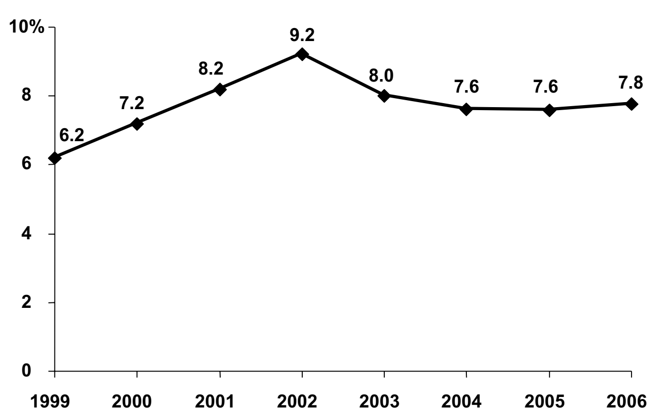


Source: Japan Institute of Life Insurance

We are continually working to preserve our in-force business. This graph shows our surrender and lapse rates for individual insurance policies. Although the rates of Aflac Japan have been far lower for many years when compared with the industry average, they had been gradually increasing from 1997 until 2002. The figure began improving in 2003, and we were able to maintain the figure of 4.4% in 2005, which was the same level as what we achieved in 2004.

Ratio of Not-Taken Policies

(Percentage of All New Applications)



Source: Internal data

We are making a serious effort to reduce not-taken policies, which is a policy that we are unable to issue for various reasons. In order for our sales agencies to get a better sense of not-taken policies, we have been providing them with materials on estimated profit losses on not-taken policies. Sharing this information with agencies has proven to be very beneficial to their efforts at reducing not-taken policies because agencies understand the importance of reducing this number even from their perspective.

The rate of not-taken policy was on the increase until 2002. Thanks to the measures we implemented, it gradually dropped down to 7.6% in 2004 and 2005, although we saw a slight increase in 2006 to 7.8%.

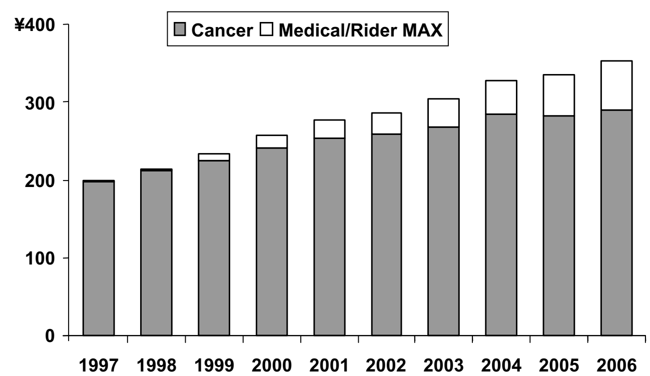
Key Points for Improving Persistency Rates

- **Sales agencies take follow-up action**
- **Communicate the importance of improving persistency rates to sales agencies**

The key to improving persistency rates is to enable our sales agencies, which tend to have closer contact with customers than our headquarters to take appropriate follow-up actions. In order to encourage agencies to take such actions, we emphasize the importance of improving persistency rates. We do this by providing them with the necessary information such as not-taken policy rates, surrender and lapse rates, and successful initiatives of other agencies. By doing so, we can create an environment where they can easily follow up with their customers and improve persistency rates. Ultimately, the agencies benefit because persistency generates a continuation of commission payments.

Claims Payments

(Yen in Billions)



Source: Internal data

This chart shows the actual claims payments in yen between 1997 and 2006. As you can see, the actual payment amount has been growing steadily. In 2006, we paid ¥291.4 billion on 236,000 cancer claims. The total amount of yen paid on medical policies in 2006 was only ¥61.9 billion by comparison, but we made approximately 360,000 payments, which was greater than the number of cancer insurance payments.

Summary of Aflac Claims Review

- **Scope**
  Claims/benefits paid from April 2001 - March 2006
  Number of insured: 1.52 million
  Number of claims filed: 2.57 million
  Number of benefits paid: 4.23 million
- **Review process**
  Duration: April 2006 - April 2007
  Number of reviews: 4
  Departments involved: IT, Claims and Internal Audit
  Total employees involved: 420
  Cost: Approximately ¥1.0 billion
- **Results**
  Error rate: .45%

I know most of you are aware of the claims review process we began working on last year. As a result of an FSA order, Aflac and the entire life insurance industry reviewed all paid claims from April 2001 through March 2006. This involved 1.52 million customers who had filed 2.57 million claims, including 4.23 million benefit payments. We began our review effort in April 2006 and reported the results of our findings to the FSA in April 2007.

The claims payment verification effort was carried out in a four-step process, which involved an automatic check using our IT system followed by manual checking by employees of our Claims Department. In addition, we had our Internal Audit Department conduct an audit of the review procedures. The overall verification effort involved a total of 420 personnel and cost approximately ¥1.0 billion. As we reported, we did find some claims errors that needed to be corrected. However, our error rate was only .45%, which we view as very low given the significant size of our business. We will use the findings from this verification effort to further improve the quality and accuracy of our claims payments going forward.

I would like to emphasize that Aflac Japan is very committed to maintaining an efficient and low-cost operation, while also improving customer service. We continue to believe a low-cost operation is one of Aflac Japan's greatest competitive strengths. Our low-cost operation is a source of pride for our employees at Aflac Japan, and they are all dedicated to pursuing ways to improve our business operation and better serve our customers.

Aflac Japan Investments

W. Jeremy "Jerry" Jeffery
Senior Vice President; Chief Investment Officer

At this meeting last year, I used the word "discipline" to define our core investment philosophy. Aflac's commitment to this philosophy is stronger than ever. While we are constantly reviewing new investment ideas and products, we employ a very consistent discipline in every investment we make. I hope to acquaint you with the building blocks of that process.

Aflac Japan Investment Considerations

- **Aflac investment policy**
- **Product needs**
  - » **Long liability durations**
  - » **Yen-denominated policy liabilities**
- **Credit risk**
- **Aflac Incorporated objectives**

Product needs are what drive our process. We are not in the asset accumulation business, although our traditional cancer life products in Japan do have a small cash surrender value. However, our fixed-benefit supplemental health policies don't share the same characteristics as the majority of U.S. life and health insurers' products. Aflac's very high persistency leads to long liability durations. We back these liabilities primarily with yen assets. Our challenge is sourcing yen-denominated assets with durations that are long enough to match our liability durations. The Japanese market offers limited opportunities for long-duration buyers. As a result, we have created an investment strategy that is likely unique among the companies you follow.

Our investment process begins with credit analysis. We require that all investments receive a thorough credit review and approval. Only then do we analyze their suitability versus our product needs, market pricing conditions, and the overall needs of Aflac Incorporated.

Every investment decision is governed by our global investment policy, which is established by Aflac's Board of Directors. This policy prescribes that we not engage in transactions that are deemed "speculative in nature." As a result we do not purchase securities rated below investment grade, even if our regulations permit such purchases.

Split-Rated Securities

(March 31, 2007)

	Amort. Cost (In Mil)	Moody's Rating	S&P Rating	SVO Class	Inv. Grade or BIG
Tyco Electronics AMP	¥6,000	Ba1	BBB+	2	Inv.
Union Carbide	1,801	Ba2	BBB-	2	Inv.
Total	¥7,801				

Part of our investment discipline is determining when to classify split-rated securities as investment grade or below investment grade. Aflac assigns investment grade or below investment grade status to split-rated securities on a case-by-case basis. The NAIC rating is considered along with other factors, such as whether the security or issuer is watch-listed by one of the major rating agencies for possible downgrade. At the end of March 2007, Aflac Japan had $66.1 million of split-rated securities, which represented only .15% of Aflac's total investments and cash at the end of the quarter.

Aflac Japan Credit Ratings*

	2005	2006	3/07
AAA	2.9%	4.8%	6.6%
AA	37.0	37.9	41.8
A	37.0	38.0	33.0
BBB	21.0	16.6	16.0
BB or below	2.1	2.7	2.6
Total	100.0%	100.0%	100.0%

*At amortized cost

The credit quality of Aflac's portfolio is high. More than 81% of our holdings were rated A or better at the end of March 2007. Of our BBB rated securities, 69% were rated BBB+, 28% were rated BBB and 3% BBB-. This compares with 63%, 31%, and 6% respectively, a year earlier. If a security we hold is downgraded to below investment grade, we employ a specific procedure. First, we move that security to available for sale if it is not already so classified. The unrealized gain or loss on the security then becomes part of shareholders' equity. Our credit team follows with a detailed analysis to determine if the security needs to be impaired. Our below-investment-grade exposure has risen only slightly, from 2.1% at the end of 2005 to 2.6% at the end of the first quarter of this year.

Below-Investment-Grade Holdings

(March 31, 2007, Yen in Millions)

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Ahold	¥ 32,000	¥ 25,854	¥ (6,146)
KLM Royal Dutch Airlines	30,000	27,348	(2,652)
Ford Motor Credit	30,000	27,299	(2,701)
CSAV, Tollo Shipping	24,000	17,230	(6,770)
BAWAG Capital Finance	14,000	12,430	(1,570)
Ford Motor Company	4,824	3,840	(984)
Total	¥134,824	¥114,001	¥(20,823)

Aflac Japan experienced two downgrades to below investment grade in 2006. In August, CSAV, a Chilean shipping and port services operator, received a BB+ rating from Standard & Poor's. In December Moody's downgraded our holding in BAWAG, an Austrian banking group, to Ba1. After extensive one-on-one discussions with both companies and careful scrutiny of each company's prospects, we concluded that we do expect to receive our scheduled principal and interest on time and in full from both issuers. We apply this same scrutiny to each of our below-investment-grade holdings on an ongoing basis. Designating a security as below investment grade does not mean that we immediately write off the difference between fair value and carrying value. We first reference independent pricing sources to assess the fair value of all our below-investment-grade securities. If the fair value is determined to have fallen below our amortized cost, our analysis focuses on whether such a decline is other than temporary.

Aging Schedule of Aflac Japan's Below Investment Grade Holdings

(March 31, 2007, Yen in Millions)

Months Below Investment Grade	Amort. Cost	Fair Value	Unrealized Gain (Loss)
Less than 6 months	¥ 14,000	¥ 12,430	¥ (1,570)
6 to 12 months	24,000	17,230	(6,770)
12 to 24 months	34,824	31,139	(3,685)
More than 24 months	62,000	53,202	(8,798)
Total	¥134,824	¥114,001	¥(20,823)

One consideration for other-than-temporary declines is the length of time a security has been classified as below investment grade. This chart shows an aging schedule of those holdings. The combined net unrealized losses on these holdings was approximately $176 million at the end of March. Although one could argue that any security rated below investment grade for over a year should be considered other than temporary, it is equally valid that industry and economic cycles occur over long periods of time.

Aging of Unrealized Losses on Below-Investment-Grade Holdings

(March 31, 2007, Yen in Millions)

	Unrealized Loss	% Decline from Cost	Number of Months 20% or More Below Cost
Ford Motor Company	¥ 984	20.4%	21
CSAV, Tollo Shipping	6,770	28.2	15
Ahold	6,146	19.2	—
BAWAG Capital Finance	1,570	11.2	—
Ford Motor Credit	2,701	9.0	—
KLM Royal Dutch Airlines	2,652	8.8	—

This aging chart shows that $216 million of our holdings was marked at a 20% decline from book value at the end of March 2007. When you look at these numbers, bear in mind that our ability and intent to hold an investment over a long period of time can mean there is sufficient time for the security to recover in value. Thus, the other-than-temporary decline in value does not necessarily apply.

Aflac's Impairment Policy

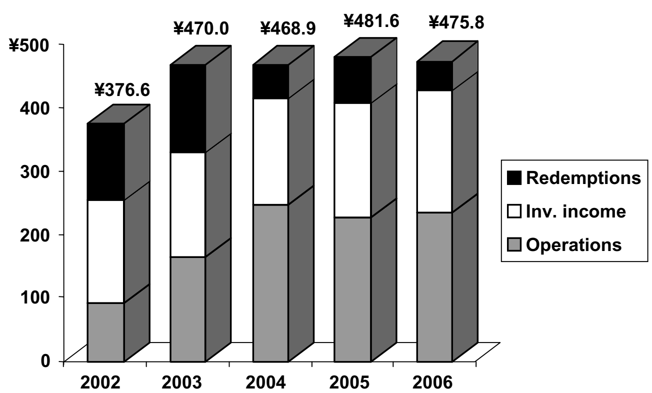
- Percentage decline in value and the length of time during which the decline has occurred
- Recoverability of principal and interest
- Market conditions
- Ability and intent to hold the investment
- Pattern of continuing operating losses of issuer
- Rating agency actions
- Adverse changes in production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

The mission of our credit work is actually quite simple: will our issuers satisfy their principal and interest obligations under the stated terms? Aflac's impairment policy refines the application of that mission into far more specific terms, as you can see. This is the standard we use when deciding whether to impair any debt security.

Since the end of 2000, we have impaired $54 million in bonds and $17 million in equities on a pretax basis. A combination of price declines and detailed credit analyses mandated these impairments. None of these impairments were defaults, and our investment history is evidence of our quick and decisive reaction to any potential credit problems among our holdings.

Investment Cash Flow

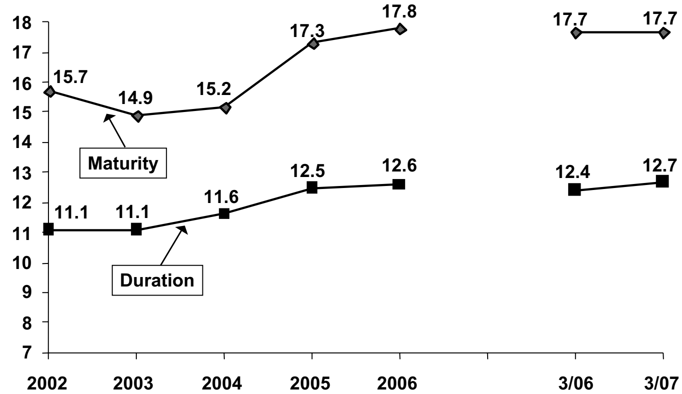
(Yen in Billions)



Let me turn to investment activities. Cash flows for investments totaled ¥475.8 billion, or $4.1 billion in 2006. Of total cash flows for investments, 49.7% came from operations, 40.6% from investment income, and the remaining 9.7% from redemptions. 2006 profit repatriation reduced Aflac's investible cash flow by ¥50.0 billion, or $442 million. We are forecasting our 2007 cash flow to be approximately ¥440 billion. We have one issue that is callable in July, and if called, would add ¥17 billion to our cash flow.

Average Maturity and Duration

(Yen-Denominated, in Years)



We continue to emphasize prudent asset/liability matching to minimize risk to Aflac and to bring value to our shareholders. Because the duration of our liabilities has not materially changed, we still place a high priority on investing in long-duration assets, although we do purchase a limited number of shorter-dated investments that meet our income and quality standards.

Our portfolio duration was 12.7 years at the end of March of this year. This compares with an average duration for Aflac Japan's policy liability cash flows of 13 years at 2006 year-end. Product needs continue to dictate a continued emphasis on long duration investing for Aflac.

2006 Longer-Dated Yen Purchases

	Acquisition Cost (In Billions)	% of 2006 New Money	Yield	Remaining Years
Euroyen	¥285.7	60.0%	2.88%	30.0
RDCs	91.9	19.3	4.21	29.9
JGBs	20.3	4.3	1.57	16.7
Gov't. agency	2.7	.6	2.64	25.8
Industrial/Samurai	3.8	.8	2.87	26.9
ABS, RMBS, CDO	27.2	5.7	3.58	18.3
	¥431.6	90.7%	3.14%	28.5

Because long-duration investments are vital to our investment portfolio, selecting new investments is a priority for our investment team. I covered earlier how our investments are driven by product needs, and I touched on our credit analysis process, as well as the fact that all debt securities must be investment grade at the time of purchase. Once we have completed our credit analysis for a potential new purchase, we then focus on the security structure, the seniority within the issuer's credit structure, and any covenants we deem necessary to be included in the documentation. A high percentage of our privately issued securities employ standard medium-term note documentation and are completely fungible into smaller denominations should the need arise. The majority of these investments are from non-Japanese issuers.

Our Japan and U.S. credit teams, along with Japan and U.S. legal counsel, review and approve all documentation. When we consider an investment in a new asset class or structure, we also consult with our Investment Accounting group to ensure that they understand and are comfortable with the exposure from an accounting perspective. At this point, we move to pricing. We consider several pricing variables, including the state of the interest-rate and currency-swap markets as well as the credit spread of the issuer. We then agree on a price and settlement date, and the security is delivered to the custodian on that date.

You will note a new asset category in this slide. For the first time, we participated in the markets for Japanese residential mortgage-backed securities and collateralized debt obligations. I'll comment more on those investments later.

Aflac Japan's Dollar-Denominated Portfolio
(In Millions)

	Amount	% of Investments and Cash*	Yield
2002	$2,209	7.3%	7.71%
2003	2,525	7.2	7.48
2004	2,714	6.9	7.28
2005	2,903	7.4	7.11
2006	3,117	7.4	7.04
3/07	3,637	8.4	6.88

*At amortized cost

Aflac's dollar denominated portfolio represented 8.4% of Aflac Japan's total investments and cash at the end of March, yet it accounted for 13.7% of total net investment income. Since we hedge a portion of shareholders' equity through the issuance of yen denominated debt, the growth of our dollar-denominated portfolio has been constrained for the past several years. But it has served its purpose well, as have reverse dual currencies in Japan's low-interest-rate environment.

Aflac Japan Dollar-Denominated Mortgage-Backed Securities
(March 31, 2007, in Millions)

		FICO Score	LTV Ratio	Rating
Agency CMOs	$ 60.3	728	71.9%	AAA
Bank of America	5.0	725	65.1	AAA
Countrywide	9.8	722	67.3	AAA
Countrywide	6.6	744	66.7	AAA
Credit Suisse	5.5	731	62.9	AAA
First Union (CMBS)	5.0	n/a	63.7	AAA
Res Asset Sec Trust	9.7	717	68.0	AAA
Morgan Stanley	5.0	700	75.0	AAA
Total	$106.9	725	66.6	AAA

The topic of mortgage backed securities seems to be on the mind of everyone in the investment business today. As the accompanying slide shows, our exposure to this market in our Japan dollar portfolio is of the highest quality. The ratings and credit metrics speak for themselves, and it is worth noting that none of these holdings have been so much as watch-listed for downgrade since the emergence of U.S. sub prime credit problems earlier this year.

Reverse-Dual Currency Securities

Features:
- **Yen principal with dollar coupon**
- **Loan or bond format**
- **23.0% of total investments and cash at March 31, 2007**
- **Average yield of 4.39%**

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

In Japan's low-interest-rate environment, reverse-dual securities, or RDCs, have provided us with an attractive investment option. RDCs are bonds with principal denominated in yen, but with higher yielding dollar coupons. These securities offer higher yields with yen-denominated principal for statutory purposes in Japan, and they fit our functional currency profile. Our entire exposure is to the issuer itself, not to the counterparty that is swapping the coupon flows. If the swap counterparty defaults, we look to the credit of the issuer to honor our interest and principal claims.

In 2006, 20.8% of our yen-denominated purchases were in RDCs. At the end of this year's first quarter, they represented 23% of total investments and cash. The following breakeven analysis will hopefully help you appreciate how we value their effectiveness and immunity to large currency movements.

Reverse-Dual Currency Breakeven Analysis

Forward ¥/$ Rate*	Internal Rate of Return	
¥118.05	4.57%	
100.00	3.85	
80.00	3.07	
60.00	2.29	
55.00	2.10	Current 20-yr. JGB yield

*Assumed constant exchange rate during the period

This slide shows the breakeven analysis for the entire RDC portfolio versus current interest rate levels in Japan.

You can see that the exchange rate would have to move to 55 yen to the dollar for the RDC to yield less than a comparable Japanese yen-denominated bond. Because Aflac's earnings stream in dollars benefits from a strong yen, RDCs tend to dampen some of the impact of the exchange rate on our earnings from Japan.

RDCs are a vivid example of how Aflac is using new investment products and strategies where we see a clear benefit or opportunity for our portfolio.

Credit Ratings on Aflac Japan Purchases

	2005	2006	3/07
AAA	1.7%	9.7%	41.8%
AA	50.1	53.7	29.9
A	43.6	33.4	24.0
BBB	4.6	3.2	4.3
	100.0%	100.0%	100.0%

In looking at the credit ratings of our purchases, you can see that since 2005 we have emphasized quality in our investment strategy. During this time we have steadily reduced our purchases of BBB investments to the point where our 2006 BBB purchases amounted to only 3.2% of our overall new money purchases. This is strictly a relative value decision based on our observation that the risk premium for lower-rated securities is, in our view, too low.

Composition of Investments and Cash*

	2005	2006	3/07
Yen-denom. bonds:			
Government	18.4%	16.3%	15.8%
Industrial	2.7	2.3	2.2
Public utility	1.3	1.0	.9
Euroyen/Samurai	45.3	48.1	48.0
ABS, RMBS, CDO	.1	.9	.9
Yen-denom. stocks	—	—	—
Dollar-denom. securities	7.4	7.4	8.4
Loans	23.6	23.3	23.3
Cash & short-term invest.	1.2	.7	.5
Total	100.0%	100.0%	100.0%

*At amortized cost

You will note that we have added a category to this slide – "ABS, RMBS, and CDO." ABS itself is not a new category, but at .3% of admitted assets, our total Japan exposure of $122 million was deemed too small to receive separate mention. However, we have aggregated it with two asset classes that are new to Aflac Japan – CDOs and RMBS securities. Let me describe these new asset classes and our participation in them. A CDO, for those of you unfamiliar with them, is a pool of assets divided into tranches based on level of risk. We chose to participate in this product at the AAA level of risk with a ten year maturity. The unique structure of this investment enables us to obtain yields comparable to 30-year single A investments. We have focused on pools of corporate credit assets only, because we can leverage our core competency of credit analysis.

In the RMBS space, we purchased a privately issued AA3 rated security, which offers protection in two ways: through over-collateralization and through a substantial mortgage repurchase obligation from the originator. In addition, we invested in AAA pass-through securities issued and guaranteed by the Japan Housing Finance Authority, a Japanese government affiliated financial institution. Along with the Japan Housing Finance Authority guarantee, we are again protected by excess collateral. Both of these products have substantially shorter maturities than our typical private placements, but we view this as a benefit, because it tends to smooth out our reinvestment risk without materially changing our overall duration.

We allocated a small portion of our 2006 cash flow to these investments, and they are prime examples of how we are constantly seeking opportunities that give us attractive yield and diversification benefits without requiring undue risk.

Largest Investment Concentrations
(March 31, 2007, at Amortized Cost, Yen in Millions)

		Rating Category
Japanese Government Bonds	¥932,012	AA
Credit Suisse Group	89,416	A
HSBC	84,562	AA/A
Banque Centrale De Tunisie	80,386	BBB
State of Israel*	79,407	A/BBB
HBOS	72,521	AA/A
Takefuji	72,099	BBB
Republic of South Africa	62,315	BBB
Mitsubishi UFJ Financial Group	60,245	A
U.S. Treasury**	56,858	AAA
Fortis Bank	52,110	AA

*Including Israel Electric Corp
**This concentration is composed primarily of short-term obligations

We devote a lot of time to monitoring our top 30 issuer exposures. This includes ongoing credit analyses, on-site visits to and from management by our credit team, and extensive interaction with outside rating agency analysts.

The unique nature of our investing activities tends to encourage reasonably large concentrations. However, in an effort to increase the diversification of our portfolio, we have significantly reduced the average size of each new investment to assure that our aggregate exposure to each credit is within our specific issuer limit.

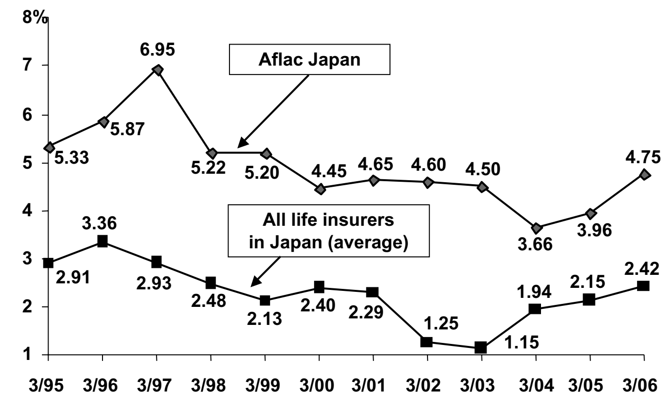
Industry and Geographic Breakdown
(March 31, 2007, Yen in Billions)

	North America	Europe	Asia	Other	Total
Utility	¥ 20	¥ 180	¥ 91	¥113	¥ 404
Bank & Finance	420	1,437	275	158	2,290
Industrial	249	376	143	107	875
Sovereign	104	137	1,005	272	1,518
Securitized	37	5	28	—	70
Total	¥830	¥2,135	¥1,542	¥650	¥5,157

This slide illustrates an industry breakdown of Aflac Japan's assets. Bank and finance remains our largest concentration. We are comfortable with this overweight position because it is a highly regulated industry with a critical strategic role in the world financial system. Europe is our largest geographic concentration, followed by Asia. Our investment-grade requirement precludes us from investing in certain regions. Additionally, we have not yet become comfortable with the legal processes of Russia and China, and we continue to avoid them.

Comparison of Yields in Japan

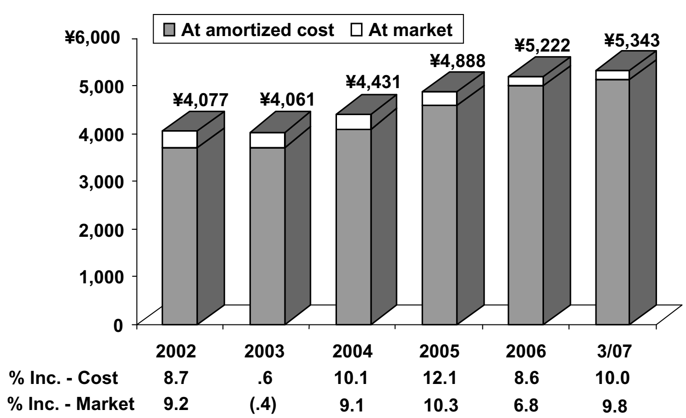
(FSA Basis, March 31)



The FSA-based yields on this chart reflect the differences between our asset composition and that of the Japanese life insurance industry. The industry continues to hold significant positions in equities and real estate. However, we continue to maintain our long-held view that the predictable returns of a high-quality, fixed-income portfolio are a better solution for our business needs.

Investments and Cash

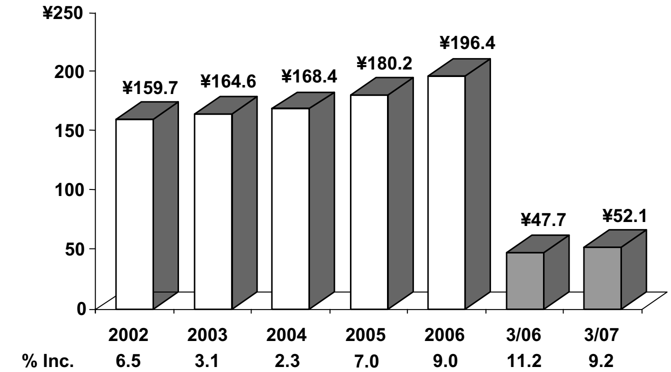
(Yen in Billions)



The very high persistency of our products in Japan has helped produce an average increase of 8% of invested assets in yen at amortized cost over the last five years. We still need to meet our product needs and grow investment income, which is always a challenge. But we have been able to meet that challenge consistently through both the tough investment conditions that characterized the 1990s and the low-yield environment that persists in Japan.

Net Investment Income

(Yen in Billions)



Aflac Japan's net investment-income growth has averaged 5.6% per year over the last five years, despite the low-rate environment. In 2006, the weaker yen boosted investment income growth, because about 37% of our net investment income was denominated in dollars. Throughout the years, we have learned that the timing of our investments is critically important in determining our income growth. The next slide is a vivid illustration of how we have taken this lesson and applied it as a core strategy.

Adding Value Without Adding Risk

(Yen in Millions)

Impact on 2007 Net Investment Income

- **Increase New Money Yield**

+10 bp	+20 bp	+30 bp
¥178	¥356	¥534

- **New Money Investment Acceleration**

2 Weeks Early	1 Month Early	2 Months Early
¥372	¥797	¥1,528

As I covered earlier, we are constantly seeking to maximize returns without materially increasing our risk profile. A perfect example of this is our focus on investment timing. As this slide shows, increasing our new money yield by 10 basis points would increase this year's net investment income by roughly ¥178 million, assuming we invested our cash flow on the dates we received it. On the other hand, by consistently investing one month ahead of our very predictable yen investment cash flows, we can increase our net investment income by ¥797 million, assuming the JGB yield curve does not materially change. This low risk at the margin benefit fits our overall philosophy perfectly. We add value without compromising our discipline.

Callable and Redeemable Bonds

(Yen in Billions)

	Redemption Amount*	Yield (%)	First Call Amount*	Yield (%)	Total Amount	Yield (%)
2007	¥ 59.5	5.89%	¥ 17.0	3.50%	¥ 76.5	5.36%
2008	100.5	4.10	40. 3	4.78	140.7	4.28
2009	156.6	5.64	50.0	2.49	206.6	4.87
2010	34.5	5.14	97.8	2.91	132.4	3.49
2011	263.1	5.47	122.0	3.68	385.1	4.90
	¥614.3	5.31%	¥327.1	3.37%	¥941.4	4.64%

*At amortized cost

We spend a great deal of time planning for potential calls and redemptions in our portfolio. I thought it would be useful to share with you our five-year exposures in these categories and how we evaluate them. We expect to experience ¥614.3 billion in redemptions over the next five years, with almost half of that in 2011. I should point out that 2011 is the largest scheduled redemption year in our portfolio by a wide margin for the next 25 years. We budget for all redemptions by assuming we can only reinvest at today's rates, which are low by historical standards. Predicting cash flow from callable bonds is less precise, but we conservatively assume every bond that can be called will be on its first call date. We then assume we can reinvest the proceeds at today's rates, a calculation identical to our redemption forecast. In this event, calls would add ¥327.1 billion to our cash flow over the next five years. The average roll-off rate would be 3.37%. Replacing this income and maintaining our credit discipline in today's rate environment would cause a small decline in net investment income. However, even a modest rise in Japanese rates could provide us with a net benefit.

I would add a couple of other observations. The size of several of our top 30 exposures will be significantly reduced as a result of these redemptions and possible calls. This will enable us to further diversify our portfolio over time. In addition, we have seen, and may continue to see, attractive extension opportunities for many of these issues as their redemption dates approach. We expect to take an opportunistic approach to these.

Markets keep changing, as do the products that populate them. We are constantly monitoring the investment landscape to find new and innovative ideas that benefit us and conform to our disciplined approach. This continues to be a formula for superior returns for Aflac's policyholders and shareholders.

Aflac Japan Financial Results

Yuji Arai
Senior Vice President; Principal Financial Officer, Aflac Japan

In concluding the discussion of Aflac Japan, I would like to review our operations from a financial perspective. Needless to say, earnings growth is a function of the growth of total revenues and profit margin, and those are the primary drivers of our bottom-line growth.

Pretax Operating Earnings Growth

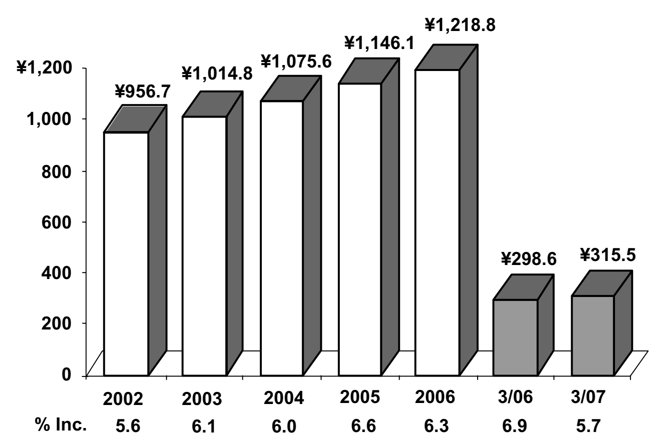
(Yen in Billions)

	Total Revenues		Profit Margin		Pretax Operating Earnings
2002	¥ 956.7	x	11.9%	=	¥114.2
2003	1,014.8	x	12.8	=	130.2
2004	1,075.6	x	13.9	=	149.3
2005	1,146.1	x	14.5	=	166.4
2006	1,218.8	x	15.8	=	192.1

This slide illustrates how well Aflac Japan has generated its earnings for the last five years through the growth of revenues and the expansion of the profit margin. Let me first begin with a discussion of total revenues.

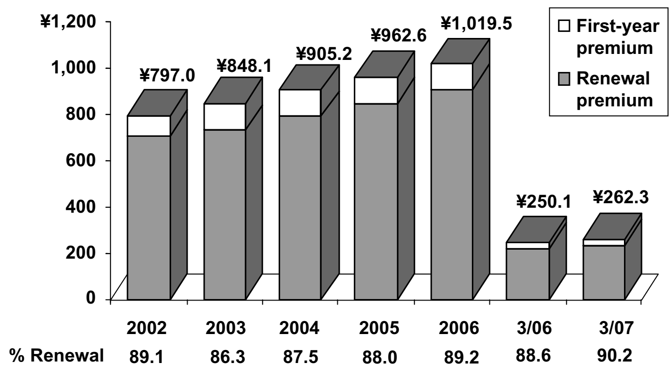
Total Revenues

(Yen in Billions)



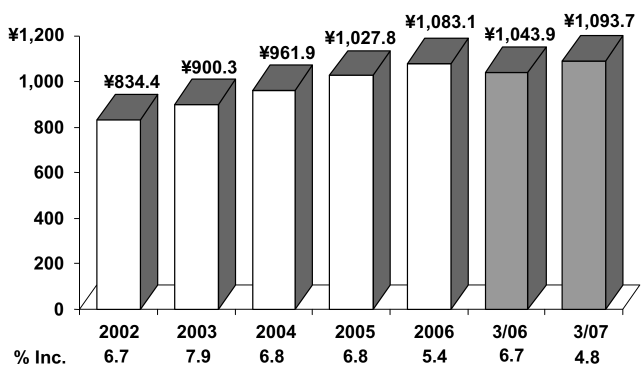
As you know, the main components of total revenues are premium income and investment income. Total revenue has steadily increased, as shown in this slide.

Premium Income
(Yen in Billions)



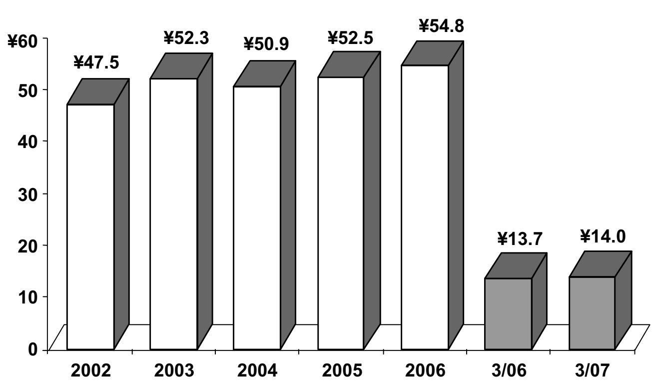
The growth of earned premium has slowed a bit in recent years, reflecting the effect of slower additions to premium in force. As you can see, however, new sales make up a relatively small portion of premium income. We estimate that about 91% of total premium income for 2007 will come from policies that are already in force at the beginning of the year. This relationship adds to the stability and predictability of our revenues.

Annualized Premiums in Force
(Yen in Billions)



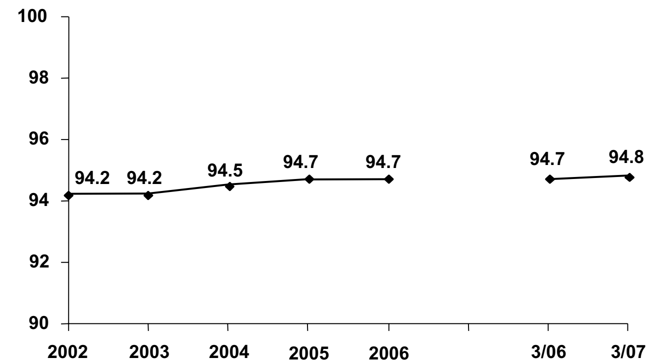
Aflac Japan's premium income is directly influenced by the growth of premiums in force, which has increased at a compound annual rate of 6.7% over the last five years.

Trend of Terminated Annualized Premium
(GAAP Basis, Yen in Billions)



Annualized premiums in force, in turn, are derived from the previous year-end premiums in force, plus new sales less terminated policies during the year. Matsumoto-san discussed our new sales earlier. Terminated policies are composed of lapses, surrenders, and terminations due to death. This slide exhibits the trend of annualized premiums on such terminated policies, which recently have grown at a slower pace than previous years. We expect that our new sales will more than offset terminated policies, which will continue to positively impact our annualized premium in force, and thus, premium income growth going forward. A key to this scenario is our persistency rate.

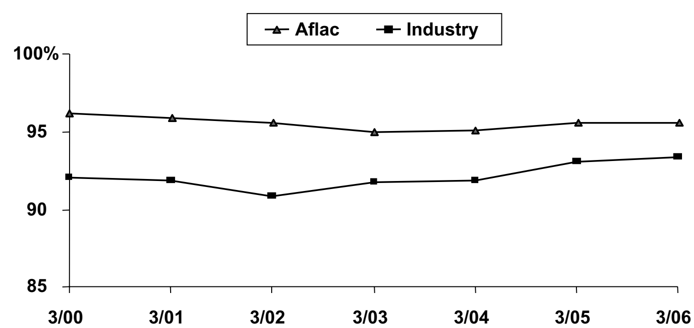
Persistency Rates*



*All product lines, excluding annuities

This chart shows the persistency rate for Aflac Japan, excluding annuities. Yamauchi-san's presentation explains that we believe our efforts to improve persistency have paid off. And as a result, our persistency rate has improved since 2003.

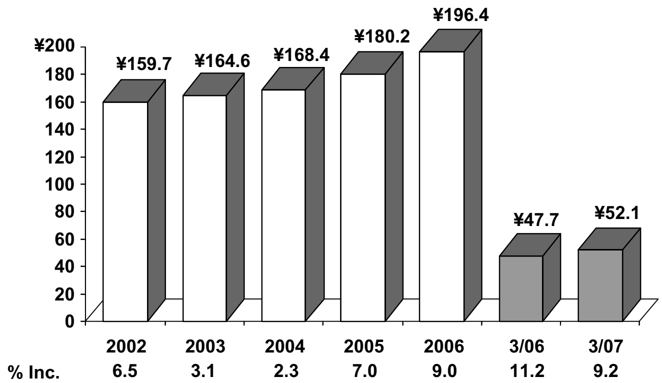
Comparison of Persistency Rates
(FSA Policy Basis)



Source: Japan Institute of Life Insurance, Life Insurance Association of Japan

These rates are policy-based calculations using FSA data. This slide shows how persistency is improving throughout the entire industry. We believe the primary reason for the improvement is a mitigation of the credibility gap for the life insurance industry from a financial strength perspective. Aflac Japan has maintained the highest level of persistency in the Japanese life insurance industry and has been doing it consistently over the years. We believe that our persistency rate is an indication of the high level of customer satisfaction based on the way we serve our customers. Also, we have primarily written policies with zero or low cash surrender values over the past several years. Those type of policy contracts are less likely to terminate, and they now represent a significant percentage of our overall business. Our strong and steady persistency plays a part in the continued strong growth of premium income.

Net Investment Income
(Yen in Billions)



The other significant revenue component is net investment income. Investment-income growth in yen is affected by new cash flow available for investment activities and the level of yields available in the market. In 2006, we generated a superior investment income number, which grew 9.0% over 2005, while also maintaining a high quality of invested assets. We achieved attractive new money yields despite the continued low interest rate environment.

Our yen-based investment income growth is also influenced by currency rates because a portion of Aflac Japan's investment income is dollar-denominated. In the first quarter of this year, approximately 39% of Aflac Japan's investment income was denominated in dollars. The effect of a weakening yen magnifies the growth of investment income in yen terms as we translate dollar-denominated investment income into more yen. And the reverse happens when the yen strengthens. This translation effect does not impact the company in dollar terms, but it can influence our yen-based income statements and operating ratios.

Aflac Japan Investment Margin
(Yen in Billions)

	2005 Amount	2006 Amount
Investment income	¥ 180	¥ 196
Actuarial assumed interest		
on benefit reserve liability	(175)	(184)
Yield spread	¥ 5	¥ 12

This chart compares the investment income assumption, or required interest, with actual investment income for Aflac Japan. It includes yen investment income, as well as dollar investment income earned on dollar-denominated and reverse dual currency assets of Aflac Japan. Overall, the investment margin expanded from ¥5 billion in 2005 to ¥12 billion in 2006.

Comparison of Investment Margin
(FSA Basis, 3/06)

Rank by Assets		Yield Spread	Interest Margin (In Billions)
1	Nippon	(.44)%	¥(150)
2	Dai-ichi	(.52)	(122)
3	Meiji Yasuda	(.53)	(107)
4	Sumitomo	(1.03)	(171)
5	Mitsui	(.54)	(33)
6	Taiyo	(.68)	(39)
7	Daido	(.59)	(29)
8	Asahi	(1.60)	(86)
9	Fukoku	(.73)	(33)
10	Alico	N/A	N/A
11	Aflac Japan	.14	6

Source: Disclosure statement from each company

As you know, Japanese life insurers have been suffering from a negative spread due to the prolonged low-interest-rate environment in Japan. Even for Aflac Japan, it is challenging to purchase suitable investments that meet the required interest. As we mentioned at last May's analyst meeting, however, Aflac Japan returned to a positive spread for the fiscal year ended March 2006. We expect that we will maintain a positive spread for the foreseeable future, unless the dollar depreciates significantly against the yen.

Assumed Interest Rates for Product Pricing

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

*Changed in April 1999
**Periodic payment only

In 1994 we began lowering assumed interest rates for newly issued policies along with the industry and have lowered rates several times since then. The last change to our interest-rate assumption for health products occurred in 1999. Lowering assumed interest rates has resulted in increased premium rates for new policy issues.

Required Interest for New Business and New-Money Investment Yields

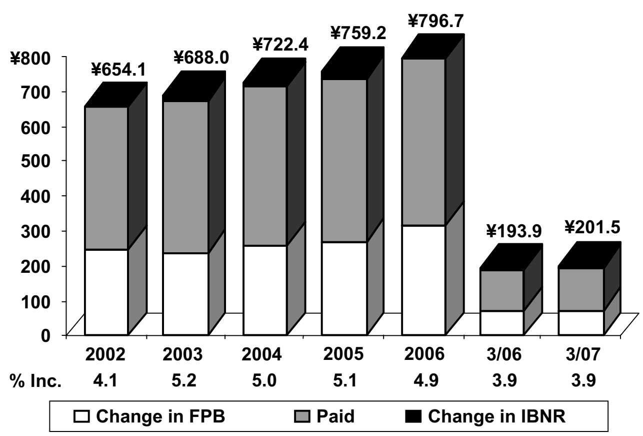
	Required Interest	Yen New Money Yield*	Spread
2002	2.98%	3.65%	.67%
2003	2.98	3.27	.29
2004	2.97	3.00	.03
2005	2.88	3.01	.13
2006	2.77	3.12	.35

*Net of investment expenses; represents yen-denominated investments for Aflac Japan that support policy obligations, and therefore excludes Aflac Japan's annuities, dollar-denominated investments and related investment income

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

Total Benefits

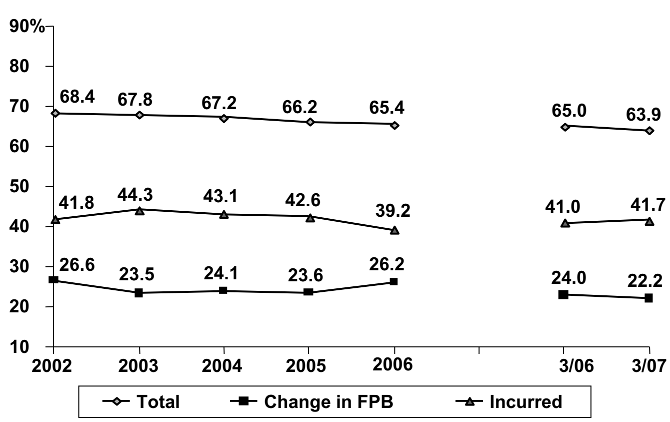
(Yen in Billions)



Now let me turn to benefits. Total benefits include three major elements. The first element is the amount we actually pay in claims during the period. The next element is the allowance we make for claims that are incurred in the period but are not reported or paid in the period. This is generally known as the "incurred but not reported," or IBNR, reserve. We refer to the sum of paid claims and the change in IBNR as "incurred claims." The final element is the charge against current revenues for policy benefits that will be incurred in future years. Total benefits increased 3.9% in the first quarter, which was lower than the 5.7% revenue growth we produced.

Benefit Ratios to Total Revenues

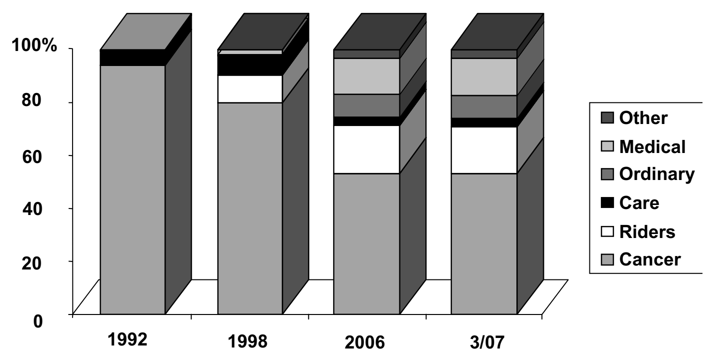
(In Yen)



After peaking at 73.4% of revenues in 1996, our total benefit ratio has trended downward, reaching 63.9% in the first quarter of 2007. In looking at the components of the benefit ratio, with the exception of 2006, you can see that the future policy benefits have been increasing at a slower rate than incurred claims.

During the fourth quarter of 2006, we transferred $85 million from the unpaid policy liability to the future policy benefits liability primarily due to a decline in current period claims caused by changes to health care delivery in Japan. Sue will discuss our claims review that involves the recent trend in hospitalization or treatment patterns and their impacts in greater detail this afternoon.

Premiums in Force by Product



The primary factor influencing the decrease in our benefit ratio in recent years has been the steady change in our business mix. As a result of product broadening, the mix of our in-force business has changed significantly. For instance, in 1992 cancer life accounted for 94.1% of premiums in force. By 1998, cancer life had declined to 79.8%. At the end of the first quarter, cancer life premiums in force represented 53.1% of total premiums in force. The greatest contributors to in-force business in the last five years have been riders to our cancer products like Rider MAX and our medical product, EVER. At the end of the first quarter, Rider MAX and stand-alone medical accounted for 27.3% of premiums in force, compared with 10.7% at the end of 1998. This mix change is significant because the benefit ratios vary quite a bit by product.

Expected Benefit Ratios by Product

Traditional cancer life – full CSV	68% - 73%
Cancer life – reduced CSV	63% - 68%
21st Century Cancer life – full CSV	55% - 60%
21st Century Cancer life – reduced CSV	50% - 55%
Riders to cancer and medical	45% - 55%
Ordinary life products	65% - 75%
EVER	52% - 57%

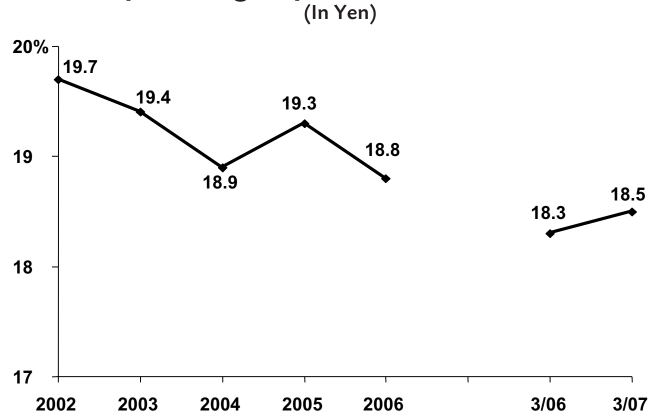
Our traditional cancer life product that we were selling through the 1990s had a full cash surrender value, or CSV, and a benefit ratio in the area of 68% to 73%. To offset some of the effect of the 1999 rate increase on newly issued cancer life policies, we elected to reduce the cash surrender value, which was well received by consumers looking to maximize their premium value. Reducing the CSV also brought down the benefit ratio as well. The 21st Century Cancer Life product that we began selling in 2001 has a reduced death benefit in both the full CSV version as well as the reduced CSV product. Both versions also have lower benefit ratios than our traditional cancer life business. In short, we are not only changing the mix of cancer life versus non-cancer life business, we are also changing the mix within our cancer life block of business toward more profitable products.

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

Overall, the combination of increasing premiums in force from riders and from the reduced cash surrender value cancer policies de-emphasizes the death benefit in the mix of benefits. With our continued marketing emphasis of EVER, the riders and the low cash-surrender-value cancer products, we expect the benefit mix to continue to trend toward health benefits rather than life benefits. In addition, we have seen favorable claims experience for most of our major product lines. This has impacted the range of our expected benefit ratios. Sue's presentation provides additional detail regarding the impact of favorable claims experience on our benefit ratios in Japan.

Total Operating Expenses to Total Revenues

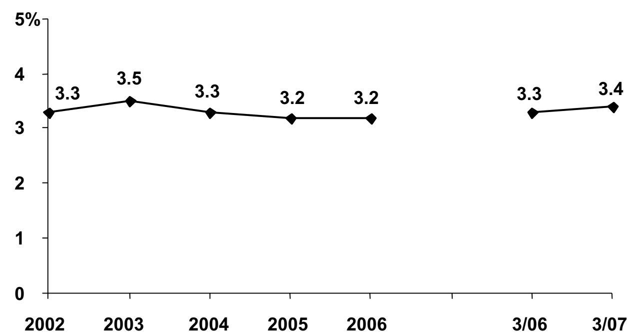
(In Yen)



Let me cover operating expenses. As you can see in this slide, total operating expenses as a percentage of total revenues trended down from 19.7% in 2002 to 18.9% in 2004. This reflects our low-cost operations, lower net-commission expense, and the recent improvement in the persistency rate. While our operating expense ratio temporarily increased in 2005 due to the write-down of capitalized system development costs, which amounted to ¥5.3 billion, it improved to 18.8% in 2006. This year, we estimate that the expense ratio will be in the area of 19%. Our expense ratio for this year includes two initiatives. One is the full-fledged centralization of services for our customers and agents. As Yamauchi-san covered, late last year we started to centralize application and other policy maintenance forms, including collection and customer calls that had previously been handled by our sales offices. We were able to make this change without transferring human resources from our sales offices to our centralized service center. This will allow our sales office personnel to spend more time on sales support activities rather than servicing activities. Our budget for 2007 also reflects an increased investment in our IT infrastructure and development capacity, which will provide stable services to our ongoing business operation and help accelerate our new product development and introduction. We believe these investments will lead to better new sales performance and even more efficient operations going forward.

Amortization of DAC to Premium Income

(In Yen)



As this slide illustrates, DAC amortization as a percentage of premium income trended downward in 2006, which reflected improvement in the persistency rate.

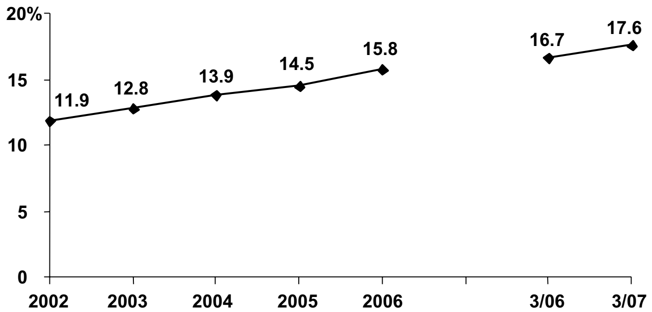
Total Net Commission Ratios

(Percentage of Premium Income)

	Commission Amortization	Net Commissions	Total Net Commissions
2002	2.3%	11.8%	14.1%
2003	2.6	11.1	13.7
2004	2.5	10.5	13.0
2005	2.5	10.2	12.7
2006	2.6	9.8	12.4
3/06	2.5	10.0	12.5
3/07	2.7	9.5	12.2

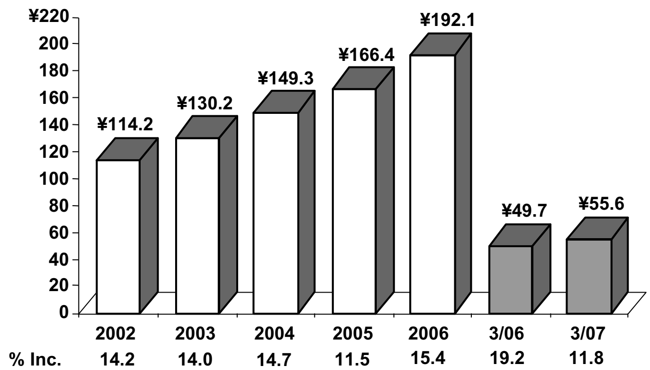
Because our alternative-commission contract has a limited renewal period and higher first-year commissions, there is more commission to capitalize. This leads to lower commission expense, but the amortization is greater. As you can see in the first two columns, the components of our commission expense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

Pretax Profit Margins
(In Yen)



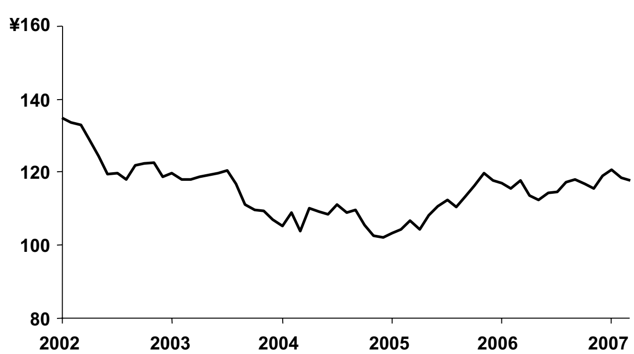
Overall, Aflac Japan's profit margin has trended upward over the past five years. Although low interest rates and profit repatriation suppress margins, this has been more than offset by the improvement in the benefit and expense ratios, which has significantly improved the profit margin in recent years.

Pretax Operating Earnings in Yen
(Yen in Billions)



With the expanded profit margin, pretax earnings increased 11.8% to ¥55.6 billion in the first quarter of 2007. Excluding the impact of foreign currency on Aflac Japan's dollar-denominated income and expenses, pretax earnings were up 11.0% in the quarter.

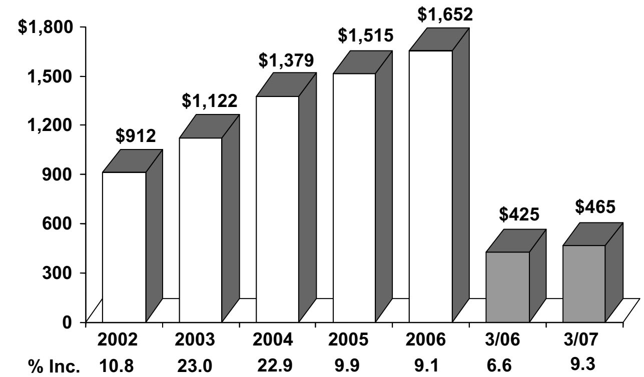
Yen/Dollar Exchange Rates
(2002 - 3/07)



Source: Bloomberg Financial Markets

Aflac Japan's income statement in dollars reflects the average yen/dollar exchange rates for the reporting period. Since the end of 2004, the yen has weakened to the dollar, which has cut down our rates of growth in dollar terms.

Pretax Operating Earnings in Dollars
(Dollars in Millions)



In 2003 and 2004, pretax operating earnings in dollars increased sharply due to the expanding profit margin and the stronger yen/dollar exchange rate. In 2005 and 2006, the growth of pretax operating earnings in dollars was suppressed due to the weaker average yen for the year. Growth of pretax earnings in dollars was held back in the first quarter of 2007 for the same reason.

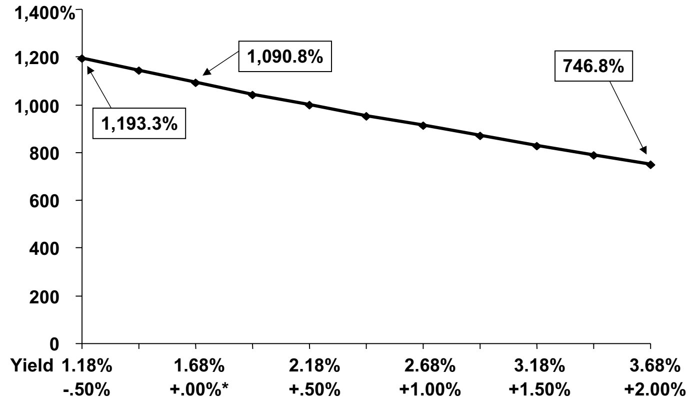
Comparison of Solvency Margins
(FSA Basis, 9/06)

	Solvency Margin
Nippon	1246.8%
Meiji Yasuda	1218.2
Daido	1199.1
Fukoku	1156.4
Dai-ichi	1098.3
Aflac Japan	1090.8
Taiyo	1016.6
Alico	972.1
Sumitomo	970.1
Mitsui	856.6
Asahi	694.6

Source: Disclosure statement from each company

Turning back to the FSA-based financial performance, our solvency margin was fairly high in the industry as of the end of September 2006. Our solvency margin has benefited from the significant unrealized gains on our yen-denominated, fixed-income securities. As a result, rising interest rates in Japan would lower our solvency margin.

Sensitivity of FSA Solvency Margin Ratio



*Based on information as of 9/30/06

This slide illustrates the sensitivity of the solvency margin to interest rate changes as measured by the yield of 10-year JGBs. Starting with our September 30 solvency margin of 1090.8%, you can see that every 100 basis point change in yen yields would translate into a change in our solvency by about 170 percentage points. However, as Jerry pointed out in his discussion, Aflac Japan's investment income benefits as rates improve.

Possible Revision to the Solvency Margin Calculation

Change in risk factors:

- **Required interest rate risk**
- **Price fluctuation risk**
- **Catastrophe risk (for non-life companies only)**

In November 2006, the FSA formed a study group to discuss a revision to the solvency margin ratio calculation. After a series of meetings by the group's members, a final report was released in April that included a discussion of making changes to how risk is calculated. The study group emphasized the need to review the calculation for price fluctuation risk. For instance, share price fluctuation risk is currently calculated by multiplying an issue's market capitalization by 10%, which is based on a 90% confidence level. However, that number appears low, compared with 99.5% for the EU standard and 98% for the U.S. standard. As a result, the study group recommended the confidence level and risk coefficient should be immediately raised. Obviously this proposed hike would negatively affect the companies that still own sizable stock portfolios. As to the required interest rate risk, the study group has not come up with a specific recommendation, so we cannot gauge the impact from this potential change at this point. The same holds true for the catastrophic risk but this risk is applied only to P&C companies. The FSA may implement these changes as early as September of this year.

Comparison of FSA Basic Earnings

(FSA Basis, 3/06)

Rank by Assets		FSA Basic Earnings* (In Millions)	% of FSA Basic Earnings to Assets
1	Nippon	¥633,696	1.31%
2	Dai-ichi	469,495	1.52
3	Meiji Yasuda	468,143	1.83
4	Sumitomo	266,451	1.30
5	Mitsui	114,473	1.55
6	Taiyo	38,199	.58
7	Daido	96,105	1.54
8	Asahi	56,010	.89
9	Fukoku	63,038	1.13
10	Alico	51,520	1.08
11	Aflac Japan	108,722	2.21

*Basic Earnings = Operating Income/Loss – Capital Gain/Loss – Extraordinary Income/Loss
Source: Disclosure statement from each company

Life insurers in Japan now disclose an FSA-based profit measure called "basic earnings." Basic earnings reflect earnings from core insurance activities. Aflac Japan's ratio of basic earnings to assets was 2.21%, compared with an average for the other ten insurers of 1.39%. This suggests how strong Aflac Japan's earnings power is, compared with its peers.

Overall, we remain very pleased with the operations and financial performance of Aflac Japan. Our business in Japan accounted for approximately 74% of consolidated pretax insurance earnings last year and remains the principal earnings driver of our overall operations. As we look ahead, we believe that the competitive advantages we have discussed will translate into continued strong financial results. Most importantly, we believe Aflac Japan will continue to perform in a way that will help us to achieve the earnings objectives of Aflac Incorporated in 2007 and beyond.

Section III
Aflac U.S.

Introduction to Aflac U.S.

Paul S. Amos II
President, Aflac; Chief Operating Officer, Aflac U.S.

This presentation will provide you with an overview of our business in the United States. The presentations that follow will provide additional details about marketing, sales, administration and training.

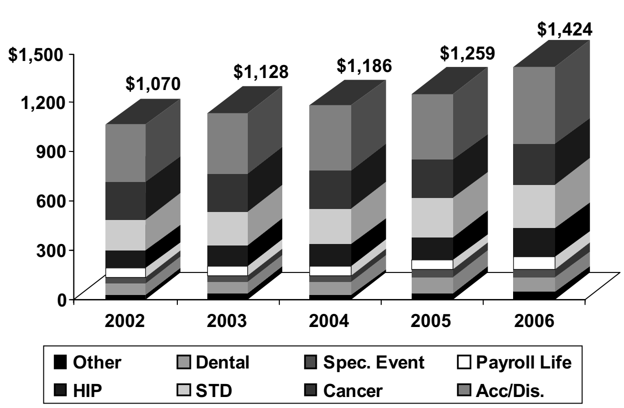
Competitive Environment

- **Aegon N.V.**
- **AIG**
- **Allstate**
- **American Fidelity**
- **Aon**
- **Assurant**
- **Conseco**
- **Genworth Financial**
- **MetLife**
- **Torchmark**
- **Unum Group**
- **Several regional carriers**

We have competed with various companies, both large and small, since we were founded more than 50 years ago. The fact that others are interested in this market only affirms what we have known all along: Worksite, or payroll, marketing is a business with a strong future. However, it's important to bear in mind one major distinction between Aflac and these other companies. For Aflac, voluntary insurance products sold at the worksite represent virtually all of our focus, whereas our competitors tend to offer voluntary products as a secondary line of business.

Aflac's Sales Performance

(In Millions)



Aflac U.S. grew sales 13.1% to more than $1.4 billion in 2006. Historically, accident/short-term disability and cancer insurance have driven Aflac's sales. These two plans represented approximately 50% of our sales in 2006. Our sales contribution by product has become more balanced as our short-term disability and hospital indemnity sales have grown. Cancer is now our number three product category.

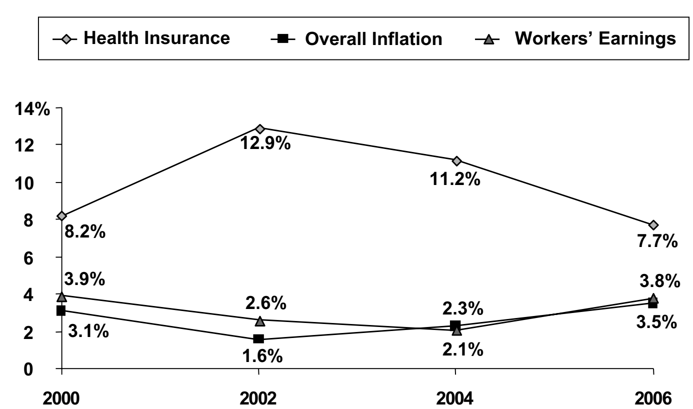
We also experienced growth in the small-account market, which benefited from a radio campaign we launched in May 2006. We estimate that approximately one-third of the small businesses we enrolled as a result of this campaign had not previously been aware that our products offer solutions suitable for businesses of their size. As Jeff will cover, we view this market as a significant opportunity.

Trends in the Marketplace

- **Rising health care costs**
- **Growing uninsured population**
- **Changes in household economics**
- **Changing demographics**

For Aflac's U.S. operation, 2007 is all about sustaining double-digit growth. Remaining aware of our environment is critical to achieving this goal and, as a result, we'll be preparing our organization to take advantage of some of the trends that have dominated the marketplace. These trends include rising health care costs, a growing uninsured population, changes in household economics, and changing demographics.

Health Insurance Premium Increases



Source: 2006 Employer Health Benefits Survey, Kaiser Family Foundation

Rising healthcare costs have dominated headlines as well as consumer consciousness recently, although this trend is not new. Premiums have been increasing steadily for more than 15 years and have significantly outpaced growth in both inflation and workers' earnings. In 2000, employers began responding to this increase by shifting costs to employees in the form of higher premiums and deductibles. According to the Kaiser Family Foundation's 2006 Employer Health Survey, the average annual cost of health insurance premiums rose by 7.7% last year to $4,242 for single coverage and $11,480 for family coverage. On average, workers contribute 16% and 27% of these costs, respectively, with the employer picking up the balance.

Although the average increase in premium costs is 7.7%, small businesses are seeing their costs rise even more quickly. Employees in firms with three to 24 workers felt the biggest impact with a 10.5% increase in premium rates. As these smaller employers search for ways to stave off additional financial burden for their employees, it is likely that they will turn to voluntary products or products with historically stable premium rates, either of which would mean increased sales opportunities for Aflac.

Percentage of Employees Covered by Employer Sponsored Plans

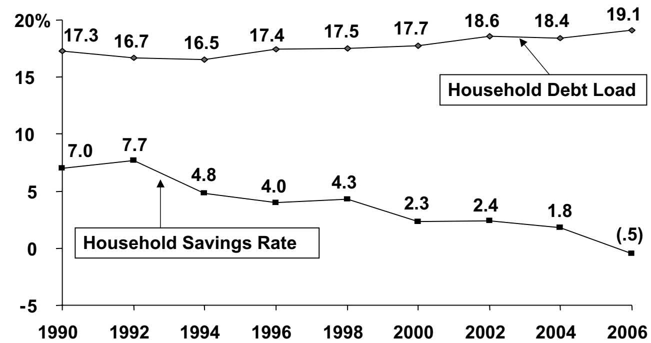
	1999	2006
3 - 24 workers	50%	45%
25 - 49 workers	56	55
50 - 199 workers	61	62
200 - 999 workers	69	66
1,000 - 4,999 workers	68	68
5,000 or more workers	64	60
All firms	62%	59%

Source: 2006 Employer Health Benefits Survey, Kaiser Family Foundation

Rising health care costs have undoubtedly contributed to the growing uninsured population. This trend can clearly be seen by looking at the percentage of employees covered by employer sponsored plans. According to the Kaiser Foundation, the percentage of employers offering coverage has declined in addition to the rate of participation in employer sponsored coverage. As a result, only 59% of all employees were covered by a plan offered at the worksite in 2006. Once again, the smallest businesses felt a disproportionate impact, with only 45% of their employees covered.

The rising percentage of uninsured Americans and increasing health care costs have been likely drivers of the recent attempts to innovate. For instance, the government has encouraged the use of Health Savings Accounts and high deductible health plans that have lower premium rates. However, we have learned one thing over many years: Regardless of how major medical insurance is provided at the worksite, Aflac products remain an essential part of the solution because consumer desire to protect against unexpected out-of-pocket costs will persist.

Household Debt and Savings Rate



Source: Federal Reserve, OECD Economics Outlook Database

With health insurance costs and the uninsured population in a simultaneous and seemingly irreversible climb, consumer anxiety about health care continues to intensify. Nevertheless, research shows that most consumers are ill-prepared to deal with unexpected health care costs. Since 2004, the U.S. economy has performed relatively well. Real gross domestic product, or GDP, grew 3.5% per year, and unemployment dropped from 5.7% to 4.5%. However, household debt continues to rise.

During the same period, the household savings rate fell into negative territory for the first time in decades. While the combination of a negative savings rate and higher debt load may negatively impact customers' ability to purchase insurance products, we believe it also creates a strong need for affordable products that cover unexpected expenses.

Changing Demographics

- **Hispanics**
  - » **20% of U.S. population by 2030***
- **Aged (65 and Older)**
  - » **20% of U.S. by 2030****
- **Females**
  - » **Live five years longer and make 23% less than males***
  - » **Influence 80% of all household financial decisions*****

Source:
*U.S. Census
**Administration on Aging
***U.S. Marketplace Vol. 13, No. 4, 2005

According to the U.S. Census Bureau, the American population will change dramatically in the coming years. By 2030 more than 20% of the population will be of Hispanic origin, rising to nearly a quarter of the entire population by 2050. Current research indicates Aflac products appeal to Hispanic consumers and we will continue to evolve our service infrastructure, including forms, Spanish speaking call center representatives, and Aflac's Spanish language Web site, to support the needs of Hispanic market.

As the Hispanic population grows, so, too, will the aged population. In fact, the Administration on Aging projects that older Americans, or those over the age of 65, will comprise 20% of the U.S. population by 2030. We anticipate that as the population ages, demand for our products will increase.

We also expect females, who currently represent 75% of our customer base, to create additional sales opportunities for us. On average, women live five years longer and make 23% less than their male counterparts. At the same time, they influence 80% of financial decisions in the household. We intend to develop female-targeted products and marketing that will speak directly to women and address their unique needs.

Aflac U.S. Objectives

- **Increase and improve sales opportunities**
- **Refine recruiting and training programs**
- **Further enhance corporate reputation**

We have three primary objectives in the United States that we believe will help us sustain double-digit sales growth. The first objective is to generate increased and improved sales opportunities. Our second objective is to refine our recruiting and training programs. Our third objective is to further enhance our corporate reputation.

Increase and Improve Sales Opportunities

- **Better define our brand in the marketplace**
- **Extend our reach into new markets**

Continuing to grow our business means being able to reach new and different audiences and then engaging consumers to purchase our products. In order to grow our business, we must continually reach new and expanded audiences. We're doing so through efforts to better define our brand and extend our customer reach.

In the past, we worked hard to make our name well-known among American consumers. And we've had extraordinary success in doing so. Our brand recognition skyrocketed from 13% to nearly 90% in just three short years. More than two years ago, we began an effort to shift the focus of our branding efforts from brand recognition to brand definition. We created advertising and public relations efforts that went beyond telling customers who Aflac is, and focused on communicating what Aflac can do for them and how Aflac will be there for them when they need us.

As consumers begin to better understand the value of Aflac products, we will solidify our position as a market leader in the voluntary insurance segment by relying on our proven ability to create innovative products. At the same time, our products and messages will speak more directly to consumers of diverse backgrounds, needs, and resources.

In the product area, we have already rolled out our new CareAssist plan to more than 40 states. And we designed our new Maximum Difference Cancer plan to keep pace with some of the current changes in cancer treatment methodologies. The ultimate goal of both new products is to ensure that we are providing the best and most relevant coverage possible, and the best possible value for our customers.

Refine Recruiting and Training Programs

- **Increase the size and efficiency of the field force**
- **Attract, develop and retain talented employees**

Reaching ever-expanding audiences and ensuring that they understand what we do is only the first step in the process. Once consumers know more about the Aflac brand and begin to understand the products we offer, we must have sufficient numbers of properly-trained individuals to sell our products and service our customers. Therefore, we must refine recruiting and training programs in both our headquarters and field force operations.

Increase Field Force Size and Efficiency

- **Training**
  - » **New Associate Training Cycle**
  - » **Field Force Management Training**
- **Tools and Technology**

While we strive to address the needs of our diverse consumer base through targeted marketing, we will help our sales associates reach these market segments by providing them with the tools and training they need to be the most effective sales force in the industry.

As we discussed last year, however, maximizing the efficiency of our field force means much more than just recruiting more associates. In fact, we are currently in the midst of a cultural shift by moving away from our old mantra of "recruit, recruit, recruit" toward a new one of "recruit, train, retain." This new mentality emphasizes the importance of properly training individuals at all levels of experience and all stages of their career so they are equipped to succeed in our organization. We began this transformation more than two years ago when we brought Lance Osborne into headquarters from the field to implement new companywide training programs. That renewed focus on training is in full swing today.

We'll continue to offer general sales training, including the New Associate Training Cycle that we designed to provide our newest associates with the foundation they need to succeed in our sales organization. We'll also continue to offer specialized courses to all levels of our field force management, from district sales coordinators to regional and state sales coordinators, as well as territory directors. In addition, we are currently developing and implementing a variety of tools and technologies to assist with recruiting, prospecting, and servicing Aflac accounts. Teresa will provide more information about these tools and technologies during her presentation.

We believe our efforts to increase the size and efficiency of our field force with tools, technology and training will translate into a higher proportion of successful new producers. Higher success rates for new agents will drive the number of average weekly producers and facilitate overall field growth.

Attract, Develop and Retain Talent

- **Leadership Development program**
- **Telecommuting**
- **Flexible and alternative work schedules**

Our field force is not the only area where we need to focus on having the right people to move our company forward. We remain committed to recruiting and retaining the very best headquarters employees and developing their unique talents through extensive training programs.

Earlier this year, we held our first Leadership Development session. Every leader in the company, from our frontline supervisors to executive vice presidents, will participate in this program by 2008.

We're also piloting several programs that will allow our employees greater flexibility in their working conditions and hours. We've already implemented a telecommuting program that has enabled some employees to work from home instead of our headquarters facilities. And we hope to expand this program in the future.

We're also implementing flexible and/or alternative work schedules across many of our customer service areas. Just as our call center in Nebraska enabled us to extend our hours of operations, we hope these schedules, which currently entail three 12-hour days per week, will enable us to provide top-quality customer service to our sales associates and customers when they need us most.

Further Enhance Our Corporate Reputation

- **Build customer loyalty**
- **Continue to improve our operational efficiency**
- **Offer exceptional value**
- **Empower associates and employees to provide quality service**

As we build effective teams of qualified and highly-trained employees and field force members, we are also working diligently to further enhance our corporate reputation through customer loyalty initiatives and improved operational efficiency.

We know that loyal customers tend to become promoters of a company, so our goal is to turn every customer we can into a promoter of Aflac's products and services. Loyal customers who promote our brand to their families, friends and colleagues translate into increased sales opportunities for our company.

We will continue to attract new policyholders and payroll accounts by providing products with exceptional value at a reasonable cost. And we will improve the ease and accuracy of every customer experience from initial enrollment, to updating a policy, to filing a claim, by ensuring that every associate and employee has the tools and knowledge they need to provide quality service. Through quick and accurate claims payments, simple and efficient administration, genuine personal care, and unfaltering responsiveness, we believe we can build the most loyal customer base in the industry. These loyal customers will reward us by promoting our brand and creating additional sales opportunities.

Improving Our Operational Efficiency

- **Systems**
- **Technology**
  - **» Billing Transformation Program**
  - **» Online Billing**
  - **» Voice Record on Demand**
- **Processes**

An essential component of loyalty is our ability to provide efficient service to our customers and associates. Over the last decade, our company has made tremendous strides in operational efficiency, utilizing technology to enhance the systems and processes that allow us to keep pace with the rapid growth of our business. These efforts have been central to our success in the recent past, and they will continue to play a key role as we move toward the future.

We know that we cannot have loyal customers without quality products and services. Increasing our operational efficiency allows us to provide the caring and timely service our customers expect, while minimizing the expenses that could drive up the cost of our policies and erode the perceived value they hold for our policyholders.

Technology is the best way to make improvements in this area. The billing transformation program continues to provide efficiency gains for Aflac U.S., and we are supplementing these gains with technologies such as Online Billing and voice record on demand. Through these and other initiatives, we are steadily moving away from the redundancies and inefficiencies of paper transactions and toward the improved accuracy and efficiency of straight-through processing.

Our efficiency has always been central to our success, and we are already reaping many rewards as a result. Many of our administration divisions have improved the cycle times of their major processes, enhancing the quality of service we are able to provide to our applicants, associates, claimants and policyholders. Teresa's presentation will cover specifics regarding these efficiency gains.

Aflac U.S. 2007 Performance Objectives

- **6% to 10% sales increase**
- **9.5% to 10.5% total revenue increase**
- **13% to 17% pretax earnings increase**

As I mentioned, our primary goal in the U.S. is to sustain double-digit growth. We are confident that we've successfully translated our understanding of the marketplace into an effective set of objectives for our operation. We also believe the size of the U.S. market can support our desired rate of growth. Reflecting our exceptionally strong fourth quarter in 2006, our stated objective for 2007 is to increase total new sales 6% to 10%. Our objective for revenue growth this year is an increase of 9.5% to 10.5%, while we are targeting an increase in pretax operating earnings of 13% to 17%.

We believe that the objectives we've identified: generating increased and improved sales opportunities, refining our recruiting and training programs, and enhancing our corporate reputation, will help ensure the future success of our company. Our entire team of 4,400 employees and 68,000 licensed sales associates is engaged, and we intend to see that we make progress toward realizing each and every one of our objectives in 2007.

I hope that through the following presentations, you'll gain a greater understanding of how prepared we truly are to approach the challenges and opportunities of today's marketplace. I also hope that a more in-depth explanation of these strategies will make it evident that Aflac is poised to continue meeting the ever-changing needs of American consumers as well as our sales, revenue and earnings targets.

Aflac U.S. Marketing

Jeffrey M. Herbert
Senior Vice President; Chief Marketing Officer

I joined Aflac last fall with a great sense of respect after several years of watching Aflac emerge as a powerhouse brand. Aflac's marketing efforts to produce one of the most recognizable brands in America have been highly effective, bringing brand awareness from only two out of 10 people recognizing the Aflac brand in 2000 to about nine out of ten people recognizing the Aflac brand today.

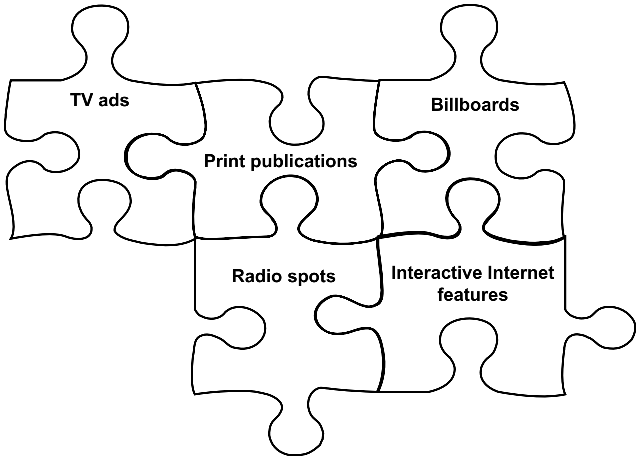
Photo History of Various Aflac Commercials

Both our research and our results continue to tell us that the Aflac Duck advertising campaign is one highly effective vehicle to get our message across. We believe that as long as our feathered friend continues to find himself at the center of interesting situations, consumers will want to see more and more of him. But we don't create our commercials simply to entertain: We want our advertising to inspire action – specifically, action that involves purchasing our products.

It's all part of our quest to move from being known to being owned. We know people aren't going to buy products they don't understand. So, throughout 2005 and 2006, we refined the message in our television commercials to give consumers insight into what we do and specifically, the products we offer.

Our most recent Aflac commercial is called "Goat." For those of you who have wondered if the luster has worn off the duck, the answer is absolutely not. As a matter of fact, this newest commercial tested the highest of any commercial we've released in the Duck's seven year history.

Integrated Media Mix



In order to transform the Aflac brand from being known to being owned, we're finding more ways to engage consumers to spend more time with our brand. We are in the process of building an integrated media plan that complements our television commercials. The more media vehicles we can use to engage the consumer, the better. That's because a 30-second commercial that features the Aflac Duck is very valuable, but 30 seconds with a potential consumer only has the power to do so much.

To address this, we are broadening the Aflac Duck's job responsibilities. Consumers can now spend more time with our brand and the Aflac Duck through print publications, billboards, radio spots, and special Internet features that tie in to the themes of our commercials. This will help us show not just who we are, but what we do.

Integrated Media Results

Previous - TV Only	New TV + Print
86% reach	94% reach
80% 3+ reach	86% 3+ reach
Same Budget	Same Budget

Using integrated media also allows us to spend the same amount of advertising dollars to reach more consumers.

Hero Duck

For example, when we launched "Hero Duck," we also tied in some hero-themed interactive features on our Web page as well as some ringtones and screensavers. For our "Goat" commercial, we've done something similar, only in a much bigger way.

The Science of Marketing

Marketing is the "business of driving business."

But advertising is only one piece of the marketing puzzle. The role of marketing is to grow the business. Put differently, marketing is "the business of driving business." Marketing is a science – a logical, methodical, deliberate process that, when handled correctly, can generate incredible success. My job is to use that science to drive business to our sales force, securing more sales for them, and ultimately increasing the rate of sales growth for the company.

The Vision of Marketing

To be the most respected, valued, loved and purchased brand in the insurance industry

To make that happen, we need a strong vision. Our Marketing vision is to be the most respected, valued, loved, and purchased brand in the insurance industry. That vision is driven by world class marketing. To be world class, we must first drive business results by building brand affinity and equity with our target consumers. Second, we must convert this affinity and equity into consumer demand; third, effectively fulfill this demand; and finally, strengthen and grow these consumer relationships and corresponding demand over time. We want the Aflac brand to be the industry leader in favorability, purchase intention and market share among business decision-makers and end consumers. And we are prepared to make that vision a reality.

Aflac's Strategy for Growth

- **Developing new products**
- **Expanding distribution**

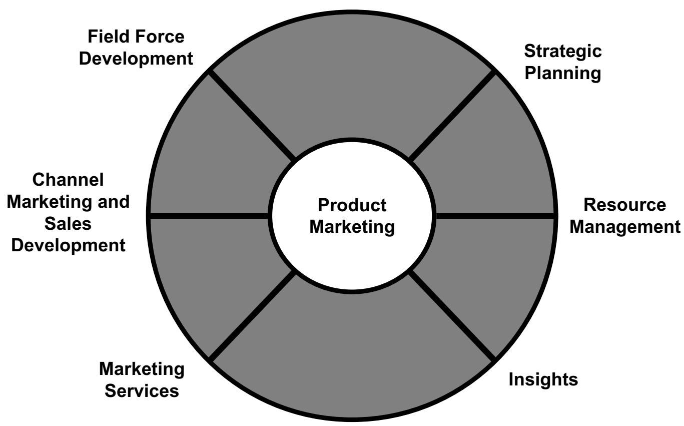
Part of accomplishing our vision is simply pursuing our time-tested strategy for growth. We have been developing new products to match consumers' needs and expanding our distribution system. This strategy is not changing, but we are adding and enhancing our marketing tools and resources to take our strategy to the next level.

Marketing Mix – Placement and Promotion

- **Placement**
- **Promotion**
- **Product**
- **Price**

In the past, our marketing efforts have been heavily reliant upon two of the four Marketing Ps – Placement, which is our distribution system, and Promotion, which is our advertising. With sales growth top of mind, we're also stepping up the other two Ps in the marketing mix by introducing new and innovative products, and pricing our products in a way that meets the needs of consumers. We will also enhance our distribution and promotional tactics.

Aflac's New Marketing Organization



To better equip us in enhancing the four Ps, we have restructured our marketing organization. Our structure is built on a hub-and-spoke model, aligning virtually all necessary resources within one central Marketing Division. We have a strong team of people who research the products consumers want, and then find ways to deliver those products through our sales force.

At the hub of the wheel is product marketing, encircled by the various departments that provide the tools to support the success of our products – and ultimately drive our sales growth. Let me describe a little bit about each of the departments within our restructured Marketing Division.

Product Marketing provides overall direction for all marketing strategies, plans and execution in regard to product positioning and product development. Creating somewhat of a hybrid between a consumer products and a financial services organization, we are now treating each product line as an independent entity. We have organized product teams that are dedicated solely to a single product to ensure the most focused effort regarding that product. These dedicated product teams are critical to our new marketing organization, and are the greatest change in our marketing structure. Previously, we really had no official accountability for the success or failure of a product. That has now all changed. Each product team is responsible for the ongoing development, marketing, and sales results of their product and each team will be evaluated on its ability to improve persistency, new annualized premium and policies in force.

It is up to each team to ensure the products resonate with and then reach consumers. If our products need modification, we will do it within the actuarial and profit guidelines. If and when we need additional products, we will create them. After developing and launching a product, each team is responsible for managing that product throughout its life cycle. Importantly, the product's results in the marketplace tie directly to the employees' compensation.

With the understanding that our field force is the highest-profile aspect of the Aflac brand for existing and prospective customers, it makes strategic and logistical sense to align Field Force Development under the marketing organization. This department will continue to work to provide our field force members with the training and tools they need to reach and surpass their sales goals. They facilitate communication and implementation of marketing-driven products, programs, and events with the field force. Lance will discuss field force development in more detail.

Channel Marketing and Sales Development is a department responsible for executing plans based on strategies that leverage opportunities that are unique to particular customer segments, from consumers to payroll accounts to brokers and various-sized accounts. This department also oversees large account development, consumer and trade sponsorships and events, business-to-business marketing, and field force planning.

Marketing Services oversees advertising and the creation of marketing collateral for all media channels, including TV, radio, print and digital media. This department will be responsible for all our ongoing agency relationships. In addition, they will oversee Aflac's efforts to fight childhood cancer with the Aflac Cancer Center and Blood Disorders Services of the Children's Healthcare of Atlanta and other philanthropic endeavors.

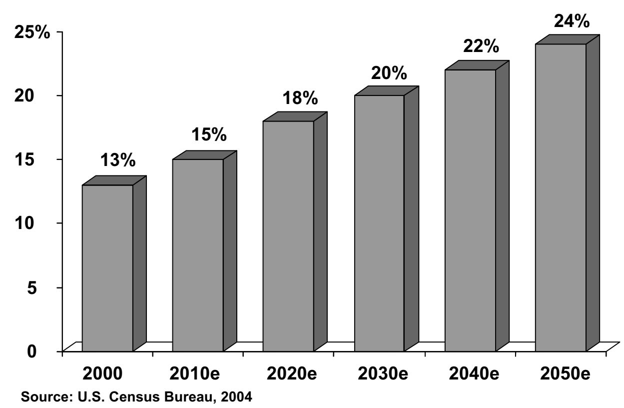
The Insights department is a dedicated research branch of marketing that collects and analyzes primary consumer, customer and other data to effectively identify, understand and leverage marketing opportunities.

The Resource Management department is our operational arm that helps the marketing Division efficiently plan and use our budget; manage our human resource operations; and manage facilities, including workspaces, computers, phones, and other technologies.

And finally, Strategic Planning encompasses competitive and business intelligence, the business planning process, and strategic initiative evaluation. It also addresses Aflac's growth opportunities beyond our current business and our current plan timeframe. This group, along with the entire marketing department, is responsible for looking down the road for that next big idea.

Increasing Hispanic Population

(Hispanic Percent of Total Population)

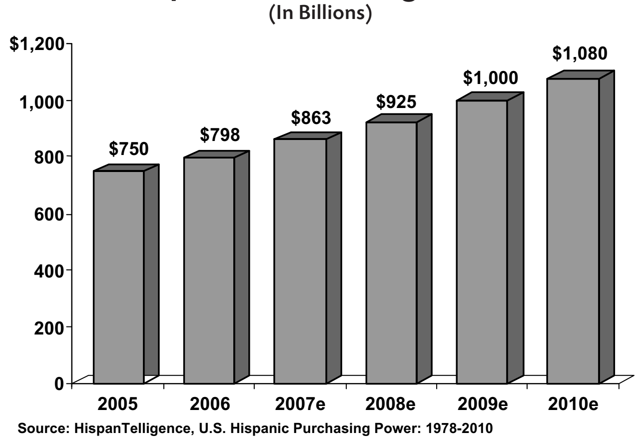


Source: U.S. Census Bureau, 2004

With our new Marketing organization, we're now equipped to better segment the market and apply laser-focus to key marketing initiatives. We believe one tremendous opportunity for Aflac is the Hispanic Market. According to 2004 U.S. Census Data, the Hispanic population in the United States is estimated to be 42 million. This population is not only large, but it is also growing very rapidly. Between 2005 and 2050, Hispanics are expected to represent 50% of the total growth in the U.S. population.

Hispanic Purchasing Power

(In Billions)

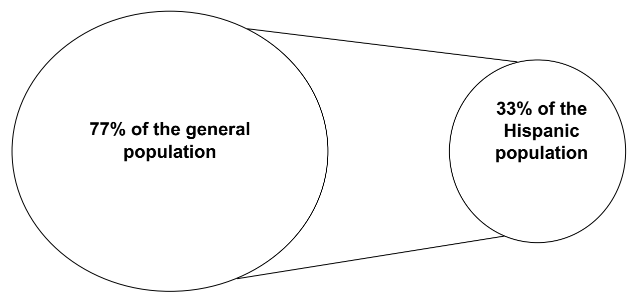


Source: HispanTelligence, U.S. Hispanic Purchasing Power: 1978-2010

Over the last ten years, the disposable income for Hispanic Americans has more than doubled, and it is expected to double again in the next ten years. Research shows that if this country's Hispanic population was a nation, their gross domestic product would rank ninth in the world, just below Canada. Researchers are predicting that by 2008, Hispanics' buying power will climb to about $1 trillion per year. That would represent an astounding growth rate of over 450% since 1990 when Hispanic purchasing power totaled $222 billion.

Hispanic Market Research

Consumers' awareness of Aflac:



Source: Aflac Insurance Awareness and Usage study, 2/06

Research also shows that the Hispanic market is underinsured. A survey we conducted indicated approximately 77% of the general population is aware of Aflac specifics, compared to only 33% of the Hispanic population. Imagine if we could just increase that awareness incrementally, even to half that of the general population.

To help improve awareness of our types of products, our objective is to improve and enhance Aflac's brand name within the Hispanic community by focusing on health education. At the same time, we will increase recruitment of Hispanic field force associates to expand our distribution reach. That will allow us to increase market penetration within Hispanic-owned businesses and businesses with a large percentage of Hispanic consumers; to increase sales in product lines preferred and needed within the Hispanic community. Right now we are building internal infrastructure and in-house support that will allow Aflac to better service the Hispanic community.

Hispanic Market Initiatives

Other initiatives underway to accomplish our objectives include: advertising on Hispanic television stations; reaching consumers through our recently-launched Spanish language Web site; placing Spanish indicators on our product policies; and using the Spanish enrollment forms we recently rolled out to streamline the enrollment process and cater to the Hispanic market.

We will be measuring the effectiveness of our campaign to reach the Hispanic market by closely monitoring our brand's awareness and popularity scores as well as our production results.

Benefit Concerns of Small Businesses

Small businesses are concerned about their ability to provide benefits that:

- **Are affordable**
- **Will help attract and retain employees**
- **Will not negatively impact employee wages**

Source: Aflac Small Business Owner Survey, 2006

In addition to the Hispanic population, we also see a vast opportunity within the small business market. For years, we have been following research that shows that the cost of health insurance is an important issue for small businesses. Let me share with you a couple of reasons why.

A Small Business Owner Survey we conducted in 2006 indicated that 70% of small business decision-makers said they are concerned about their company's ability to provide affordable health insurance coverage for employees. Nearly two-thirds of respondents reported that they are concerned about their company's ability to provide a package of benefits that will attract and retain employees. And almost half agreed that they cannot attract and retain top-quality employees without offering competitive health benefits.

That same survey indicated that nearly half of business owners reported that increasing health care costs have negatively impacted their employees' wages. Six in ten respondents agreed that "it is important to financially help employees with health challenges and medical emergencies." Forty-two percent of those surveyed agreed that annual increases in health benefits have made them decrease their offerings. Aflac products provide a solution to address these concerns.

The Aflac Small Business Initiative

- **Small businesses:**
  - » **Weren't aware of Aflac's accessibility to them**
  - » **Questioned size qualification**
  - » **Questioned affordability**
- **Launched Aflac SB in 2006**

However, many small business owners were not aware that Aflac products were accessible to them. This was particularly true for businesses with fewer than five employees. Because of their size, they did not believe they would qualify for Aflac products. And they were concerned about affordability. Understanding this misconception, we launched an initiative to educate small businesses on how Aflac can help address their concerns.

In 2006, we implemented Aflac SB, an initiative designed to build awareness and engage the small business owner through advertising, training, and support. Before launching Aflac SB, our field force was trained to not solicit small business owners where there were not three or more employees. In addition, the ability to directly bill a policyholder, as opposed to billing through payroll deduction, was only available when the products were purchased using a paper application. Since the introduction of Aflac SB, associates have been taught early in the training process to solicit small business owners of any size as an integral target of the selling process. And we can use SmartApp to set up direct billing for policyholders.

Aflac SB Media

To increase awareness within the small business market, we used a combined media effort focused around radio spots.

Our nationwide radio advertising is generating 1,000 hits per week on aflacsb.com, the designated Web site for small business, on which we provide across-the-board tips for small businesses.

Aflac SB has produced some very positive results and has generated a lot of excitement. When you consider the size of the small-business market, the lack of competition, and their significant need, we believe it is a very attractive and underserved market. With a continued combined marketing emphasis, point of sale material, advertising and media support, we believe we can successfully solidify Aflac's penetration within the small business sector and impact sales increases in both nonpayroll and payroll premium.

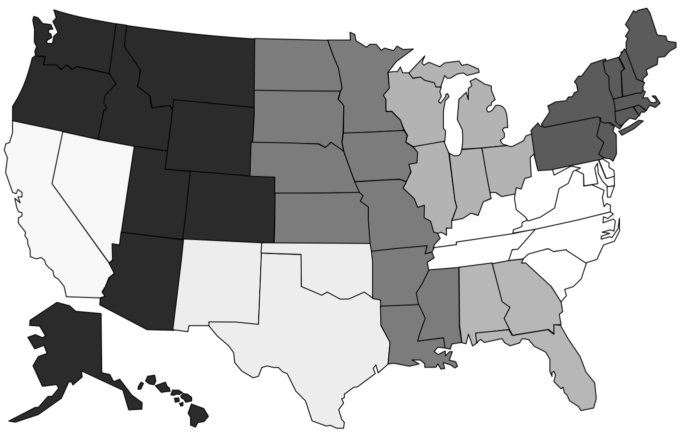
Aflac marketing is enhancing the significant competitive advantage of our brand. I mentioned that marketing is the "business of driving business." The Marketing Division will work to ensure that the messages we send about Aflac, and the messages our customers receive about Aflac, are completely in synch. That kind of consistency is going to be more critical than ever in order to differentiate Aflac as a unique and preferred brand in the minds of our target audience of businesses and consumers. With a strong brand and a vast and virtually untapped market of opportunity awaiting us in the United States, I know we can leverage what we've accomplished so far to be more prepared than ever to tap into that market.

Aflac U.S. Sales

Ronald E. Kirkland
Senior Vice President; Director of Sales

The success of Aflac begins with our sales force, the members of which are the primary points of contact between Aflac and its customers. Because our distribution system is the primary means for us to achieve our targeted rates of sustained sales growth, we are continuing our intense focus on its expansion and improved capability.

Aflac U.S. Sales Territories



First, let me begin with the organization of our U.S. sales operation. We have divided the U.S. market into eight territories, which range in population size from 28 million to 55 million. Each territory is managed by an Aflac U.S. officer known as a territory director.

Sales Results by Territory

Sales Territory	Percentage Contribution	Percentage Increase
South	19.4%	16.7%
Central	14.3	15.5
Northeast	14.1	10.6
North	13.5	8.1
East	10.5	10.4
Southwest	10.1	17.0
West	9.7	9.4
Pacific	8.4	17.8
Total	100.0%	13.1%

Looking at sales results by territory, you can see the percentage sales contributions each territory makes. The South Territory is the largest contributor to sales, accounting for more than 19.4% of new annualized premium in 2006. The South Territory also had a significant increase in sales last year due, in part, to the re-enrollment of a large account in the fourth quarter.

Number of State Operations per Territory

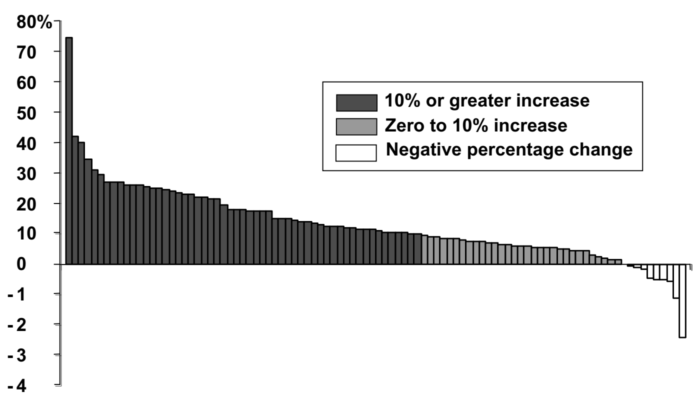
(December 31, 2006)

Sales Territory	Number of State Operations
South	10
Central	14
Northeast	15
North	14
East	10
Southwest	10
West	11
Pacific	12
Total	96

Within the territories, we have divided the country into Aflac state operations, which cover a geographic state itself, such as Colorado, or a portion of a geographical state, such as Michigan-North or Arizona-East. In a few cases, an Aflac state operation will include more than one state. At the end of 2006, we had 96 state sales organizations. The number of Aflac state operations within each of our eight territories ranges from 10 to 15.

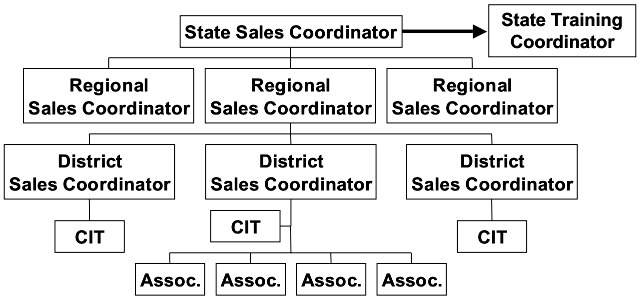
Sales Growth by State Operation

(Twelve Months Ended 2006)



As you know, we had a very good year from a sales perspective last year. And we saw a broad improvement in the rates of sales growth throughout the country. Last year 55 Aflac state organizations produced double-digit growth, up from 36 during 2005. Another 31 Aflac states produced results that were flat-to-up 10% in 2006. The remaining nine states had sales declines, compared with 24 in 2005.

Field Force Organization



Aflac's U.S. sales force is made up of commission-based, independent sales associates and sales coordinators, each of whom manages their own geographically defined area. The foundation of Aflac's sales hierarchy is our sales associates, whose primary function is to sell Aflac insurance to payroll accounts and then to service those accounts. Most sales associates are trained and managed by the next level in the hierarchy – district sales coordinators, or DSCs. We've recently developed a position called the coordinator in training, or CIT, which is an associate/DSC hybrid position that emulates the DSC responsibilities of managing associates while still reporting to a DSC. The CIT position gives an associate the opportunity to carry out management responsibilities without the pressure of a sales quota. DSCs are held to their own personal and district sales production goals while also managing the associates on their team. DSCs are managed by regional sales coordinators, or RSCs, whose primary responsibility is recruiting new associates, but RSCs also assist with training. RSCs are managed by SSCs, who lead the state operation. SSCs report directly to the territory director. Most states have one, and sometimes two, designated state training coordinators, or STCs, who facilitate and support both headquarters and field training initiatives on a statewide basis. STCs are compensated by the state sales coordinator.

Coordinator Expansion

	1999	2002	2006	3/07
SSC	54	63	96	98
RSC	321	430	553	579
DSC	1,543	2,095	2,414	2,514
Total	1,918	2,588	3,063	3,191

It became clear after the explosive growth during our so-called "duck bubble" that sales management infrastructure was stressed. At the end of 1999, which was just before the introduction of the Aflac Duck, we had 54 state operations, 321 RSCs and 1,543 DSCs. Although we had tremendous recruiting gains from 2000 through 2002, our coordinator base did not keep pace. Since the end of 2002, we have spent much time and energy on enhancing our distribution infrastructure. Due in part to the success of the CIT program, we have essentially "filled our bench." Going forward, we expect to see continued coordinator expansion.

Recruiting

- **Focus on increasing size and effectiveness of field force**
- **Track average weekly producers (AWPs)**
- **Recruit, train, retain**

Recruiting has always been, and will continue to be, an essential component of Aflac's distribution growth. Clearly, increasing the size of our field force allows us to extend our reach to consumers. And while we continue to actively recruit new sales associates, you'll recall that we have shifted our focus to building the number of average weekly producers. As Paul mentioned, our distribution expansion philosophy is now to "recruit, train, and retain."

Compensation Structure

- **First-year and renewal commissions**
- **Bonus programs**
  - » **MPI bonus**
  - » **Stock bonus**
  - » **Recruiter bonus**
- **Other special incentives**

To attract new sales associates and reward our sales force, we offer an attractive compensation structure. Our compensation package includes first-year and renewal commissions as well as bonus programs, including the Market Potential Index Bonus, or MPI Bonus; the Stock Bonus; and the Recruiter Bonus. In addition, there are other special incentives, including Aflac Honor Clubs as well as both corporate and field-based contests to encourage the sales force to push the limits of their abilities and be richly rewarded.

Commission Structure Example

(Accident Policy)

	First-Year Rate	Renewal Rate
Associate	34.5%	6.1%
DSC	7.2	3.4
RSC	5.0	1.6
STC	.4	.1
SSC	4.3	1.0
Total	51.4%	12.2%

*Standard AH policy structure

Let me give you more detail on commissions, using a standard structure for a typical accident policy. As you can see, the total commission paid out is just over 51% of the first year- premium, with the associate receiving slightly more than one-third of the first-year premium. Coordinators in the associate's hierarchy receive varying levels of override commissions. In subsequent years, for policies that persist, the associate will earn just over 6% of the annual premium in renewal commissions. Again, the coordinator hierarchy also receives smaller override renewal commissions on the same persistent policies.

Our sales force is entirely commission-based, and receives no salary. Because an associate just joining Aflac typically has urgent financial obligations to meet as they build their business, associates and coordinators can elect to receive advanced commissions. Advanced commissions allow a portion of first-year commissions to be paid to an associate or coordinator before the premium is actually paid, or the commission is actually earned. Most associates elect to have commissions advanced. For most lines of business, 63% of the first-year commission can be paid in advance. The remaining 37% is credited on the weekly statement as premium payments are applied. Advanced commissions assume the policy will not be dropped.

Bonus Compensation

- **MPI Bonus**
- **Stock Bonus**
- **Recruiter Bonus**
- **Territory Director Bonus**

In addition to commission, Aflac has designed bonuses to offer effective incentives to the field force. First is the Market Potential Index Bonus, or MPI Bonus. MPI is a metric that measures the sales potential of Aflac state and regional operations. An MPI target is set for each district, region, and state. When setting the target, we take into account in-force policy numbers, the estimated potential employee base in each state, and prior years' gross production. Typically, less-penetrated areas have higher target goals. When a district, regional, or state sales coordinator exceeds their designated MPI, they achieve a cash bonus based on the amount they exceed their designated MPI target.

A second program, the Stock Bonus, provides Aflac stock to sales associates and coordinators. The stock bonus process is automatically triggered when a policy's premium is paid in the 13th month. Once this happens, we award 3.5% of the first-year premium as a stock bonus to associates and .7% of the first-year premium to DSCs, RSCs, and SSCs.

The third incentive is the Recruiter Bonus, which is for associates only. If an associate recruits another associate, the recruiting associate will receive a 5% override from business written by the recruited associate for the duration of one year. The bonus is calculated and paid quarterly as a one-time payment of 5% for each applicable policy's annual premium. The Recruiter Bonus commission slightly reduces the commission percentages for the SSC, RSC, and DSC for that particular year. This incentive is important because many of our new recruits come from referrals from existing agents.

Although the territory directors, or TDs as we call them, are Aflac employees and not contractors, their compensation is directly tied to sales related performance measures. Through 2005, territory directors were compensated with a salary and an incentive bonus based on both sales and recruiting. Beginning in 2006 and continuing into 2007, average weekly producer growth replaced the recruiting component of their incentive bonus.

Honor Clubs

- **Fireball and Star Award Series**
- **Key Clubs**
- **Growth Enterprise Management (GEM)**
- **FAME**
- **Founders Week**
- **Convention**
- **President's Club**

Aflac Honor Clubs are another way we recognize successful producers with incentives to excel. Honor Clubs represent a collection of programs designed to recognize and reward associates and coordinators. They offer associates and coordinators various levels of prestigious incentives to increase production, average monthly producer growth and payroll account growth, all of which are critical to growing our business. Awards range from cash bonuses to elaborate incentives and trips including world-class conventions in luxurious domestic and international locations and resorts. As you can see, we have several Honor Clubs, so let me comment on just a few in greater detail.

Qualifying for Fireball Triple Crown, which recognizes new associates who produce $75,000 in gross annualized premium during their first 39 weeks, is typically a good indicator of future success and the springboard to the next level in career development. Qualifiers receive a trip with special festivities planned in their honor.

Founder's Award for Management Excellence, or FAME, rewards varying levels of coordinators who surpass a range of criteria. These include personal production, new accounts with policies issued, associates who qualify for Fast Start and Fireball Series contests, new associates who reach new annualized premium levels, coordinators who exceed MPI, and specifically for state training coordinators, average weekly producers and the percent of new accounts that sign up for Online Billing. Like the territory director bonus, recruiting is no longer a component of FAME.

Our most prestigious Honor Club is the President's Club. Qualifiers for President's Club include only a certain number of the top associates in terms of their production, and only a limited number of the top coordinators who have also achieved their MPI. In fact, associates and coordinators who qualified for this year's Presidents Club went on a five-day, four-night Mediterranean cruise out of Monte Carlo.

Incentive Contests

- **Lexus Hold 'Em**
- **The Power of One Million Dollars**
- **Various state, regional and district contests**

Contests have long been strong motivators to encourage associates and coordinators to focus on specific activities or aspects of Aflac's business. Each year, literally thousands of contests are run. Some of the contests are conducted by Aflac and some are run by states, regions, and districts, depending on aspects of the business that require emphasis.

As an example, an Aflac contest was held in the third quarter of 2006 called “Aflac Lexus Hold ’Em, our spin on the popular card game, “Texas Hold ’Em.” This contest targeted DSCs and encouraged them to focus on developing average weekly producers and recruiting new agents. DSCs were paired against one another to encourage friendly competition. Randomly selected playing cards were sent weekly to the head-to-head winners. In the end, the one DSC in each territory with the best five-card poker hand per territory won a Lexus IS sports sedan. Smaller items were given to runners-up. We believe the contest had a positive impact on recruited agents and average weekly producers.

Another example occurred in the first quarter 2007 when we ran a nationwide contest called the Power of One Million Dollars. This was a fast-paced, upbeat, Bingo-style contest that tied into the Aflac field force theme “The Power of One” and had a total contest payout of $1 million. It focused all levels of coordinators on increasing average weekly producers. Additionally, it focused DSCs on securing new accounts; RSCs on increasing new recruits; and SSCs and STCs on increasing new annualized premium. We believe this contest contributed to our strong first quarter results.

As I mentioned, most territories, states, regions, and districts also run contests on a regular basis to encourage new annualized premium growth, new payroll account growth, average weekly producer growth, and new recruits.

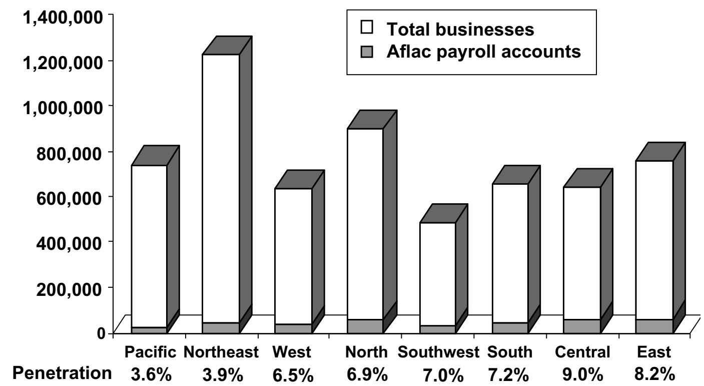
Average Weekly Producers

AWPs:

- **Replaced recruiting as a metric for Territory Director bonus and various contests**
- **Increased 6.4% in 2006**
- **Allow coordinators to provide more timely support if a sales associate is struggling**

As we have discussed, we are intensely focusing on increasing the number of average weekly producing associates as a measurement and reporting tool for our territory directors and coordinator base. As I mentioned earlier, this measure was included in our territory directors’ bonuses for 2006. We had a 6.4% increase in average weekly producers in 2006 and a 6.8% increase in the first quarter, despite a decline in recruiting. Due to our focus on building our producer base, we anticipate that recruiting will be down this year. However, we still expect to see producers increase this year due to our improved training programs, which is more meaningful to our sales. We believe that monitoring producers on a weekly basis allows management to intervene earlier in the process should coordinators identify an associate who is experiencing difficulty. This relates to the old saying, “Know the score, report the score, and the score will improve.”

Penetration by Sales Territory



Source: U.S. Census Bureau Tabulations by Enterprise Size, 2004

We continue to believe that the U.S. market is perfectly suited to our products. We also believe that the distribution model we’ve built is the best approach for reaching that market. In looking at our existing payroll accounts as a percentage of total firms, it’s clear that a vast, untapped market is available in the U.S. market. Our most penetrated territory has a penetration rate of only 9.0%, while the Pacific Territory has a penetration rate of just 3.6%.

The Small Business Market

(2004)

Size of Firm	Number of Firms (000)	Number of Employees (Millions)	% of Total Employees
0 - 19 Workers	**5,256**	**21.2**	**18.4%**
20 - 99 Workers	**526**	**20.6**	**17.9**
100 - 499 Workers	**87**	**16.8**	**14.6**
Total	**5,869**	**58.6**	**50.9%**

Source: U.S. Census Bureau Tabulations by Enterprise Size, 2004

As you know, we focus on marketing our products at the worksite because that’s where most Americans buy their insurance. According to the most recent data from the Small Business Administration, there are approximately 5.9 million businesses with fewer than 500 workers. Based on U.S. Census data, our total number of payroll accounts only represents about 6.5% of the small-business market, making the U.S. a very sizable and attractive market.

The morale of our sales force is high, and we are excited about the renewed momentum of our U.S. business. We believe we will have another strong year and that we are well-positioned to increase total new annualized premium sales by 6% to 10% in 2007. We believe this objective acknowledges the opportunities in the U.S. market, but also balances this enthusiasm with the challenging comparisons that we face due to the very strong sales we produced in 2006, particularly in the fourth quarter. Ultimately, our goal is to continue to produce sustainable double-digit sales growth in the United States.

We are ready to continue moving forward on our strategies to create a stronger and more effective sales force. I believe we are better equipped than ever to take advantage of the vast growth opportunities within the U.S. marketplace.

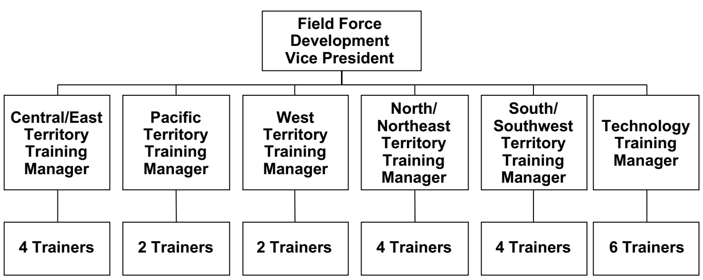
Aflac U.S. Training

J. Lance Osborne
Vice President, Field Force Development

For more than two decades, our growth strategy has been to create relevant products that offer value to consumers and to find ways to deliver those products to consumers. You've heard about the product side of this equation. I'll focus on the second aspect of our strategy – the development of our distribution system.

We began restructuring the Field Force Development Department in January 2005 to place greater focus and resources on training for our distribution system. Since the restructure, we have developed innovative training programs for all levels of the field force, including associates and coordinators. The programs are delivered by a dedicated team of trainers who began their Aflac career as associates and sales coordinators in the field. Let me show you the way we've structured our teams to maximize our ability to deliver the appropriate training programs where they are needed.

Field Force Sales Training



In addition to each state operation's state training coordinator, we have five territory training managers responsible for training programs within our eight territories, and each training manager is designated to a specific territory. The designated training manager works closely with the territory director and each state sales coordinator within the territory to assess each state operation's specific training and developmental needs. Assessments use current and historical data to analyze recruiting, retention and sales performance. The assessments also take into consideration the state's current training programs, training calendar, and the experience of the state training coordinator. Based on the assessment, the territory training manager may select appropriate classes and seminars from a corporate catalog. If necessary, a training team from headquarters can be used to supplement the training provided by the state. By empowering a longstanding working relationship between the training personnel in the field and at headquarters, we feel we can enable our state operations to maximize new recruits' potential throughout the United States.

In addition, we also added a team dedicated specifically to field technology training. This team of technology trainers works with all eight territories. And we believe this structure has proven successful.

LEASE

Larger Earnings Acquire Small Employers

As you'll recall, in January 2004, Aflac introduced a new training program called LEASE, which stands for Larger Earnings Acquire Small Employers. LEASE is a selling system that is scripted and sequential to encourage new associates to focus on the small business market. This program was implemented in new associate sales schools throughout most state operations. However, in 2005, we found that many DSCs had not learned the program, and therefore were not using LEASE as a training platform to train new associates in the field. Due to the discrepancy this created between classroom training and DSC field training, new associates often became confused and lost confidence early in their Aflac career.

Taking this into account, in early 2006, our team in Field Force Development redesigned the sales school material, which includes LEASE, to make it easier for DSCs to consume, and therefore deliver, when training new associates in the field. This new approach to LEASE effectively bridges the disconnect we encountered between classroom training and field training in the early version of LEASE. LEASE is still central to our training for new associates, along with many other relevant learning topics and skills. Before I go into detail about the material the New Associate Training Cycle, which we rolled out in June 2005, let me first share the four main principles on which this training program was built.

Training Principles

- **Training is a process, not an event.**
- **Learning should be sequential.**
- **Repetition is critical to the learning process.**
- **When tension is high, retention is low.**

First, the New Associate Training Cycle exemplifies our philosophy that training is a process, not an event. Learning and retention of material happens when presented over time and quality training programs take time to develop and deliver. We are very committed to the training process. Second, this training cycle follows through on our belief that learning should be sequential. Sequential learning increases retention and it's extremely important that we provide training to new sales associates in a logical order that helps the associates build their skills, knowledge, and confidence. This cycle teaches relevant topics that coincide with the skills and knowledge associates need when they need it in the field. Third, we believe that repetition is critical to the learning process.

The New Associate Training Cycle is designed to not only to deliver, but also to reinforce training by offering follow-up classes and multi-tiered training. Finally, we know that when tension is high, retention is low. In the past, much of our training was done in the field on sales and service calls. Most of our new associates have never been in sales before. Therefore, they were often intimidated during their first sales calls. This tension worked against them applying the skills that were taught in the field. In the new training cycle, associates typically attend training classes together, where they are able to begin building a level of comfort, sharing, and camaraderie among the group. This adds to our ability to reinforce the skills necessary to be successful. It also allows us to help new associates establish habits for success in a comfortable environment where they have the best opportunity to retain the material.

New Associate Training Cycle Level 1

- **Basic Products**
- **New Associate Sales School featuring LEASE**
- **New Associate Sales School Follow-up**
- **SmartApp Next Generation[SM] (SNG)**
- **Enrollment & Account Management**
- **Basic Flex**

The New Associate Training Cycle is divided into two levels of classes. The first level starts the associate off learning six fundamental topics, including a basic product class; training on how to use SmartApp Next Generation; how to enroll manage accounts; the essentials of Flex enrollments; in addition to the LEASE training and follow-up I'd discussed earlier.

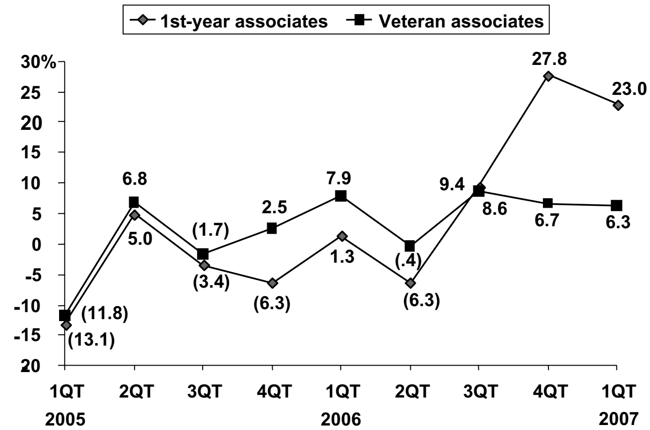
New Associate Training Cycle Level 2

- **Owning Your Own Business**
- **Goal Setting and Business Planning**
- **Target & Referral Marketing**
- **Consultative Selling**
- **Conducting a Group Meeting**
- **Advanced Product Knowledge**
- **Understanding Communication and Statements**
- **Value-added Services/Advanced Flex**
- **Networking in Your Community**
- **Understanding the Claims Process**

Level II of the New Associate Training Cycle covers more advanced topics, including tips on managing the business like an entrepreneur; goal setting and business planning; advanced product knowledge; and networking in the community, just to name a few. Our philosophy of starting with the basics and moving into more complex topics affirms one of our founding principles that training should be sequential and help new associates address topics as they arise.

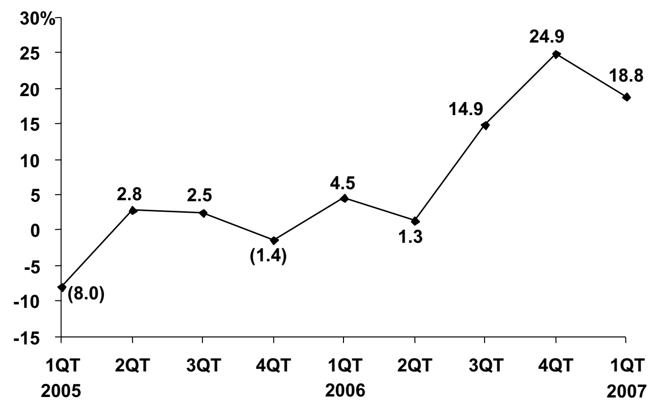
Coordinators now understand the importance of developing both competence and confidence in new associates, and they are changing their field training habits to be consistent with classroom training and improve retention.

New Payroll Account Growth



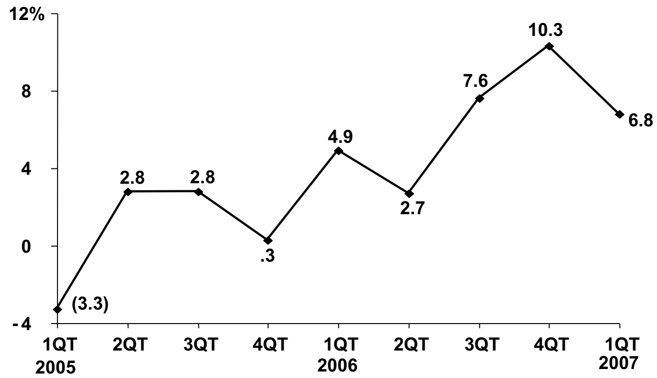
The New Associate Training Cycle has been adopted by most of our state operations, and we are showing significant improvement in several key categories. For example, the growth of new payroll accounts opened by new associates significantly improved in the fourth quarter of 2006, with an increase of 27.8%. This strong rate of payroll account growth continued into the first quarter of 2007, with an increase of 23.0%.

New Associate Premium Growth



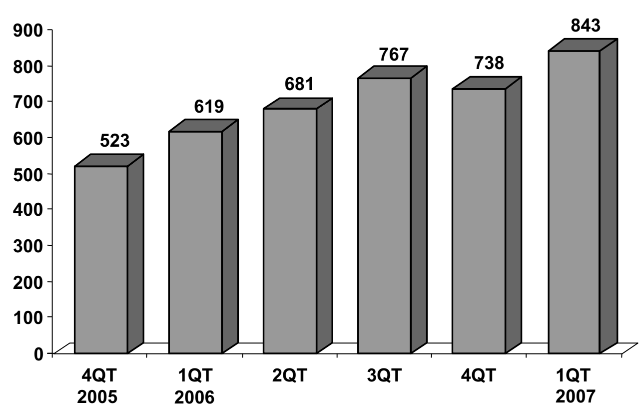
In addition, we believe the success of our training efforts is also reflected in the increase in new annualized premiums written by new associates. In addition to showing increases throughout 2006, new associate premium was also up 18.8% in the first quarter 2007. These increases provide evidence that we are reaping the rewards generated by our New Associate Training Cycle as our new associates contribute to increases in both new payroll accounts and new annualized premium sales.

Average Weekly Producer Growth



As Ron covered, we have successfully shifted the focus of our field force management from one of simply recruiting to recruiting with the intent of growing average weekly producers. An increase in average weekly producers is the combined result of targeted recruitment and effective training. With a 6.4% increase in average weekly producers last year, not only has our increase in average weekly producers had a positive impact on sales, but it has also fortified our bench for future coordinator growth. Despite an 11% decline in overall recruiting in the first quarter of this year, our 6.8% increase in average weekly producers demonstrates that our training philosophies and programs are working. Although we expect recruiting growth to continue to be lower this year, compared with 2006, we're recruiting better and smarter. We will continue our support of Internet recruiting through national contracts with Careerbuilder.com, Monster.com, Hot jobs.com and RegionalHelpWanted.com. These programs continue to be successful for our field in driving high volumes of interviews. However, as Ron indicated, our greatest volume and best quality of recruit comes from existing Aflac associates and coordinators who nominate based on the characteristics and traits necessary to succeed. To fuel our training programs, we must continue to increase our ability to attract and contract new associates, and we are convinced that our field force understands this requirement.

Coordinator in Training Growth



Another way we're increasing our bench is through our Coordinator in Training, or CIT program. We believe this program is critical in creating a pool of future leaders. As we have discussed, the CIT program enables associates to learn the district sales coordinator position without the pressure of a sales quota. We set forth specific prerequisites associates must meet before entering this management training program, as well as performance requirements to remain in the program, such as attending monthly classroom modules. We believe the CIT program creates a pool of future field managers from which we can grow our leaders.

Coordinator in Training Performance

On a weekly basis, CITs who completed four or more CIT training modules:

- **Opened an average of 33% more new payroll accounts**
- **Produced 6.4% more new annualized premium sales than CITs without CIT training**

We also believe the CIT program has resulted in improved performance. For example, CITs who have attended four or more of the classroom modules are opening more accounts and producing more premium than those who have not.

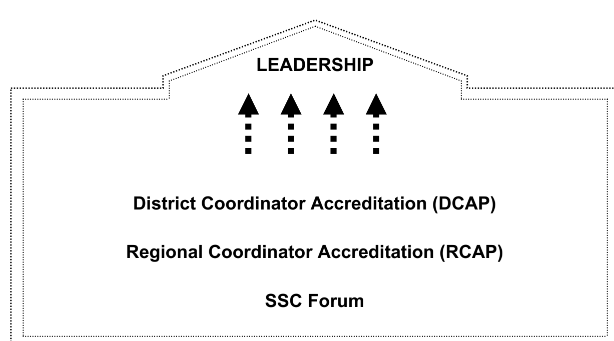
DSC Performance

On a weekly basis, DSCs who completed four or more CIT training modules:

- **Opened an average of 19.6% more new payroll accounts**
- **Produced 12.2% more new annualized premium sales than DSCs who had taken less than four CIT training modules**

Once promoted from the program, these new district sales coordinators are outperforming district sales coordinators who did not complete the program in both new accounts and new annualized premium.

Increase Field Leadership Skills



As I mentioned, we are committed to provide training to all levels of our sales force. By the end of 2007, all active DSCs will have attended our redesigned District Coordinator Accreditation Program, which we refer to as DCAP. DCAP 2007 is an intense, three-day leadership training program designed to develop DSCs' skills in establishing and maintaining the credibility that is necessary to lead independent sales associates. Through lecture, exercises, group discussions and case studies, DSCs also learn how to develop their team and assess the learning styles and motivation styles of their associates and adjust their training, managing and mentoring accordingly. We teach DSCs when and how to coach associates to achieve high performance. The DCAP training begins before the DSCs even get to the classroom. We send them an assignment to complete that incorporates real-life scenarios. Each coordinator will leave with a detailed action plan and a learning partner that will support one another in implementation. Study groups meet monthly to discuss progress.

The Regional Coordinator Accreditation Program, or RCAP, is an intense five-day leadership training program we are delivering to strengthen our sales management's capabilities. Because recruiting activities are the main focus for RSCs, RCAP focuses on advanced recruiting techniques, as well as topics including leadership, team building, and broker development. In 2006, we brought 170 RSCs to Columbus to participate in this five-day program designed around leadership, team building and Aflac's processes. In 2007 the remaining 400 RSCs will attend this training. We have completed two classes and two more will be held in July and August.

In March 2007, we conducted our third annual SSC Open Forum for state sales coordinators. Our annual meeting with states sales coordinators was designed to create open communication between our highest level of field management and headquarters. This meeting includes panels, table discussions and this past, March leadership and coaching training was added to the agenda. The SSC Forum allows our SSCs to give us direct feedback that we then use in many capacities: enhancing training, developing products, creating broker programs, maximizing our use of technology, and administering various other programs.

Aflac U.S. and its field force remain committed to growing distribution, and this cannot happen without quality recruiting combined with quality training. We believe the improvement and consistency in our classroom and field training will better position us to turn newly recruited sales associates into producers.

We will continue to focus our coordinators on improving the classroom and field training experience of our new associates, and we're convinced this will increase retention. Aflac's entire Field Force Development team is committed to supporting our field force efforts through increased recruiting support, enhancing skills sets through better training, and motivating our sales force with creative incentive programs. Our goal is to prepare every level of our field force for the U.S. market, which we believe remains receptive to our products.

Aflac U.S. Sales Support and Administration

Teresa L. White
Senior Vice President; Deputy Chief Administrative Officer

I'd like to give you an overview of the administration functions of our company and how we're working together to achieve two key strategic goals: low-cost operations and improved customer service, which results in greater customer loyalty.

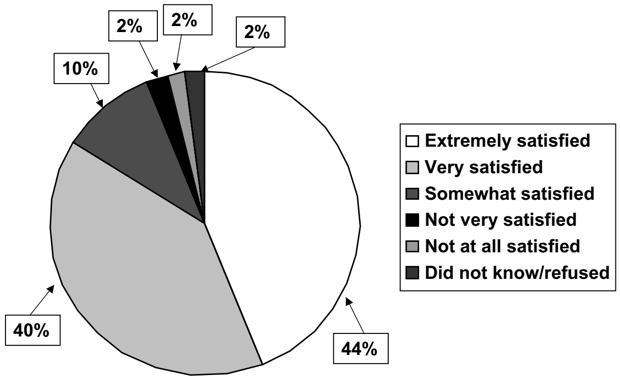
Aflac Internal Operations Functions

Aflac U.S. Administration

- **Account Implementation Management**
- **Aflac New York**
- **Benefit Services**
- **Best Practices**
- **Client Services**
- **Claims**
- **Corporate Communications**
- **Field Liaison Office**
- **Sales Financial Management**
- **Sales Support**
- **Shared Services**
- **Support Services**

We have many administrative departments, all of which affect consumer perceptions of Aflac. More than 2,700 employees work in these areas. We've done a lot of work over the last year to communicate more specifically the precise behavior we expect from them when dealing with customers. Managers in every administrative function are looking for ways to produce gains in customer-satisfaction while keeping our operating costs low. The good news is that we're starting from a strong base.

Employer Satisfaction Survey



Source: Net Referral Study, May 2006

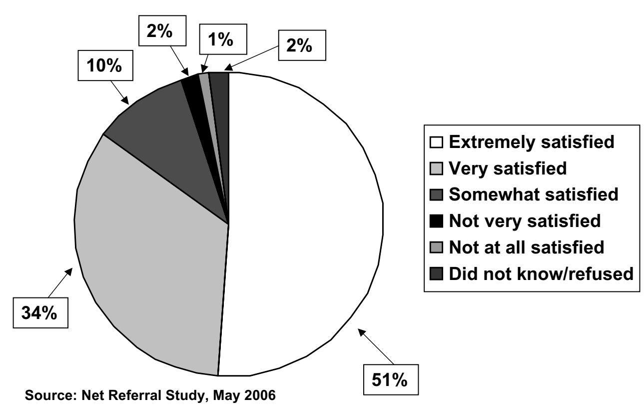
The results of our 2006 customer-satisfaction survey show that 84% of U.S. employers who offer Aflac products to their employees are either “extremely satisfied” or “very satisfied” with Aflac. Additionally, 53% of employers say they would be very willing to refer us to a friend or colleague.

Top Three Employer Reasons for Giving Referrals

- **Good coverage/policies/procedures**
- **Good/prompt service**
- **Agent is helpful/responsive/knowledgeable**

When these same employers were asked why they would recommend us to a friend or colleague, we found that two of the top three reasons have to do with quality of service. So if one of our strategic goals is to turn ever-greater numbers of our customers into true promoters of the Aflac brand, our focus on improving customer service makes great strategic sense.

Policyholder Satisfaction



Source: Net Referral Study, May 2006

When we look at customer satisfaction among our policyholders, the numbers are consistent with employers. Our survey found that 86% of policyholders say they are “extremely” or “very satisfied” with Aflac. And 62% of policyholders say they would refer us to a friend or a colleague.

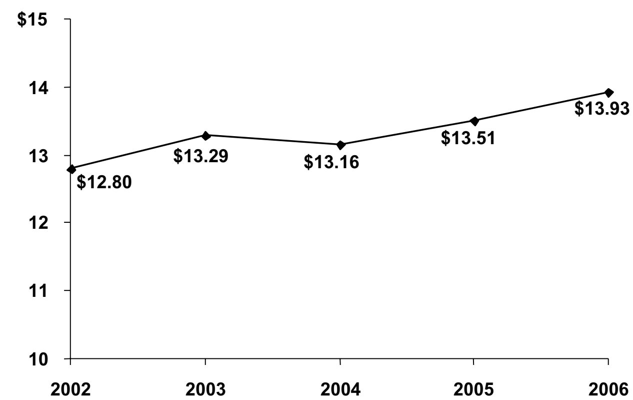
Top Three Policyholder Reasons for Giving Referrals

- **Good/prompt service**
- **Good coverage/policies/procedures**
- **Pay claims fairly**

The number one reason our policyholders are willing to promote the brand is our customer service, followed closely by their faith in our products: our coverage, our policies and our procedures. They also believe that we pay claims fairly, which has been a hallmark of Aflac since our company’s beginning. We’re happy with these numbers, but not satisfied. We want the levels to go up by turning more employers and policyholders into promoters of the Aflac brand.

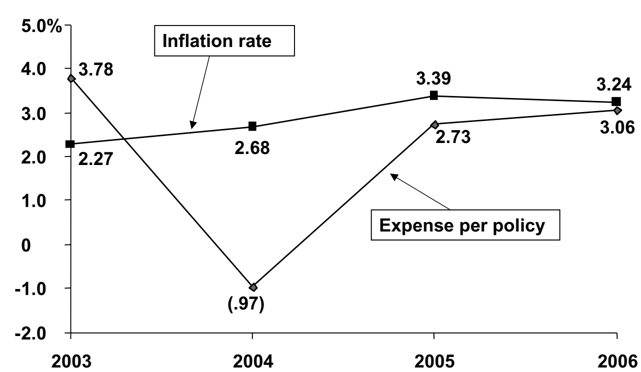
Of course, we also need to keep costs low in our customer service operations. We believe we are doing well in this regard, despite the pressures created by the dramatic growth of our business. One key metric we use is administrative expense per policy in force.

Expense Per Policy in Force



These costs represent all our general policy administration expenses, excluding the renewal commissions paid to our field-force associates. As you can see, these expenses have increased over time, but in small increments.

Expense Per Policy in Force vs. Inflation



In fact, the growth rate of our administrative expenses has come in lower than the annual inflation rate for the last couple years, and we believe we can stay consistently beneath the inflation rate. While we are committed to building the satisfaction and loyalty of employers and our policyholders, we are equally dedicated to continuing our history of strong operating efficiency.

We believe we can obtain higher levels of satisfaction while maintaining a low-cost operation. One reason is that we use technology in ways that simultaneously boost productivity and improve service delivery. When we asked our policyholders and employers which factors contribute to their satisfaction with us, the answers were different between groups, but there was common ground. We concluded that three key service interactions drive satisfaction and operating efficiency. Our focus in recent months has been on these three critical interactions that our research reveals are key service-related satisfaction drivers for our employers and policyholders.

Three Critical Interactions

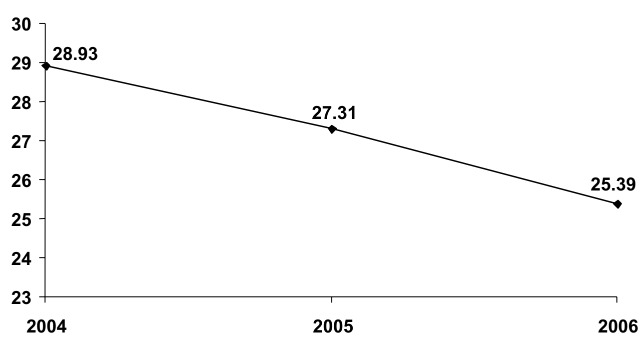
- **Enrollment**
- **Claims**
- **Customer service center**

Those three common interactions are our enrollment process, our claims operation and our contact center. These are especially important to customer satisfaction because they occur at such high volumes. Let me spend a little time on how we're trying to improve efficiency and service delivery within each of these key areas of customer interaction.

As part of the enrollment process, we're focusing on streamlining the process of establishing a new account; offering enrollment alternatives that meet the needs both of employers and of policyholders; and automating processes to improve both the timeliness and cost of new account set-up and new business processing.

New Account Set-Up

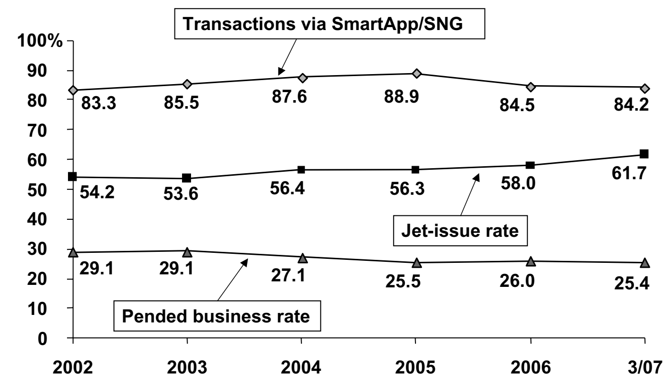
(Turnaround Time in Hours)



As this slide illustrates, the turnaround time to set up a new account has shown steady improvement over the last three years. In addition, we have improved the experience for new accounts by focusing on creating one point of entry and seamless handling for set-up. This process allows us to ensure the account is set up accurately from the very beginning, and helps create a positive experience early on, which may help with retention

We've integrated the set-up of Flex benefits administration with the set-up of products, and made the whole process easier for both associates and accounts. Another technology initiative related to enrollment involves SmartApp Next Generation, or SNG.

New Business Issuance



We have continued to focus on driving adoption of SNG among our associates. Last year 84% of new business was submitted via SNG. We believe that rate was slightly lower than previous years due to the transition from Smart App to SNG. In addition, we grew recruits by almost 8% last year, and new associates may have waited for SNG rather than getting a SmartApp unit and having to replace it a few months later. It's noteworthy that almost 62% of the business submitted via SNG was jet-issued, which means no manual intervention was required to issue the policy. Jet issue significantly increases the efficiency of new business processing and improves turnaround time as well. The jet-issue rate has risen due to our focused efforts to refine the back-end logic and business rules for new business that support straight-through processing.

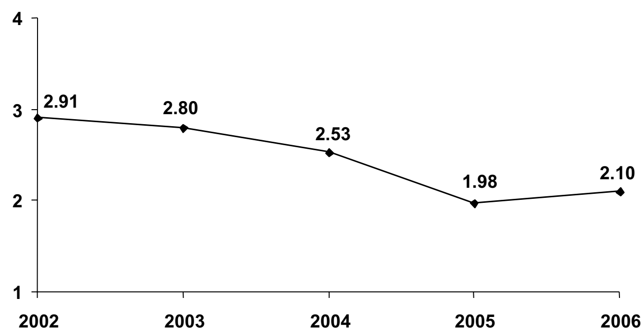
As we have increased our use of technology to issue new business, the amount of new-business applications that have to be pended has declined. Our preferred method of enrollment is still having the associate sit down, in person, with the employees of a client company to explain the product offerings, and then using SNG to complete the enrollment process. We know that enrollment scenario results in higher penetration rates and lets us provide better customer service. But we also recognize that as the business environment continues to change, we must adapt our enrollment processes and develop alternatives. We currently have two alternative enrollment methods.

Alternative Enrollment Options

- **Employee Benefit Communications (EBC)**
- **Aflac Web Enrollment System (AWES)**

One, called EBC, or employee-benefit communications, is a service that allows Aflac associates to communicate the employer's core (medical, disability, etc.) and voluntary benefit options and gather all benefits elections simultaneously. This tool also explains employer-paid benefits as a value added service and can provide various human resource services to save an account hundreds of man hours. It will communicate and enroll all employee benefits, communicate the employee's "hidden-paycheck," provide confirmation of employee census data and a variety of enrollment reports. Another is a Web-based enrollment process called AWES, which stands for Aflac Web enrollment system. A one-on-one enrollment may prove challenging with some of our larger, multi-location accounts. Our field force now has a tool equipped with video testimonials from customers who are already taking advantage of our products as a means to enroll for specific products selected by the payroll account.

New Business Issuance
(Turnaround Time in Days)



As we have continued to enhance our enrollment tools, turnaround times for issuing new business have been favorable. Regardless of the enrollment method, we're focused on using technology to make the process as smooth and fast as possible. To that end, I want to cover a new technology called AflacAnywhere[SM] that is now available nationwide.

AflacAnywhere

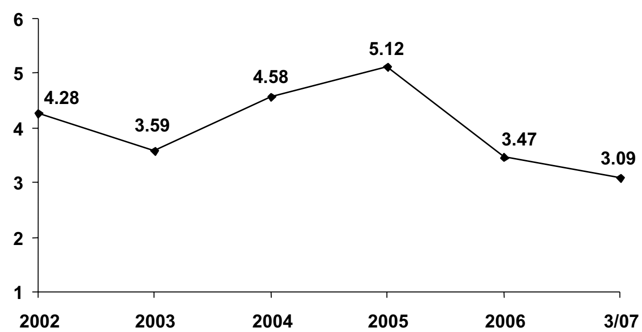
- **Via e-mail**
- **Via Web alert**
- **Via text message**
- **Via voice mail**

AflacAnywhere allows an associate to be notified of important events impacting his or her business via various electronic devices. They can choose to receive: an automatically generated e-mail; an alert message on the home page of our Web portal for associates, myaflac.com; a text message sent to a cell phone or PDA; or a computer-generated voice message sent to any phone number. For example, if an application is pended, the associate will be notified immediately to ensure follow-up with the customer is timely. There is also an AflacAnywhere mailbox on our Web portal that gives the associate a centralized view of all his or her notifications. AflacAnywhere allows the associate to provide the kind of quick, personal service that our accounts and our policyholders tell us they expect from us. We believe this is a great tool that will boost our efficiency and our service over time.

AflacAnywhere is just one of many tools in our newly introduced Aflac Field Force Toolkit. This is, quite literally, a one-stop shop for everything members of our sales force need to run their business. It offers them an entire suite of enrollment and service tools. The Field Force Toolkit has quickly become the most commonly used site on our Web portal. It's an indispensable, daily stop for our new associates, but our veteran associates also use it regularly to stay current.

As our technology continues to advance, we will continue to empower the field force with wireless connectivity and services via cell phone, handheld devices, laptops, etc. The tool kit will guide the field through the appropriate uses of each of these new technologies. Our goal is to make it easier for our field force to provide excellent customer service, and to do it as quickly and efficiently as possible.

Claims Handling
(Turnaround Time in Days)



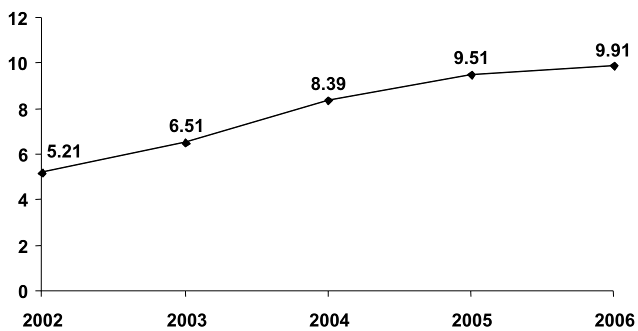
The second critical interaction with customers is our claims process. We believe that fast claims processing has long been a competitive advantage for Aflac, and we've been showing even further gains in 2006, as well as this year to date. These gains have been driven, to a great extent, by technological innovations.

We've improved the interfaces we use for processing manual claims by putting in a function that automatically calculates payable benefits. We have bar-coded claims forms, and as a result, we can now capture data and do straight-through processing of certain types of claims. For Medicare and dental claims, we've put in place vendor-supported processing and electronic data exchange, which speeds our ability to process those claims. Another factor that has contributed to our gains in claims processing has been a greater focus on the training of our claims specialists. The combination of technological innovation and our team's commitment to service has resulted in strong claimant satisfaction.

Based on a study conducted in 2006, 92% of claimants said our claims handling met or exceeded their expectations. This year we are focusing on further developing the technical infrastructure to support efficient claims processing. Our goal is to build infrastructure that will allow us to hold costs relatively steady while continuing to provide outstanding service as we grow and the mix of our products becomes more complex. Our efforts include new Web-based claims forms and a major initiative to integrate the entire claims workflow to give our people greater ability to view, route and control the work. The third major interaction we're focusing on is the one that happens when our employers or policyholders call us directly.

Customer Service Center Inquiries

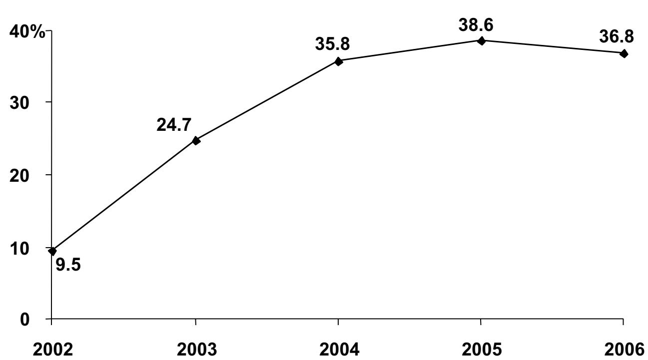
(In Millions)



In 2006, Aflac's customer service center handled almost 10 million inquiries for employers, policyholders and associates. As you can see, the number of inquiries we're handling has almost doubled over the last five years. I think that our high customer-satisfaction numbers are a testament to the hard work our people have put in to make sure our customers are served the right way. But we are also working on a variety of solutions to make our customer service center more efficient. One way to allow our people to focus on more complex customer interactions where they can add real value is to use technology to handle the simpler transactions.

Effectiveness of IVR

(% of Inquiries Handled via IVR)



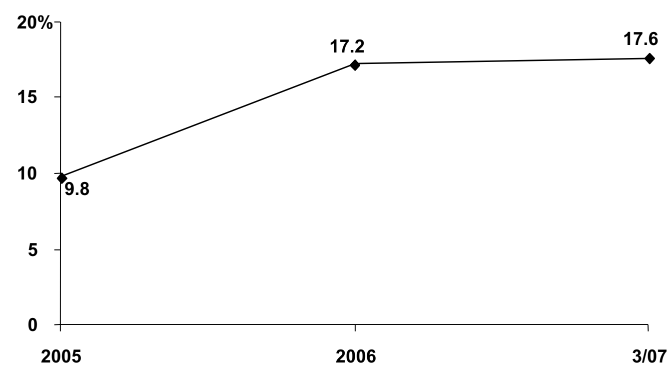
We've worked very hard to improve our interactive voice response, or IVR technology, and last year, almost 37% of customer inquiries were resolved in the IVR system, without the intervention of a staffer. We're also working hard to streamline the processes we employ in the call center and to increase the efficiency and capability of the people who work there. We refer to our goal as "once and done," meaning that any customer who calls our call center should have to make only one call to get an issue resolved.

Our people are the linchpin of this effort, but improvements in our technological capabilities allow us to handle more transactions at the point of call. One recent innovation is a "Voice Record on Demand" feature that allows a contact center representative to record a policyholder's verbal approval for changes such as the addition of a dependent or the change of a beneficiary and complete the transaction on the spot, without having to send the customer a letter to get their formal written approval.

In addition to our focus on our three most critical interactions, we are also focusing on other areas that will help our service and efficiency in all administration functions. First, across all of Aflac's service interactions, we are looking at how to employ the self-service option as a way to improve efficiency and satisfaction. We have made great progress in allowing payroll accounts to view information and handle their invoices and related policy transactions online.

Online Billing Usage

(% Increase)



The total number of accounts enrolled in our online billing option doubled from 2005 to 2006, with almost 63,000 accounts currently enrolled. We've found that the online billing system significantly improves the billing experience for payroll accounts. It also improves our ability to quickly and efficiently handle invoice reconciliation and invoice-related policy requests.

By the end of 2006, more than 34% of newly established accounts were enrolling in online billing and online services. This system helps our headquarters employees and our field force associates focus on adding real value when they interact with customers. And we're finding that the accounts enrolled in online services are less likely to leave Aflac than the total base of payroll accounts.

Customer satisfaction and efficient service rest in both the hands of our people at headquarters and in the field. As Aflac always has, we're continuing to explore ways to recognize the needs of our workers and integrate those needs into our operations. We will continue to report our efforts to keep costs down, increase efficiency and increase customer satisfaction.

Aflac U.S. Payroll Product Line

(as of 4/30/07)

	Benefit Amounts	Monthly Premium Rates (Payroll) Individual/Family
Accident/Sickness/Disability		
Accident emergency treatment	$120 (adult) or $70 (child)	$15.90 - $49.60
Initial accident hospitalization	$1,000 - $2,000	
Accidental-death	$7,500 - $150,000	
Accident specific-sum injuries	$25 - $12,500	
Accident hospital confinement	$200 - $250/day	
Accident rehabilitation confinement	$100 - $150/day	
Intensive care	$400/day	
Wellness	$60/year	
Major diagnostic exams	$150 - $200/year	
Accident follow-up treatment	$25 - $35/day (maximum of 6 treatments per accident)	
Physical therapy	$25 - $35/treatment/day (up to 10 treatments per accident)	
Appliances benefit	$100 - $125/accident	
Prosthesis	$500 - $750/accident	
Blood/plasma/platelets	$100 - $200/accident	
Ambulance	$150 - $200 ground / $1,000 - $1,500 air	
Transportation	$400 - $600 round trip (up to 3 times per year per covered person)	
Family lodging	$100 - $125/night/100+miles/up to 30 days	
Accident dismemberment	$2,000 - $40,000 depending upon loss	
Sickness Indemnity		
Physician's visit (payable for accident, sickness, or wellness)	$15 - $25/visit 3 visits/year (indiv.) or 8 visits/year (family)	$19.90 - $105.90
The following benefits are payable for sickness only:		
Hospital confinement	$50 - $200/day	
Initial hospitalization	$250	
Diagnostic exams	$150/year	
Surgical schedule	$100 - $2,000/year	
Long-Term Care		
First occurrence	$1,800 - $6,000	$8.40 - $562
Nursing home daily benefit	$60 - $200/day	
Assisted living daily benefit	$48 - $160/day	
Home health care daily benefit (Benefit periods vary)	$30 - $100/day	
Cancer Indemnity		
Wellness benefit	$40 - $75/year	$18.70 - $55.90
First occurrence	$1,500 - $5,000 ($2,250 - $7,500 children)	
Hospital confinement	$200 - $600/day	
Radiation/chemotherapy	$200 - $300/day	
National cancer institute (evaluation/consultation)	$500, $250 for travel and lodging	
Stem cell transplantation	$2,500 - $5,000	
Immunotherapy	$300 - $500/month	
Medical imaging	$100 - $200	
Experimental treatment	$200 - $300/day	
Anti-nausea	$100 - $150/month	
Nursing services	$100 - $150/day	
Surgery and anesthesia	$95 - $5,000	
Outpatient hospital surgical	$200 - $300	
Skin cancer surgery	$100 - $600	
Prosthesis	$200 - $3,000	
Reconstructive surgery	$325 - $3,000	
Blood and plasma	$50 - $250/day	
Second surgical opinion	$200 - $300	
Ambulance	$200 ground, $1,000 air	
Transportation	$0.40 - $0.50/mile	
Lodging	$50 - $60/day	
Bone marrow transplant	$10,000, donor $1,000	
Extended-care facility	$100/day	
Hospice	$500 day one, $50/day thereafter	
Home health care	$50/day	

Aflac U.S. Payroll Product Line (con't)

(as of 4/30/07)

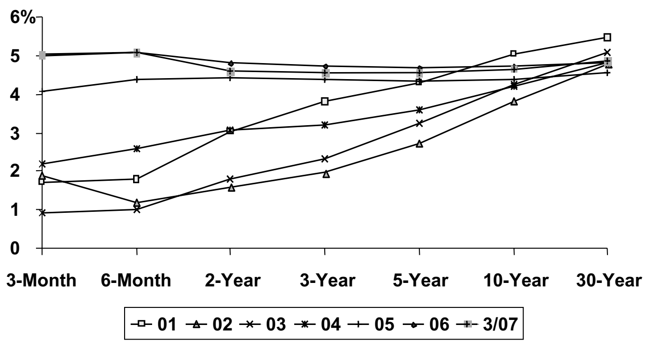
	Benefit Amounts	Monthly Premium Rates (Payroll) Individual/Family
Short-Term Disability (individual coverage)		
Disability benefits for sickness and off-the-job injury	$500 - $5,000	$10.50 - $282
Elimination periods 0-180 days. Benefit periods 3-24 months (group guaranteed issue benefit option)		
Hospital Indemnity*		
Hospital confinement	$100/day	$27.95 - $138.32
Annual confinement benefit (first 5 days)	$400 - $500/day	
Surgical	$50 - $1,000	
Wellness	$50/year	
Initial hospitalization (rider)	$250 or $500	
Three levels available with benefits added at each level. Level 1 compatible with Health Savings Accounts (HSAs).		
Payroll Life		
Whole-life face amounts	$10,000 - $200,000	$1.04 - $70.72
10-, 20-, and 30-year term face amounts	$10,000 - $200,000	
Optional return of premium on 20- and 30-year term policies		
Accelerated death benefit		
Waiver of premium		
Optional accidental-death benefit rider		
Dependent coverage available		
Simplified-issue, rates guaranteed		
Hospital Intensive Care		
Hospital intensive care unit	$700 - 800/day (days 1-7) $1,200 - $1,300/day (days 8-15)	$10.40 - $24.57
Sub-acute intensive care unit benefit	$350/day (days 1-15)	
Organ transplant	$25,000 - $50,000	
Ambulance	$250 ground, $2,000 air	
Specified Health Event		$9.10 - $15.08
Covers: heart attack, stroke, coronary artery bypass surgery, coma, paralysis, major third-degree burns, end-stage renal failure, major human organ transplant, persistent vegetative state		
First occurrence	$5,000 ($7,500 children)	
Reoccurrence	$2,500	
Secondary specified events	$250/procedure	
Hospitalization	$300/day	
Continuing care	$125	
Ambulance	$250 ground, $2,000 air	
Lodging	$75/day	
Transportation	$0.50/mile up to $1,500 per occurrence	
Dental		
Dental wellness (Preventive)	$25 - $75/year	$23.40 - Individual (Basic)
Scheduled benefits	$15 - $1,100	$159.50 - Two-parent family (Premier Plus)
Vision		
Vision correction materials	$50 - $210	$13.90 - $49.90
Refractive error correction	$100 - $420	
Eye exam	$35	
Permanent visual impairment	Up to $20,000	
Specific eye diseases/disorders	$1,000	
Eye surgery	$50 - $1,500	
CareAssist℠		$22.62 - $50.96
CareAssist helps alleviate the impact of lost wages when an employee must take time off work to care for a spouse, a dependent child, or his/her own illness.		
Hospital confinement	$40/day	
Post-hospitalization recovery	$40/day	
Family support	$500 every 15th day of hospitalization	
Contagious disease/outpatient surgical recovery	$20/day	

Aflac U.S. Investments

Mary Ellen Keim
Vice President, Fixed Income Investments

Warren Buffett once said “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.” I think that statement is consistent with our annual report theme of being a hero. Aflac’s investment department has always been very cognizant of its reputation not only on Wall Street, but also our reputation with our policyholders and shareholders. For the investment department, being a hero to a policyholder means ensuring that the company has adequate funds to pay claims. And being a hero to our shareholders is a reality when we generate investment income growth that adds to shareholder value at an appropriate level of risk.

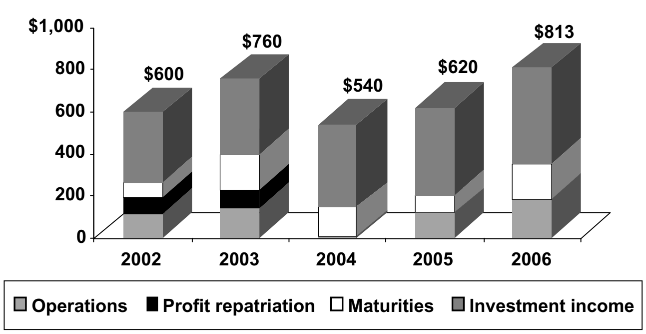
U.S. Interest Rates



We continue to operate in an environment of yield contractions and inversions. Throughout 2005 and 2006, yields inverted and bounced back, only to invert again. This yo-yo effect continues to pose a very challenging investing environment. During 2006, yields increased in the first half of the year, only to begin a descent in the second half. The inversion of yields continued through the first quarter of 2007.

Cash Flow to Investments

(In Millions)



The U.S. portfolio received $190 million in cash flow from operations in 2006. These funds were received throughout the year and aided investment income growth for the year. In 2005 we received $120 million, and in 2004, $12 million. Total cash flow to investments, which also includes maturities and investment income, was $813 million last year. You will note this slide excludes Aflac New York.

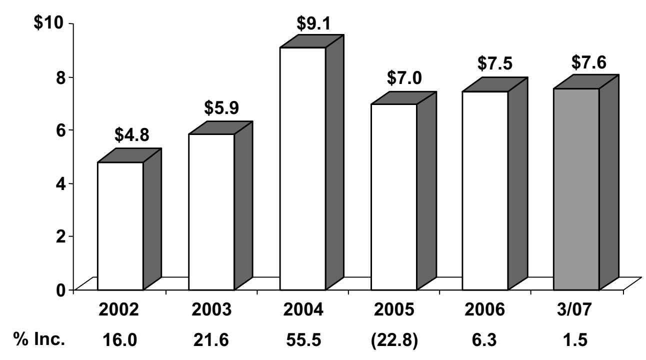
Aflac New York

	2005	2006	3/07
Book value (millions)	$124	$163	$184
Yield to worst	5.80%	5.91%	5.92%
Average rating	A	A	A
Average maturity (years)	14.9	15.8	15.8
New money yield	5.64%	6.12%	6.02%

We manage Aflac New York’s portfolio as a separate account with separate liabilities and regulations from the general Aflac U.S. account. This separate account is for the book of business in the state of New York through our Aflac New York subsidiary. The investment guidelines are different than those of the general account, and as a result, the assets of the New York account are invested differently. As this slide indicates, the portfolio had $184 million in assets at the end of March. The average rating was A, and the yield to worst was 5.92% at the end of the quarter of this year. The average maturity was 15.8 years. Because Aflac New York is such a different portfolio than our general account, you’ll see that many of the charts I will show exclude Aflac New York.

Aflac U.S. Investments and Cash

(In Billions, at Fair Value)



Total investments and cash grew by 1.5% to $7.6 billion at the end of the first quarter. The significant increase in 2004 was due to $295 million of cash collateral on loaned securities. Excluding loaned securities, total investments and cash were up 6.8% to $6.7 billion at December 31, 2005. Securities lending allows us to increase investment income on securities that we own. We currently have a $500 million companywide limit on discretionary lending.

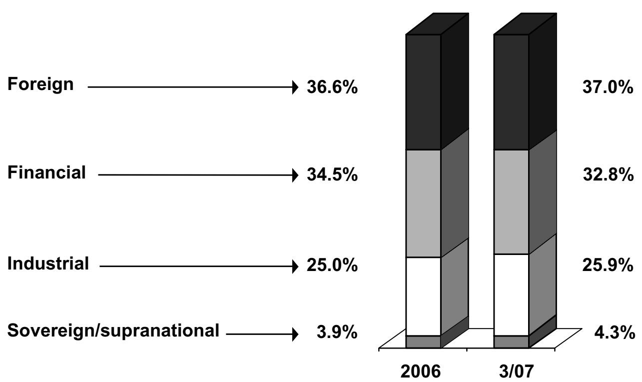
Aflac U.S. Portfolio Composition
(Excluding Affiliates, in Millions)

	2006	% of Total	3/07	% of Total
Non-corporate bonds*	$ 580	8.4%	$ 619	8.8%
Corporate bonds	5,992	86.9	6,116	87.2
Total bonds	6,572	95.3	6,735	96.0
Common stocks	—	—	—	—
Cash & cash equiv.	324	4.7	279	4.0
Other	2	—	1	—
Total inv. & cash	$6,898	100.0%	$7,015	100.0%

Does not reflect SFAS 115 and excludes Aflac New York
*Includes Treasury, CMO, CDO, Agency and Municipal bonds

We continue to invest primarily in corporate bonds to achieve our investment objectives. Our holdings in corporate bonds are made up of high-coupon, high-quality bonds, which represented 87.2% of the portfolio at the end of the first quarter. The yield to worst on the portfolio, which reflects callable securities, was 7.15% at the end of 2006, and 7.07% at the end of the first quarter. The decline continues to reflect the overall decline in the market interest rates. Callable bonds made up 23.0% of the portfolio at the end of March 2007.

Corporate Sector Bond Holdings
(Percentage Composition)



Does not reflect SFAS 115 and excludes Aflac New York

The breakdown of our corporate bond holdings shows that foreign bonds are the largest asset sector, followed by the financial sector. Aflac continues to hold a very high corporate bond holding as compared to our peers. Aflac U.S. invested in CDOs, a new asset class, in 2006. As Jerry explained earlier, CDOs offered us an opportunity to pick up very attractive yields with a minimal amount of risk. Aflac U.S. has purchased two CDOs with ten-year maturities and AA ratings.

U.S. Mortgage-backed Securities
(March 31, 2007, in Millions)

		FICO Score	LTV Ratio	Rating
Agency CMOs	$ 97.8	735	68.3%	AAA
Countrywide	11.2	722	67.2	AAA
Chase	18.5	737	66.3	AAA
Residential Asset	20.6	714	69.7	AAA
J.P. Morgan	20.0	752	68.4	AAA
Prime Mortgage	13.7	749	63.5	AAA
Wells Fargo	75.1	747	69.2	AAA
Total	$256.9	739	68.5	AAA

Excludes Aflac New York

As you are aware, the subprime mortgage market has been a hot topic recently. We do not view this as an area of risk for our U.S. portfolio, but let me share some relevant data with you. We have relatively low exposure to mortgage-backed securities, with only 3.8% of our U.S. portfolio in that asset class. Of these securities, all have low loan-to-value ratios with FICO scores above 700. We use collateralized mortgage obligations, or CMOs, as a corporate substitute. When CMOs do not help us achieve our desired yields, we do not own them. In addition to the exposures on this slide, we have also examined other areas that might have exposure to the subprime mortgage market. We reviewed our direct bank, brokerage firm and insurance exposures, and none are on current ratings watch-list for potential downgrades due to the subprime problems. We feel confident in our financial holdings and do not feel this systemic risk will adversely affect any of these holdings.

Largest Investment Concentrations
(March 31, 2007, in Millions)

		Rating Category
AT&T	$104	A
UBS AG	100	AA
Ford Motor Company	81	CCC
Banco Santander Central Hispano	75	AA
Sun Life Financial Inc.	71	AA
Merrill Lynch & Co. Inc.	70	AA
Sparebanken Nord Norge	60	A
Sparebanken Vest	60	A
Royal Bank of Scotland Group PLC	60	A
Southwest Airlines	59	A

Excludes Aflac New York

This chart shows a listing of our largest corporate concentrations. There are a few changes from last year, but it is basically the same list. Some securities shifted in position due to either call features or the sale of the security. AT&T became our largest corporate holding as a result of the merger of AT&T and BellSouth. The only addition to this from last year's list is Merrill Lynch, a AA rated broker/investment banking firm.

Credit Ratings

	2005	2006	3/07
AAA	11.0%	11.8%	12.5%
AA	12.4	17.0	18.7
A	50.6	47.5	45.5
BBB	22.2	21.6	21.7
BB or lower	3.8	2.1	1.6
Total	100.0%	100.0%	100.0%

With interest rates rising in the first half of 2006, we continued to invest our new money in higher quality, shorter duration vehicles. This continued to strengthen the portfolio. As you can see, the overall credit quality of the portfolio has remained a high A. At the end of March, 76.7% of the portfolio was rated A or better.

BBB Holdings
(March 31, 2007)

	Amount in Millions	% of BBB Category	% of Total Portfolio
BBB+	$ 834	55.9%	12.4%
BBB	549	36.9	8.2
BBB-	107	7.2	1.6
Total	$1,490	100.0%	22.2%

Excludes Aflac New York

Our BBB holdings decreased slightly from last year, even though we took advantage of several attractive BBB securities. As I stated last year, the majority of our BBB securities are in the high BBB range. In the BBB sector 55.9% are BBB+, 36.9% are BBB and only 7.2% are BBB-. The BBB- security decreased from 12.6% in 2006. As a percentage of the total portfolio, BBB- securities fell slightly in 2006.

Below-Investment-Grade Holdings
(March 31, 2007, in Millions)

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Ahold Finance	$ 31	$ 33	$ 2
Ford Motor Company	81	69	(12)
Total	$112	$102	$(10)

At year-end 2006, the percentage of below investment grade holdings declined to 2.1% from 3.8% in 2005. Ford Motor continues to be our largest below-investment-grade holding, with an average yield of 8.05%. We remained confident in our Ford holdings and will continue monitoring the position very closely.

Credit Ratings on Bond Purchases

	2005	2006	3/07
AAA	33.8%	15.1%	24.0%
AA	17.4	26.1	19.5
A	37.4	42.9	23.1
BBB	11.4	15.9	33.4
	100.0%	100.0%	100.0%

This slide shows a breakdown of purchases by credit ratings. The purchases for the first quarter were barbelled with an average rating of a high A. While there was an increase in BBB for the quarter, this was a result of several attractive yields available in this sector.

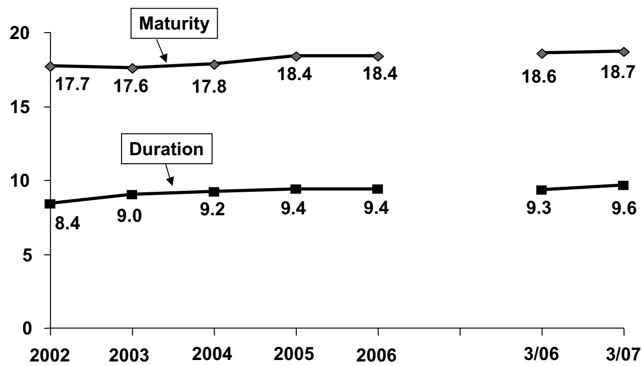
New Money Flows and Yields by Sector

	2006		3/07	
	% of Total	Yield to Worst	% of Total	Yield to Worst
Industrial	15.8%	6.33%	46.0%	6.27%
Foreign	30.3	6.53	39.7	6.29
Financial	42.1	6.38	—	—
CMO & ABS	5.6	6.57	14.3	6.23
Agency	6.2	6.49	—	—
Total inv. & cash	100.0%	6.44%	100.0%	6.27%

Excludes Aflac New York

The yield to worst on the portfolio continued to decline somewhat last year. This trend will likely continue for the next several years as higher yielding securities mature, particularly those that we purchased in the late 1990s during the Russian credit crisis. The extent of further decline will also be affected by the direction that interest rates take.

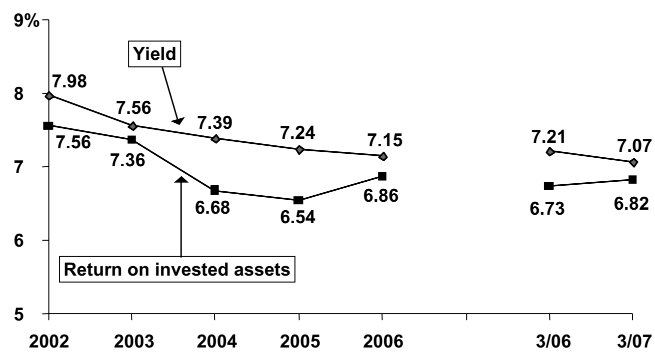
Average Portfolio Maturity and Duration
(In Years)



Excludes Aflac New York

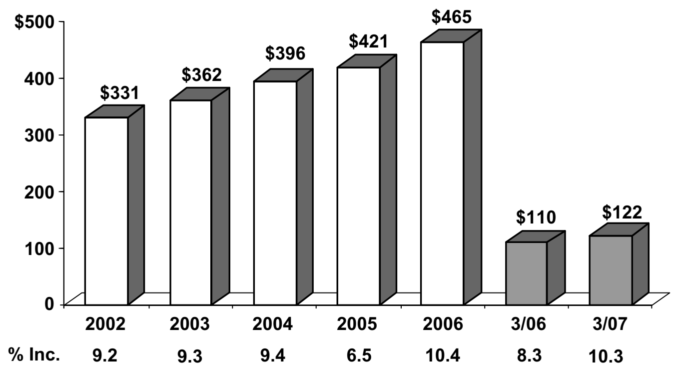
Aflac U.S. has a short-liability duration, compared with Aflac Japan. At the same time, we have a greater availability of longer-duration investment vehicles in the United States and thus more liquidity in these securities. As a result, we have purchased longer-duration securities in the U.S. in recent years as a means for improving yields in the low-interest-rate environment. The average maturity of the portfolio was 18.7 years at the end of March, while the duration of our assets was 9.6.

Aflac U.S. Yield and Portfolio Return



The return on average invested assets was 6.86% in 2006 and 6.82% in the first quarter of this year. The lower returns in 2004 and 2005 were influenced by securities lending. Excluding the securities lending impact, the steady decline in returns has resulted from the prolonged low-interest-rate environment.

Net Investment Income
(In Millions)



Net investment income in 2006 increased 10.4% to $465 million. While we continued to experience lower interest rates in the United States, investment income growth benefited from increased cash flow to investments.

I should point out that we are depleting our foreign tax credits. And although this does not impact tax rates on our GAAP financials, it does impact cash flows we receive for investing. Absent any increase in interest rates, the increased tax payments, in addition to the return of premium feature on one of our earlier cancer policies, will suppress investment income growth rates in the U.S. going forward. However, this anticipated slowdown has been factored into our financial modeling and overall earnings outlook.

In today's investment environment, being a hero means more than just outperforming indices or our peers. It also means safeguarding principal. With reward comes risk. However, using our time tested philosophy, we have balanced these two and have once again outperformed major market indices while increasing net investment income by double digits. What does being a hero mean to us? It means obtaining the highest return possible while always remaining cognizant of how our actions affect the wealth and peace of mind of so many people.

Aflac U.S. Financial Results

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

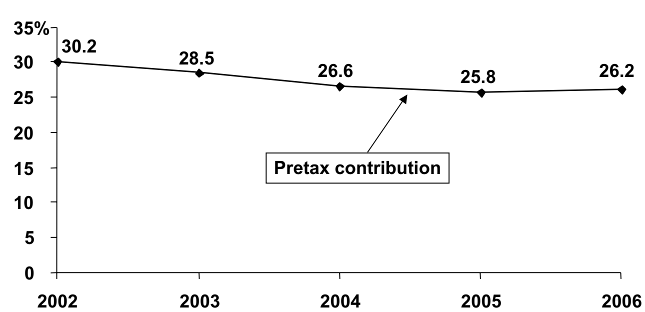
As Mary Ellen mentioned in her presentation, the Aflac Duck recently appeared in a commercial as a super hero wearing a cape and mask. He comes to the aid of a policyholder in need of financial assistance as a result of a medical crisis. The Aflac Duck has a mission: "To provide peace of mind and reduce financial burdens for our policyholders during times of medical distress so they can focus on recovery rather than monetary issues." This is a mission shared with more than 70,000 Aflac associates and employees in the United States. Through this shared mission, we are able to focus on delivering on the financial promise we made when the consumer became a policyholder.

To deliver on that promise, we must be financially strong. In 2006, we continued our record of producing strong financial growth, which allowed us to strengthen our financial position. In 2006, we achieved our financial targets and our sales target for the year. With more than $1.4 billion in new sales last year, we continue to believe Aflac is the largest supplemental insurance provider in the United States in terms of sales.

Several key indicators that confirm the financial success our team produced last year: premium income was up 9.5% to $3.6 billion; total revenues grew 9.5% to $4.0 billion; annualized premiums in force rose 10.5% to $4.1 billion; and, pretax operating earnings increased 11.4% to $585 million.

Our $1.3 billion in sales in 2005 drove our revenue growth in 2006. Growth in revenues combined with stable expense ratios has allowed us to continue to offer products which provide value to our customers. It has also allowed us to grow shareholder value. In 2006, we also saw a slight decline in the benefit ratio, which produced a slight expansion of the profit margin. As a result of its strong performance, Aflac U.S. is an important contributor to our company's consolidated financial performance.

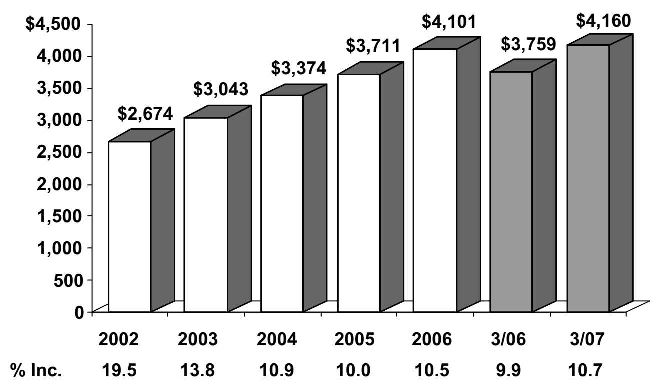
Aflac U.S. Contribution to Total Insurance Earnings



Over the last five years, Aflac U.S. averaged 27.4% of our company's total pretax insurance earnings on a reported basis. Last year, Aflac U.S. represented 26.2% of pretax insurance earnings. In reviewing our U.S. income statement, let me begin with a discussion of premium income, which accounts for 88% of Aflac U.S. operating revenues.

Annualized Premiums in Force

(In Millions)



Premium income represents the revenue amounts recognized in our income statement on a pro rata basis over the insurance coverage periods of the related policies. Premium income is driven by annualized premiums in force, and reflects the growth of new sales, plus premium rerates, less policy lapses. The strong growth in annualized premiums in force in 2002 reflected the growing name recognition Aflac realized with the introduction of the Aflac Duck in 2000. The slower rates of growth in annualized premiums in force of 10.0% in 2005 and 10.5% in 2006 reflect the rate of sales growth in those years. In 2007, we expect the growth in annualized premiums to reflect the growth rate in new sales for the year.

Product broadening has been a major factor in the growth of our sales and our in-force premiums. As such, most of the recent additions to annualized premiums in force have been from our new products. Our founding product, cancer insurance, accounted for 40.6% of annualized premiums in force in 1997. By June of 2000, in-force premiums for accident/disability had surpassed cancer insurance and became our number one product category in terms of premiums in force. At the end of the first quarter, accident/disability accounted for 45.2% of premiums in force, compared with 27.8% for cancer insurance.

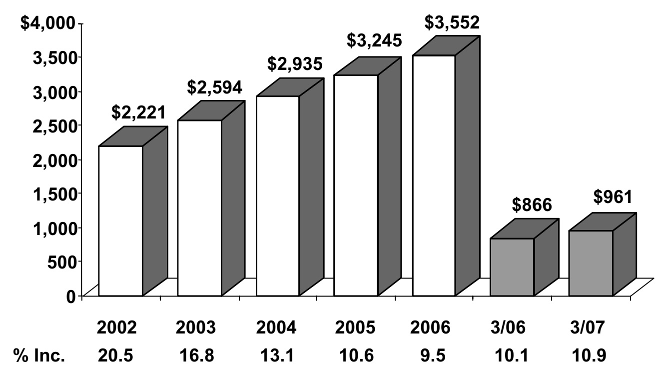
Premium Persistency Rates

This chart shows the recent premium persistency rates for all lines of insurance business combined. As you know, persistency is the inverse of the lapse rate, which we calculate using terminated premiums as a percentage of end-of-period premiums in force plus terminations.

As this slide indicates, our total premium persistency rate has been fairly steady since 2002. The drop in persistency in the first quarter of 2006 was due to the loss of a large payroll account. Excluding the effect of that account, persistency for the first quarter of 2006 would have been 73.6%. Persistency rates are generally impacted by several factors: First, our U.S. payroll business is generally less persistent than direct business. Second, persistency rates are also heavily influenced by product mix. For example, accident/disability insurance, which tends to be purchased by younger consumers, is typically less persistent than products like cancer insurance, which appeal to middle-aged consumers. And third, greater sales growth will generally decrease the overall persistency rate because policies in their earlier years are generally less persistent than those in later years. Having said that, our team works hard every day to provide excellent service to our customers, which we believe helps improve persistency.

Premium Income

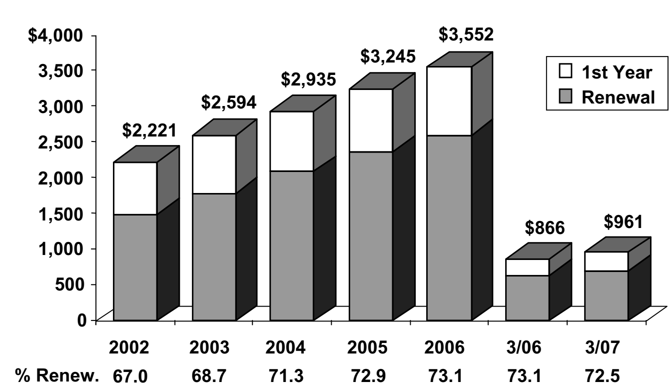
(In Millions)



We experienced tremendous growth in new sales from 2000 through 2002, with the annual growth rate averaging 24.6% over the three years. For the years 2003 through 2005, the annual growth rate of new sales averaged 5.5%. In 2006, new sales grew 13.1%. The lower rate of sales growth reduced the growth rate of premium income, which declined from 20.5% in 2002 to 9.5% in 2006. However, based upon 2006 new sales, and our expectations for new sales in 2007, we expect the premium income growth rate to return to double digits in 2007.

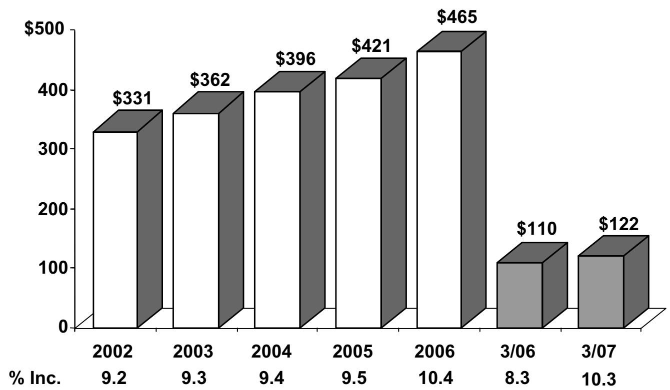
Composition of Premium Income

(In Millions)



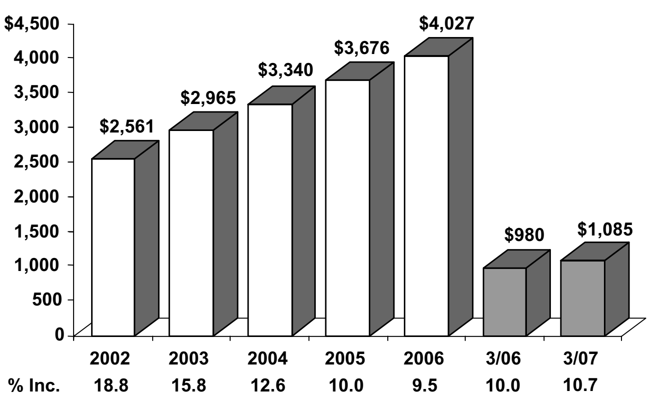
We derive the majority of our earned premiums from policies in their renewal years. For instance, renewal premium represented 73.1% of total premium income in 2006 and 72.5% in the first quarter of this year. On average, 70.6% of premium income in the last five years has come from policies that have already been in force for a full year. The next largest component of total revenues is investment income.

Net Investment Income
(In Millions)



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

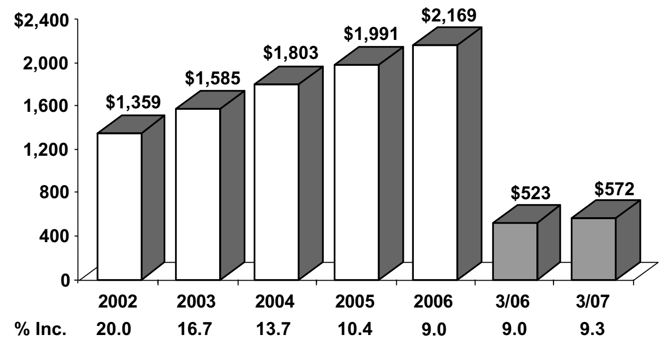
Total Revenues
(In Millions)



Top-line growth was 9.5% in 2006, which is down from the double-digit levels experienced in the prior four years. The growth rate in total revenues is largely driven by the growth rate in premium income which accounts for 88% of revenues. We expect the growth rate in revenues in 2007 to be higher than 2006 due to the higher rate of sales growth in 2006.

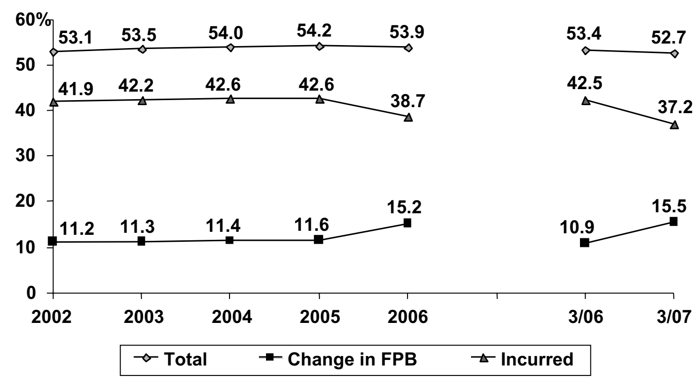
Next, let me turn to benefits and claims, which have generally increased at rates similar to the related premium increases for the years 2002 through 2005. In 2006, we saw modestly slower growth in benefits and claims compared to the growth in premium income. We expect this to continue into 2007.

Total Benefits and Claims
(In Millions)



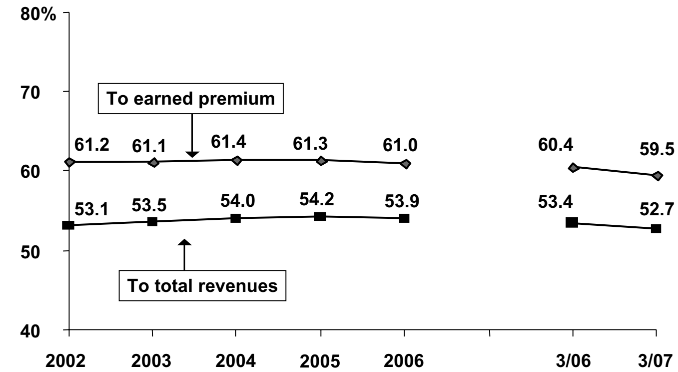
Our changing product mix has tended to slow the growth of benefits and claims over time. For instance, as we increased sales of our accident/disability and hospital indemnity plans in the 90s, both of which have lower benefit ratios than our other products, we brought the aggregate benefit ratio down. Also, as we introduce updated versions of our policies, we try to update the benefits we provide our customers so our products remain in line with advances in medical technology and stay relevant to consumers' needs.

Policy Benefits and Claims
(To Total Revenues)



Two principal components make up total benefits and claims in our income statement. The first component is incurred claims, which represent approximately 72% of total benefits and are principally the claims we pay in the current period. Incurred claims also include the change in the unpaid claim liability. The second component is the increase in future policy benefits. The reserve for future policy benefits serves to properly match benefit expenses with revenues reported as earned in the income statement. This matching mechanism is necessary because policyholders pay level premiums, but the incidence of actual claims for most policies generally increases as the policyholders become older. Our claims experience continues to support our reserve assumptions.

Total Benefit Ratios



Aflac U.S. Investment Margin

(In Millions)

	2005		2006	
	Amount	Average Rate*	Amount	Average Rate*
Investment income	$415	7.27%	$456	7.21%
Actuarial assumed int. ben. reserve liability	(218)	(6.26)	(240)	(6.15)
Yield spread	$197	1.01%	$216	1.06%
% Yield spread to investment income	47.4%		47.3%	

*Monthly averages

Benefit ratios continue to be in-line with our expectations for our cancer policies. Despite the success of newer products, cancer claims and reserves still represent a significant portion of benefit costs. However, the newer products have helped sustain this overall benefit stability. Also, our supplemental health policy obligations do not include reimbursement of direct medical costs, and therefore are not subject to the risks of medical-cost inflation.

Some states, including New York, require minimum loss ratios. We believe one reason that only a few companies currently sell a cancer expense product in New York is because the minimum loss ratio requirement is 60%. Regulators, like those in New York, usually express benefit ratios in terms of percentages of benefits to premiums. Our ratio of total benefits to premium has averaged 61.2% for the last five years and has been within a range of .4 percentage point.

The benefit ratio declined in the first quarter, compared with last year, and we expect it to remain somewhat lower in 2007. The primary reason for the improvement in the benefit ratio is due to favorable claims experience on certain lines of business, principally dental and specified health event insurance. Because they were new product categories for Aflac, they were conservatively priced. Now that we have actual claims experience, we have developed new versions of the coverage and have modified our actuarial reserving assumptions accordingly.

We continually monitor our claims exposure and experience in order to identify the need for premium repricing actions and to evaluate the adequacy and appropriateness of liability reserves for financial statement purposes. In this regard, I think the interplay between invested assets and policy benefit liabilities is worth mentioning.

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

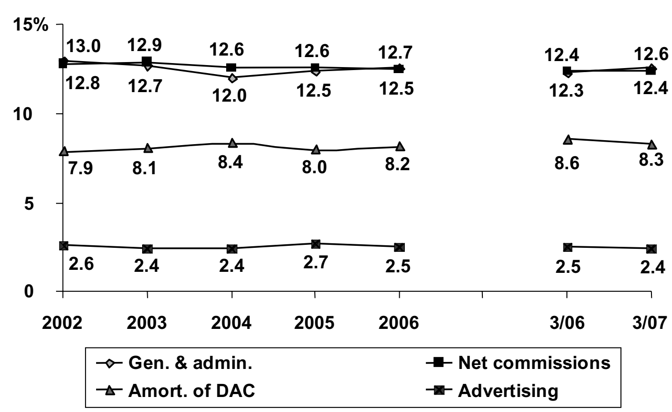
On the other hand, the liability reserve for future policy benefits and the imputed interest cost added to that policy liability increase correspondingly each year. This relationship between investment income earned on invested assets and the actuarial interest expense on the policy benefit reserves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

The investment margin, or the excess of investment income over the interest cost added to our actuarial benefit liability, has increased over the last several years due to the excess investment income earned from profits retained in the business. The investment returns on the U.S. portfolio declined slightly in 2006, but the average assumed interest rates on our policy reserves declined a bit more. This resulted in a 5-basis-point widening of the yield spread.

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

Composition of Operating Expense Ratio

(To Earned Premium)



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

Net commissions have declined from 12.8% in 2002 to 12.5% in 2006. Amortization of DAC has risen slightly, reflecting changes in product mix. However, we have been continually improving the efficiency of our work processes primarily by adopting new technologies. As a result, we have been able to lower the ratio of general and administrative expenses from a high of 13.0% of premium in 2002 to 12.5% in 2006. The improvement in controlling general and administrative expenses has come, in great part, from creating efficient technological work processes such as SmartApp Next Generation. It has also been driven by management's emphasis on continually improving our operating processes. This is reflected in our management incentive program for U.S. officers, which has, as one element, the difference in growth of premium income and our controllable expenses. In 2006, the difference in the growth of premium income and controllable operating expenses was 1.5 percentage points.

The expense growth element in the management incentive plan is further supplemented by the efficiency measures used across the various elements of our business to augment the emphasis on expense control. These measures emphasize the need to continually evaluate our decisions and processes in light of their impact on the cost effectiveness of serving our customers. In our operations, we continue to emphasize the use of our people and technology to improve our operating efficiency.

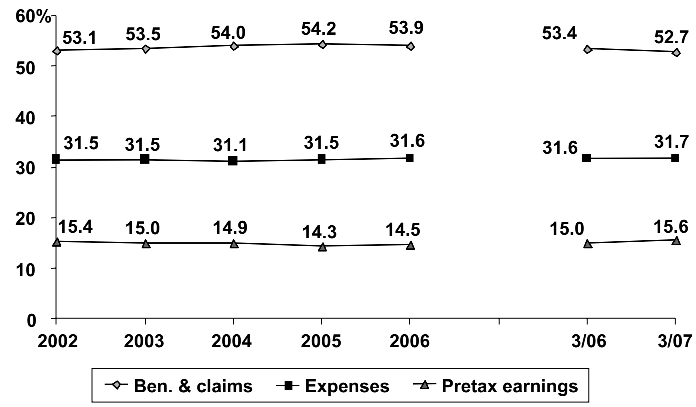
We have combined technology with the knowledge and expertise of our people to continue our effective customer service at a lower cost. These types of efforts have allowed us to increase our advertising expenditures to over $87 million in 2006 without adversely impacting our ability to achieve our operating earnings targets. We expect the ratio of advertising to premium income in 2007 to be similar to the level in 2006.

Deferred Policy Acquisition Cost Ratios

	% Acq. Costs Deferred to New Ann. Prem.	DAC Asset to Premiums in Force
2002	37.9%	52.7%
2003	35.8	52.7
2004	35.7	52.8
2005	35.0	53.0
2006	34.6	52.9
3/06	33.4	53.1
3/07	34.1	53.1

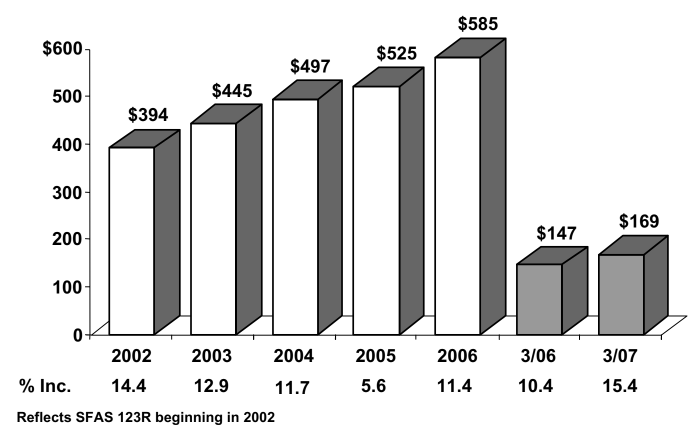
Commissions represented 74.9% of total deferred acquisition costs in 2006. In calculating deferred acquisition costs, we defer the excess of the first-year commissions for a policy over an amount equivalent to renewal-year commissions. In addition, we defer non-commission costs that relate to various marketing, policy underwriting and issuance costs that we incur in the year a policy is issued. The key ratios for deferred acquisition costs in recent years have been fairly stable.

Operating Ratios
(To Total Revenues)



By looking at our three primary operating ratios, you can see the stability of the benefit and operating expense ratios as a percentage of total revenues. We expect our operating ratios to remain relatively stable in the future with the benefit ratio improving slightly as I mentioned earlier.

Pretax Operating Earnings
(In Millions)



Based upon our operating trends and margins, we believe pretax earnings and revenues should grow at a fairly parallel rate. Although Aflac Japan remains the dominant component of our total company results, Aflac U.S. is a significant and growing contributor.

The actions we began in recent years to improve long-term profitability are producing the desired results. These actions include enhancing our product line to address consumer needs, enhancing our distribution system, advertising and defining our brand, improving customer service activities, managing our costs prudently and, of particular importance, exploiting technologies that allow our sales associates and employees to do their jobs faster and better at a lower cost. We expect these actions to continue to benefit the company and allow us to reach our long-term goals.

In 2006, we continued to enjoy success, but we realize that being successful is a continuous process of growing and improving. We intend to build on our current success as we look to the future.

Long-Term Financial Goals

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

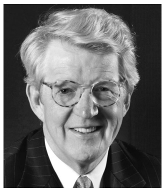
We will continue to maintain an aggressive marketing orientation to expand our sales, which in turn, should continue to enhance our top-line growth. Specifically, over the long-term, we want to generate solid double-digit growth in premium income and total revenues.

We also want to improve our productivity. We want to remain one of the most competitively priced producers in the United States and to increase our edge even more in the years ahead. We believe we can achieve this goal.

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

As we look ahead in the U.S. market, we believe the need for the types of products Aflac offers is growing. Aflac's policies have valuable and affordable benefits that provide timely help for our policyholders when they need it most. We have a large sales force that specializes in distributing products through the worksite. Our more than 372,000 payroll accounts represent just over 6% of the 5.9 million small businesses in the United States, which suggests there is a vast, untapped market of potential payroll accounts and customers. By capitalizing on this potential, we believe Aflac U.S. will maintain its leadership position in the worksite marketplace. At the same time, we expect to continue producing strong financial results for the benefit of our shareholders.

Section IV
The Management Team



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

Dan Amos, 55, graduated from the University of Georgia with a bachelor's degree in insurance and risk management. He first joined Aflac as a sales associate while in his teens. He served as state manager of Aflac's Alabama/West Florida Territory for 10 years. Under his leadership, his sales territory was the number one producing area in 1981 and 1982. He was elected president of Aflac in 1983 and chief operating officer of Aflac in 1987. He became chief executive officer in 1990 and was named chairman in 2001. Dan serves on the board of directors of Synovus Financial Corporation and is a member of the boards of trustees of Children's Healthcare of Atlanta and House of Mercy of Columbus. He is a past recipient of the Dr. Martin Luther King Jr. Unity Award and the Anti-Defamation League's Torch of Liberty Award. He was also recognized for the past three years by *Institutional Investor* magazine as one of the top CEOs in the country, and has been named by CNN as CEO of the Week. He is the former chairman of the boards of The Japan-America Society of Georgia and the University of Georgia Foundation.

Kriss Cloninger III
President and Chief Financial Officer,
Aflac Incorporated

Kriss Cloninger, 59, joined Aflac Incorporated in March 1992 as senior vice president and chief financial officer. He was promoted to executive vice president in 1993 and president in May 2001. Since joining Aflac, he has had primary responsibility for overseeing the financial management of all company operations. In March 2006, he was named Best CFO in the insurance/life category in America by *Institutional Investor* magazine for the third year in a row. He is a member of the boards of directors of Aflac Incorporated, Tupperware Brands Corporation, and Total Systems Services, Inc. He is also on the boards of directors of RiverCenter for the Performing Arts in Columbus, Georgia, the Historic Columbus Foundation, and Little Blessings Nurturing Center. He holds bachelor's and master's degrees in business administration from the University of Texas at Austin and is a Fellow of the Society of Actuaries.

Paul S. Amos II
President, Aflac;
Chief Operating Officer, Aflac U.S.

Paul Amos, 31, joined Aflac in 2002 as a state sales coordinator for Georgia-North. Under his leadership, Georgia-North became the top producer of Aflac's 87 state operations in terms of new annualized premium sales. In January 2005 he was promoted to executive vice president of U.S. Operations and charged with increasing consumers' understanding of Aflac products, enhancing agent training and maximizing operational efficiencies. During his tenure, he has developed career progression and training programs to enhance the effectiveness of newly promoted management and restructured Aflac's U.S. operations to optimize synergies between the field force and headquarters employees. In February 2006, he assumed the additional responsibilities of chief operating officer to oversee implementation of a comprehensive strategic plan for Aflac's U.S. operations. In January 2007, he assumed his current role as president, Aflac; chief operating officer, Aflac U.S. where he oversees all aspects of the company's multi-billion dollar U.S. operation. Prior to Aflac, he worked in the corporate legal division of the merger and acquisition firm, Skadden, Arps, Slate, Meagher and Flom, in Washington, D.C. He holds a bachelor's degree in economics from Duke University, a master's degree in business administration from Emory University, and a juris doctor degree from Tulane University.

Rebecca C. Davis
Executive Vice President;
Chief Administrative Officer

Becky Davis, 56, attended Auburn University and graduated from Columbus State University with a bachelor's degree in business administration. She joined Aflac's Claims Department in 1973 and became manager of the Policyholder Service Department in 1976. She was appointed assistant vice president of the Policyholder Service Department in 1978. In 1984 she was promoted to vice president, Marketing Administration and Operations, and was appointed vice president, Client Services and Administration in 1987. In 1992 she was appointed senior vice president, assistant director of marketing, and in 1999 she was promoted to senior vice president, chief administrative officer, assuming the responsibilities for Client Services, Claims, Aflac New York Administration, Administrative Services, and New Business. In October 2004, she was promoted to executive vice president, chief administrative officer, and her responsibilities were expanded to include Agents' Accounting, Remittance Processing, and Corporate Communications. In addition, she assumed responsibility for Support Services in January 2006.

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

Joey Loudermilk, 54, earned a bachelor's degree with honors from Georgia State University and a juris doctorate degree from the University of Georgia School of Law. He worked in private law practice before joining Aflac in 1983 as head of the company's then newly formed Legal Department. In 1988, he assumed responsibility for governmental relations. In February 1989, he became treasurer for Aflac Incorporated's political action committee (Aflac-PAC) and was appointed senior vice president, corporate counsel, for Aflac Incorporated in 1989. In 1991 he was promoted to general counsel of Aflac Incorporated and Aflac, and in 2000 he was promoted to his current position as executive vice president. He is a member of the State Bar of Georgia, the American Corporate Counsel Association and the American Society of Corporate Secretaries. He also serves on the boards of the Georgia Humanities Council, the Georgia Military Affairs Coordinating Committee, and the Columbus Regional Medical Foundation. He is former president of the Rotary Club of Columbus.

Peter T. Adams, CPA
Senior Vice President, Financial Reporting;
Assistant Treasurer

Peter Adams, 51, earned a bachelor's degree in business from the University of South Alabama. He joined Aflac in August 1999 and has responsibilities for Treasury, Financial Reporting and Compliance, and Investments Accounting. Before joining Aflac, he was a senior manager with KPMG LLP, where he specialized in audit and accounting consulting services for publicly held insurance companies. He is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Alabama Society of Certified Public Accountants.

Janet P. Baker, ACS
Senior Vice President,
Client Services

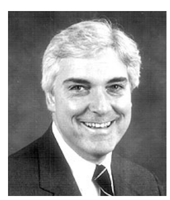
Janet Baker, 46, completed a master's degree in human resources management at Troy State University in 1995 and graduated magna cum laude in 1994 with a bachelor's of science degree in management from Troy State. She joined Aflac in 1982 and has held various positions, including second vice president, Human Resources, and second vice president, Client Services. She was appointed vice president, Marketing Services, in 1999, was named vice President, Account Implementation and Management, in July 2002, and was named to her current position in October 2004.

Susan R. Blanck
Senior Vice President;
Corporate Actuary

Sue Blanck, 40, graduated from the University of Missouri-Columbia with a bachelor's degree in education. She joined Aflac's Actuarial Department in the U.S. pricing area in 1993. She was promoted to second vice president and assistant actuary in 1998. In 2000 she was promoted to vice president, and in 2002 she assumed responsibility for developing Aflac's business and financial plans. She was promoted to senior vice president and deputy corporate actuary in March 2004 and to her current position in January 2006. She is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

Martin A. Durant III
Senior Vice President,
Corporate Finance

Martin Durant, 58, graduated from the University of West Florida with a bachelor's degree in accounting. Immediately after college, he gained experience with a venture capital firm and as an accountant with KPMG/Peat Marwick. He originally joined Aflac in 1990 as vice president and comptroller of Aflac Incorporated and remained with Aflac for 10 years, during which time he was promoted to senior vice president, Corporate Services. In 1999, he accepted a position as senior vice president and CFO of Carmike Cinemas, Inc., from which he retired in April 2006. In his new position as senior vice president, Corporate Finance, he is heavily involved with Aflac's capital management activities and strategic financial initiatives.



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

Jack Friou, 57, graduated from the University of Georgia in 1971 with a bachelor's degree in political science and served in the Army for two years. He joined Aflac in 1973 and has served in various capacities in administration and marketing, including Agency Administration, the Policyholder Service Department and the Compliance Department. He also served as president of Aflac New York and senior vice president, Marketing and Agency Development. His current area of responsibility includes state legislative relations.

Angela S. Hart
Senior Vice President,
Community Relations

Angie Hart, 51, graduated from Columbus State University with a bachelor's of business administration degree in accounting, and she completed the Human Resources Executive Development program at Cornell University. She joined Aflac in 1980 as comptroller, Southern Division, for the Aflac Broadcast Group. In 1991 she was appointed second vice president, Risk Management and was subsequently promoted to vice president, Corporate Services. In 1996 she was appointed vice president, assistant director of Human Resources, and in 1997, she was named director of Human Resources. She was promoted to senior vice president in 1998 and was appointed to her current position in 2001.

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

Ken Janke, 49, attended Michigan State University and received a bachelor's degree in political science from the University of Michigan in 1981 and a master's degree from Oakland University's School of Economics and Management in 1985. Before joining Aflac Incorporated as manager of Investor Relations in 1985, he was director of Corporate Services for the National Association of Investors Corporation (NAIC) in Madison Heights, Michigan. He is a director of the Investment Education Institute. He also chairs Aflac's Disclosure Committee.

W. Jeremy "Jerry" Jeffery
Senior Vice President;
Chief Investment Officer

Jerry Jeffery, 56, graduated from Yale University with a bachelor of arts in political science. He joined Aflac in 2005 as senior vice president and deputy chief investment officer. Prior to joining Aflac, Jerry had a 23-year career with Morgan Stanley, where he focused on diverse fixed income strategies affecting a wide range of industries. Over the last 10 years he served as executive director of Fixed Income Institutional Sales.

Ronald E. Kirkland
Senior Vice President,
Director of Aflac U.S. Sales

Ronald E. Kirkland, 62, is senior vice president, director of Sales for Aflac U.S. Ron joined Aflac in 1975 as a sales associate in Georgia. Since that time, he has held the positions of district sales coordinator, regional sales coordinator, state sales coordinator, and vice president; West Territory director. Prior to being named territory director, he was the state sales coordinator for Missouri. During his tenure, new sales more than doubled in Missouri over a three-year period and it was one of Aflac's fastest-growing state operations. Ron is also credited with developing some of Aflac's leading regional and district sales coordinators, many of whom have gone on to lead other successful state operations.

Robert M. Ottman
Senior Vice President
Claims, Aflac Benefit Services,
and New York Administration

Bob Ottman, 51, is senior vice president over Claims, Aflac Benefit Services, and New York Administration. Bob began his management career at Aflac in 1999 and has served in several leadership positions, including second vice president, Aflac Administrative Services and vice president, AIM and Aflac Benefit Services. He was promoted to his current position in 2005. Bob holds a bachelor's degree from Eastern Connecticut State University. Before joining Aflac, he held the position of vice president at Frank Gates USA (formerly Acordia of Dallas). He is a member of the ECFC and holds a CFCI designation.

David L. Pringle
Senior Vice President,
Federal Relations

David Pringle, 51, graduated from Mississippi State University, where he received a bachelor of arts degree in insurance and risk management. He has worked for Aflac for more than 28 years. For nine of those years, David worked with the Aflac sales force in Mississippi, North Carolina and West Virginia, where he worked his way from the position of associate to state sales coordinator. During his career with Aflac, David has also worked at Aflac Worldwide Headquarters as the assistant agency director for the West Territory, and director of Training, where he was responsible for helping develop the concept for Aflac's state training programs. He assumed his current position in 2006. His primary responsibility is to coordinate Aflac's government relations and lobbying efforts in Washington, D.C. He also serves as secretary and principal fundraiser for Aflac's Political Action Committee (Aflac PAC), which is the largest political action committee among all insurance companies.

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

Ralph Rogers, 58, graduated from Tennessee Technological University in 1970 with a bachelor's of business administration degree in accounting. He joined Aflac in 2000 as senior vice president, Financial Services. He assumed the role of chief accounting officer in 2002. Before coming to Aflac, he was a senior vice president at another large insurance company. He is a member of the American Institute of Certified Public Accountants, the Tennessee Society of Certified Public Accountants, Financial Executives International, and The Institute of Management Accountants.

Gerald W. Shields
Senior Vice President,
Chief Information Officer

Gerald W. Shields, 49, graduated from Baylor University with bachelors' of business administration in accounting and computer sciences. He began his management career at Aflac in 2002 as vice president, Information Technology-Enterprise Services and was promoted to chief information officer for Aflac Incorporated in July 2005. In his current position, he oversees all aspects of Aflac's U.S. Information Technology division and is also responsible for the division's project management and customer relationship management efforts. During his tenure, *Computerworld* and *Information Week* magazine have consistently named Aflac as one of the Best Places to Work in IT. He was also selected by *Computerworld* as one of the 100 Premier CIOs for 2006. In March 2007, he was honored as one of Computerworld's Premier 100 IT Leaders. Before joining Aflac, he held senior IT positions at Electronic Data Systems (EDS) and served as the chief technology officer, director of Information Services for LifeWay Christian Resources in Nashville, Tennessee. Gerald serves on the Board of Trustees for Brewton-Parker College, Mt. Vernon, Georgia, as well as the Muscogee County School District's Community Technology Advisory Council. He is a member of the inaugural governing body for the Atlanta CIO Executive Summit, as well as a Fellow of the Life Management Institute.

Audrey Boone Tillman
Senior Vice President;
Director of Corporate Services

Audrey Boone Tillman, 42, received a bachelor of arts degree from the University of North Carolina at Chapel Hill and a juris doctorate from the University of Georgia School of Law. Before joining Aflac in 1996, she completed a federal judicial clerkship, worked in private practice, and was a law school professor. She holds law licenses in Georgia, North Carolina, and the District of Columbia. Her areas of responsibilities are: Human Resources, Facilities, and Health Services. She was promoted to second vice president in 1997 and to vice president in 2000, where she concentrated on employment law. She was promoted to her current position in 2001. She currently serves as a director-at-large for the Society for Human Resource Management (SHRM).

Teresa L. White
Senior Vice President,
Deputy Chief Administrative Officer

Teresa White, 40, earned a bachelor's degree in business administration from the University of Texas at Arlington and a master's degree in management from Troy State University. She joined Aflac in 1998 as second vice president, Client Services; was promoted to vice president of Client Services in 2000; to senior vice president, director of Sales Support and Administration, in October 2004; and to her current position as deputy chief administrative officer in 2007. Her current responsibilities include Client Services, Claims/ABS/NY, AIM, Support Services, Business Innovation & Solutions, the Field Liaison Office, and Corporate Communications. Teresa is an alumnus of Leadership Columbus, a Fellow of the Life Management Institute, and has served on various boards for the Chattahoochee Valley United Way. She currently serves on the board of pensions for the South Georgia Conference of the United Methodist Church, the Columbus Housing Initiative, and the board of directors for Communicorp.

James C. Woodall
President and CEO,
Communicorp, Inc.

James Woodall, 60, received his BAA from Columbus State University, Abbott Turner School of Business. Prior to joining Communicorp in 1991, he was president and CEO of The Print House, Inc., a Communicorp affiliate. In his current position, he is responsible for all Communicorp administration and operations, to include, both the Columbus and Atlanta facilities. He currently serves on the Aflac Federal Credit Union Board, The Communicorp, Inc. Board, the Columbus Youth Orchestra Board, the Columbus State University Friends of Art Board, and the Muscogee County Juvenile Drug Court Advisory Board.

Brian L. Abeyta
Vice President,
IT Project Management Office

Brian Abeyta, 40, holds a bachelor's degree from the Air Force Academy and a master's degree from the Florida Institute of Technology. He holds another master's degree earned while studying at both the University of Nevada – Las Vegas and the University of Phoenix. Brian is a military veteran having served eight years of Air Force active duty. Brian joined Aflac in 2001 as a senior corporate project manager and has served in several positions in IT, most recently serving as second vice president, Project Management Office. He was promoted to his current position as vice president, IT Project Management Office in July 2007. As vice president, Brian guides the overall direction of the Project Management Office by managing all aspects of the design, development, and implementation of projects within the IT division and for IT's internal customers. He also actively participates in long-range strategy planning and manages policy development to address complex business issues.

J. Brian Angel
Vice President,
Counsel

Brian Angel, 41, received his bachelor of business administration degree from the University of Texas at Austin. He joined Aflac's Legal Department in 1992 after earning his juris doctor degree from the University of Texas School of Law. In 1996 he was promoted to second vice president, regulatory counsel, and transferred to Albany, New York, where he assumed day-to-day responsibility for Aflac New York's legal, regulatory, and government relations matters. In 2001 he relocated back to Columbus to serve as Aflac's privacy officer. In 2003 he joined the Government Relations department as counsel and was promoted to his current position in 2006. He is a member of the state bars of Texas and Georgia.

Carol E. Austensen
Vice President
U.S. Business Innovation and Solutions

Carol Austensen, 43, graduated from Mercer University with a bachelor's degree in marketing. Carol has over 20 years of insurance and management experience and joined Aflac in 2002 as a business consultant in the Project Management Office. Most recently, she served as vice president, U.S. Strategic Planning Office. In her current role, Carol and her team develop and execute comprehensive service strategies for the United States. Before joining Aflac, Carol served as a director at Allstate Insurance Company and as a business strategy consultant with several small, boutique firms. She has more than 16 years of leadership experience.

Michael E. Bartow
Vice President,
Financial Services

Mike Bartow, 52, received a bachelor's of business administration degree in accounting from the University of Wisconsin at Oshkosh. He became a Fellow of the Life Management Institute in 1981 and earned a CPA designation in 1983. Before joining Aflac in 1986, he was a manager at Sentry Insurance. He was promoted to second vice president in 1995 and to vice president in 2001. He is a member of the American Institute of Certified Public Accountants.

Debra H. Beckley
Vice President,
Sales Financial Management

Debra Beckley, 49, attended Mercer University and graduated from West Georgia College with a bachelor's of business administration degree in accounting. She joined Aflac's Accounting Department in 1979, and since that time she has held various positions in the Financial Division. She became a supervisor in Financial Reporting in 1984 and was later promoted to manager of the Payroll Department in 1986. In 1988 she was appointed assistant vice president, general accounting, and in 1990, she was named second vice president, General Accounting. In 1994, she was promoted to vice president, Agents' Accounting/Remittance Processing Services. She was named vice president, Sales Financial Management in 2005.

Alfred O. Blackmar, FLMI
Vice President,
Facilities Department

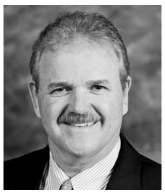
Alfred Blackmar, 45, graduated from Presbyterian College with a bachelor's degree in business administration. He joined Aflac in 1984 and has been in his current position since 1999. He previously served as vice president, deputy director, Compliance. He is past executive chairman of the Life and Health Compliance Association.

Mary M. Chapman, CFA
Vice President,
Investments

Mary Chapman, 45, graduated from Harvard University with a bachelor's degree in European history, and she received her master's of business administration degree from Cornell University. Before joining Aflac in 1993, she worked in investment banking and bond analysis. In 1997 she was promoted to her current position with responsibility for credit analysis of Aflac's dollar- and yen-denominated portfolios. She is a chartered financial analyst and a member of the CFA Institute.

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

Michael Chille, 36, earned a bachelor's degree in finance from the State University of New York at New Paltz. He joined Aflac in March 1995 as a personal producer, and in November of that year, he was promoted to district sales coordinator. He was named regional sales coordinator in April 1996 and state sales coordinator of Metro New York/New Jersey in June 1998. He was promoted to his present position in November 2003.



Rory G. Cruser
Vice President;
South Territory Director

Rory Cruser, 60, joined Aflac in July 1971 as a district sales coordinator in Nashville, Tennessee, after spending five years as a life, health, and property & casualty broker. He was promoted to regional sales coordinator after 14 months as a DSC and spent 13 years as an RSC in Knoxville and Nashville. As a DSC, Rory was the number one DSC companywide, and as an RSC, he was number one companywide several times during his 13-year tenure. In 1988, Rory was promoted to state sales coordinator, a position he held for 17 years. In January 2006, he assumed his present position as vice president, South Territory Director.

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

Sharon Douglas, 45, received a bachelor of science degree from Southern University and A&M College in Baton Rouge, Louisiana. She joined Aflac in 1996 as second vice president, Employee Relations. She was promoted to vice president in 1999 with responsibilities for Employee Relations, Employment Services, Corporate Training and Development, and Employee/Community Services. She was promoted to chief people officer in 2001, with additional responsibilities for diversity and the human resources functions for the Nebraska Customer Call Center and Aflac New York. She is a member of the Society of Human Resources Management.

Lynn B. Fry
Vice President,
Sales Support and Administration

Lynn Fry, 48, joined Aflac in March 1982 in the Information Technology Division. In 1993 she was promoted to second vice president, Information Systems, and in 1997 she was promoted to vice president. In 2000 she moved to the Marketing Division to serve as vice president of marketing technology support, focusing on technology for the company's field force. In 2002 she assumed additional responsibilities in marketing administration.

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

Brett Gant, 49, received a bachelor's degree in mathematics from Marietta College and a master's degree in statistics from Miami University of Ohio. He joined the Actuarial Department in 1981. In 1993 he was promoted to vice president overseeing pricing and rerating for Aflac U.S. products. In 2003 he received additional responsibilities supporting Aflac Japan business. In 2006 he assumed his current position of coordinating U.S. actuarial involvement in Aflac Japan business, including overseeing actuarial initiatives for profitability analysis, business planning, and components of valuation and financial reporting. He is a member of the Society of Actuaries and the American Academy of Actuaries.

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

Greg Gantt, 48, received his bachelor's degree in accounting from Georgia State University. He joined Aflac in 1982 as a member of the Financial Planning Department. He moved to the Investment Department in 1987, where he was in charge of investment accounting. In 1991 he was promoted to his current position with responsibility for managing Aflac Japan's U.S. dollar fixed-income portfolio. He is also a part of the Aflac Global Investments team that oversees management of Aflac assets worldwide. He is a member of the Association for Investment Management and Research.

Kenneth L. "Casey" Graves
Vice President,
Human Resources

Casey Graves, 50, received a bachelor of science degree in marketing/ management and an associate of arts degree in computer science from Southeast Missouri State University. He joined Aflac in 2002 as manager of Human Resources Information Systems (HRIS) and Payroll. He was promoted to second vice president in October 2004 and then to vice president in August 2006. Casey is responsible for Compensation, Benefits, Human Resources Information Systems and the Payroll Departments within Human Resources, and has more than 25 years of experience in human resources and information systems. Before joining Aflac, he worked for Darden Restaurants as director of IT in support of human resources, and as director of HRIS, where he directed the implementation of PeopleSoft 8.0 modules, including Payroll, Human Resources, Benefits Administration, Time and Labor, and Employee Self-Service. He also spent 15 years with the McDonnell Douglas Corporation, where he served in various human resources-related roles.

Leslie W. Heinsen
Vice President;
Territory Director, West Territory

Les Heinsen, 48, began his career with Aflac in 1979 as an associate in North Dakota. He was promoted to DSC, and served in that capacity for two years until his promotion to RSC, where he led his region for four years. Next, he served as SSC of California-North for 18 years. Under his leadership, California-North's production grew from $1 million in 1991 to more than $18 million in 2004, at which time the California Bay-West organization was created. Even with the split, California-North maintained its growth record to finish 2004 with $18.6 million in sales. Until the reorganization, it was the number one state in the Pacific Territory from 1998–2002. Les has earned numerous awards over the years, including 34 FAMEs, 15 Conventions and two President's Clubs. He has achieved Market Potential Index (MPI) for 10 years in a row.

Lynn B. Hodges
Vice President,
Claims Personnel

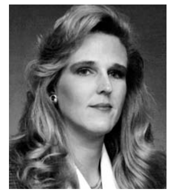
Lynn Hodges, 51, attended Auburn University and graduated from Columbus State University with a bachelor's degree in business administration. She joined Aflac's Claims Department in 1976 as supervisor and was then promoted to manager and then assistant director. In June 1992 she was promoted to second vice president of Client Services and Administration and served as director of the South Region. In January 1996 she was appointed second vice president of Claims, and in October 2004 was promoted to vice president of Claims. In July 2005, she was promoted to vice president, Claims Division, continuing claims responsibilities as well as acquiring responsibilities for strategic direction and planning within the administrative divisions. Since January 2007 she has been working on special projects within the administrative divisions.

Bradley S. Jones
Vice President;
Territory Director, North Territory

Brad Jones, 48, joined Aflac as a sales associate in 1984. He became a district sales coordinator in 1986, a regional sales coordinator in 1989, and a recruiting coordinator for Aflac in 1992. In 1993, he was appointed to state sales coordinator for Maryland/Delaware/Philadelphia. During Brad's 6½ years in this capacity, sales increased more than 1,100%. In 2000 Brad was promoted to Territory Director for the Northeast Territory. Under his leadership, the Northeast Territory's sales increased by almost 100%, from $47.3 million in 2000 to $94.4 million in 2003. Brad also increased recruiting by 49% and the number of writing agents 48% in the Northeast Territory. He was appointed senior vice president, director of Sales in 2003 and was named vice president, territory director, East Territory in January 2005. Throughout his career, he has earned numerous awards, including the coveted FAME award 31 times.

Mary Ellen Keim
Vice President,
Fixed Income Investments

Mary Ellen Keim, 51, holds a bachelor of science degree from the University of Alabama. Before joining Aflac, she worked in the Trust Department of First National Bank of Tuscaloosa as a portfolio manager and trust administrator. She successfully completed the National Association of Security Dealers Series 7 and Series 63 exams in 1986. She is a member of the Association of Investment Management and Research.



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

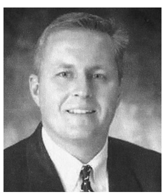
Tracey Keiser-Frazier, 45, attended Wright State University in Dayton, Ohio. She joined Aflac in 1984 as a sales associate. She was promoted to district sales coordinator in May 1985 and to regional sales coordinator in January 1986. She was promoted to state sales coordinator of Wisconsin in October 1994. In September 1997, she was promoted to her present position as vice president; territory director, Pacific Territory.

Robert C. Landi
Vice President,
Corporate Tax

Robert Landi, 45, received a bachelor's degree in business administration from the University of Tennessee at Knoxville. He joined Aflac in 1988 as a tax and financial analyst and was promoted to second vice president, Corporate Tax, in 1993. He was promoted to his current position in 1999 and is responsible for corporate taxes, including federal and state income taxes, premium taxes, payroll taxes, and other state and local taxes. He is a member of the American Institute of CPAs and the Tennessee Society of CPAs.

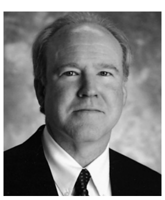
John G. Laughbaum
Vice President,
Channel Marketing and Sales Development

John Laughbaum, 38, graduated from George Mason University with a bachelor's degree in political science and received a master's of business administration in marketing, strategy, and finance from the Kellogg School of Management at Northwestern University. Prior to graduate school, he worked in various capacities at Federal Legislative Associates, a Washington, D.C., government relations firm. Since joining Aflac in 1997, John has served as an analyst, director, second vice president, and vice president, and he was appointed to his current position in 2007. His responsibilities as vice president, Channel Marketing and Sales Development, include business-to-business marketing, channel marketing, key account development, and field force planning. He is a Fellow of the Life Management Institute.



Jeffery A. Link
Vice President,
Compliance

Jeff Link, 44, graduated from Columbus State University in 1987 with a bachelor's degree in business administration. Before joining Aflac, he held various marketing positions with Pascoe Building Systems and Premier Industrial. He joined Aflac's Compliance Department in 1988 as an analyst. In 1996 he became a second vice president, responsible for forms filings. He was promoted to his current position in 2001. He is a member of the Executive Committee of the Life and Health Compliance Association.



G. Bryant McKee, CIA
Vice President,
Internal Audit

Bryant McKee, 54, graduated from Vanderbilt University with a bachelor's degree in economics and business administration. While employed with Life of Georgia, he became a Fellow of the Life Management Institute in 1978 and obtained his Certified Internal Auditor designation in 1987. He joined Aflac in 1988 as internal audit manager and was promoted to his current position in 2000. He is responsible for corporatewide internal audit services. He is a member of the Institute of Internal Auditors and the Information Systems Audit and Control Association.

Thomas P. McKenna
Vice President;
Deputy General Counsel

Tom McKenna, 41, received his bachelor's degree in political science from Columbus State University. He joined the Legal Department in 1993 after receiving his juris doctor degree from the Walter F. George School of Law at Mercer University. He became a second vice president in 2001 and was promoted to his current position in 2006. His primary responsibilities are to manage and direct the operations of the Aflac U.S. Legal Department, and to provide advice and counsel on legal matters that impact U.S. business operations. He is a member of the State Bar of Georgia and the Defense Research Institute.

Darin R. Moore
Vice President,
IT Application Services

Darin Moore, 42, holds a bachelor's degree in computer information systems from Murray State University. Darin has more than 17 years of experience as an IT professional. His current responsibilities involve overseeing the day-to-day operations of Application Services and Professional Services Organizations, to include Enrollment, Imaging, Management Information Systems, and Financial Services. Before joining Aflac, Darin served as a systems engineer for Electronic Data Systems and most recently served as director of Information Technology (IT) for LifeWay Christian Resources.

Thomas O. Morey, FSA, MAAA
Vice President,
U.S. Products and Business Planning

Tom Morey, 45, earned bachelor's and master's degrees in mathematics from the University of West Florida. He became a member of the American Academy of Actuaries in 1998 and a Fellow of the Society of Actuaries in 2000. He joined Aflac in 1995, was promoted to senior manager, Pricing, in 2000; to second vice president, Pricing and Rerating, in 2003; and to vice president, U.S. Products and Business Planning, in 2005. Prior to joining Aflac, he spent 11 years as a weapon system cost estimator for the United States Air Force.

Perry J. Mullins
Vice President,
Expense Management

Perry Mullins, 50, graduated from the University of Wisconsin at Eau Claire in 1980 with a bachelor's degree in accounting. He passed the Certified Public Accounting examination in 1981 and became a Fellow of the Life Management Institute in 1984. Perry worked at Sentry Insurance in Stevens Point, Wisconsin, before joining Aflac's Financial Reporting department in 1987. He moved to the Budget Department Manager position in 1992 and was promoted to a second vice president in 1998. He was promoted to his current position in 2007, and his primary responsibility is the budget and analysis of Aflac expenses in the United States. He is a member of the American Institute of Certified Public Accountants.

Robin Y. Mullins, CPA
Vice President,
Investor Relations

Robin Mullins, 49, graduated from the University of Georgia with a bachelor's degree in finance and is a certified public accountant. Before joining Aflac in 1990, she worked in auditing at Nations Bank and in accounting at Charter Medical. Prior to joining the Investor Relations Department in November 1998, she worked as an accountant in Financial and as a senior auditor in Internal Auditing. She also worked as manager of Information Systems and Payroll in the Human Resources Division.

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

David Nelson, 54, joined Aflac in 1988 as a travel analyst after working in the airline industry for 16 years. In 1995 he was promoted to director, travel, meetings and incentives. He was promoted to his current position in 1997 and is responsible for all aspects of Aflac's corporate travel program, the planning of all business meetings, and the planning of all sales force incentive travel programs. He is a member of the National Business Travel Association, the Georgia Business Travel Association, and the Financial and Insurance Conference Planners Association.

Bahija Fouad Noell
Vice President,
Information Technology Division

Bahija Noell, 42, is vice president of the Business Partnership Management Office in the Information Technology Division. She joined Aflac in 1987 and held several leadership positions in Client Services and Administration and in the Information Technology Division. She holds a bachelor's degree in computer science and accounting from Eureka College in Eureka, Illinois, a master's degree in management from Troy State University and the Information Technology Management Program from Georgia Institute of Technology.

Thomas A. OKray
Vice President,
Planning, Risk and Control Management

Tom OKray, 51, received his bachelor's degree in accounting, risk management and insurance from the University of Wisconsin. Before joining Aflac in 1988, he was a staff accountant with Wausau Insurance Company. He became a second vice president in 1995 and was promoted to his current position in 2001. He is a member of the board of directors, investment committee and audit committee of the Georgia Life and Health Insurance Guaranty Association.

J. Lance Osborne
Vice President,
Field Force Development

Lance Osborne, 45, joined Aflac in July 1988 as an associate, and in August 1991, after being promoted to district sales coordinator, he established a scratch district in the Atlanta/Northwest Georgia region, where he served in that capacity for five years. In 1997 he was promoted to regional sales coordinator, and in 2002, he was asked to accept a leadership role supporting Georgia-North as state training coordinator. In January 2005, Lance was promoted to vice president, Field Force Development.

Vilma I. Salaverria, HIA, MHP
Vice President,
Client Services

Vilma Salaverria, 49, serves as vice president of Client Services. She holds a bachelor's degree in business administration with a major in accounting and a minor in management from the University of Puerto Rico. Vilma is fully bilingual (English/Spanish). She has earned her Health Insurance Associate (HIA) and Managed Healthcare Professional (MHP) designations. Vilma joined Aflac in 1992 and has held various positions, including administrator for the Caribbean Territory, Hispanic marketing coordinator, operations manager for recruitment and multicultural markets, manager of marketing services overhead and director of marketing associate administration. She served on the board of directors of the Atlanta chapter of Women in Insurance and Financial Services (WLUC) in 2000. Vilma currently represents Aflac in the Leadership Columbus Program. She also volunteers with the Meals on Wheels program.

Ronald S. Sanders
Vice President;
Territory Director, Southwest Territory

Ron Sanders, 52, received a bachelor's degree in environmental science from Lamar University. He joined Aflac in 1983 as an associate in Beaumont, Texas. He was promoted to district sales coordinator in 1984 and to regional sales coordinator in 1986. In 1988 Ron took a marketing position with Aflac headquarters and in 1990 became director of Field Force Development for recruiting and training. In 1990, he was named state sales coordinator of Arizona/New Mexico. Ron was promoted to his present position in April 2005.

Eric B. Seldon
Vice President, Account Implementation Management and Support Services

Eric B. Seldon, 38, received a bachelor's degree in business administration from Madison University. Before joining Aflac in 1999 as an operations manager in Client Services, he was vice president of Card Services at Total System Services Inc. After joining Aflac, he took the helm of Payroll Account Service Billing, where he managed the reconciling and billing activities for the company's payroll accounts, and was promoted to director of New Business. He has held several leadership positions within Aflac, most recently serving as second vice president, Support Services, and was promoted to his current position in 2006. In his current role, he is responsible for the strategic direction of Inbound Services, Outbound Services, Remittance Services, New Account Set-Up, and New Business/Underwriting. He has more than 17 years of leadership experience, including more than eight years with Aflac. He is a member of the Georgia Minority Supplier Development Council and is certified by the U.S. Postal Service as a Mail Center Professional and by Mailcom for Mail Center Security Training.

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

Dan Skelley, 58, received bachelor's and master's degrees in applied mathematics from Georgia Tech. Before joining Aflac in 1983, he taught mathematics on the high school and college levels. He became an assistant vice president in 1986, a second vice president in 1990, and was promoted to his current position in 1993. He is a member of the Society of Actuaries and the American Academy of Actuaries.

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

Art Smith, 51, holds a bachelor's degree in political science from Columbus State University and a juris doctorate from the Samford University School of Law. He also graduated with a master of laws (taxation) degree from the University of Alabama School of Law. He was engaged in private law practice in Columbus, Georgia, from 1979 until he joined Aflac as associate counsel in January 1989. He was appointed second vice president and senior associate counsel in the Legal Division in 1993 and was promoted to vice president in 1996. He is a member of the State Bar of Georgia and the American Bar Association.

David R. Turner
Vice President,
IT Advanced Technology Group

David Turner, 54, graduated with a bachelor's degree in mathematics education from Columbus State University. His entire 21-year career in the information technology field has been at Aflac. As a member of the Information Technology Division, he has written software, managed software development projects, and managed both the software development and software testing departments within IT. He had primary planning and management responsibility for the three-year Y2K (year 2000) project. His primary areas of responsibility currently include advanced technology research, software architecture, and technology strategy development.

Blakely H. Voltz, ACS
Vice President,
Claims

Blake Voltz, 37, received a bachelor's degree in finance, from the University of Georgia. He joined Aflac in 1992 and has held several management positions in Client Services. Prior to his current promotion, he was second vice president in the Strategic Planning Office where he worked with the administrative business units to develop innovative process changes to improve efficiency and quality. Blake also has served as second vice president in the Customer Service Center and Policy Service. He has more than 10 years of leadership experience at Aflac. He was promoted to his current position in November 2006. Blake holds the Life Office Management Association (LOMA) Associate Customer Service designation.

William D. Wenberg
Vice President;
Territory Director, Central Territory

Bill Wenberg, 58, graduated from Moorhead State University with a degree in accounting. He started his career with Aflac in October 1983 in Minneapolis, Minnesota, and spent 12 years as a regional sales coordinator. In 1998 he was promoted to state sales coordinator of Arkansas, a position he held until October 2003 when he was promoted to vice president; Territory Director, North Territory. He was appointed to vice president; Territory Director, Central Territory in February 2005.

Larry "Al" Weston
Vice President;
Territory Director, East Territory

Al Weston, 54, holds a bachelor's degree from the University of North Carolina at Chapel Hill. He started his career with Aflac shortly thereafter in 1976. Throughout his career with Aflac, Mr. Weston has qualified for 30 FAME awards, 13 National Conventions, 10 Key Clubs, and five President's Clubs. Prior to being promoted to this position in 2007, Weston was the State Sales Coordinator for North Carolina/East. In his current position, he is responsible for developing, managing, and guiding sales and recruiting activities for the East Territory.

Jefferson W. Willis
Vice President,
Senior Associate Counsel,
Legal Division

Jeff Willis, 58, holds a bachelor's degree in economics and history from Hampden-Sydney College in Virginia. He received a juris doctorate from the Walter F. George School of Law at Mercer University in 1975 and is a licensed member of the state bars of Georgia and Virginia. Before joining Aflac in 1988, he was a partner in a Gainesville, Georgia, law firm specializing in insurance litigation.

Kermitt L. Cox, FSA, MAAA
Senior Advisor,
Actuarial

Kermitt Cox, 63, graduated from Iowa State University with a bachelor's degree in mathematics. Following several years of teaching and four years in the Air Force, he attended the University of Nebraska for graduate study in actuarial science. He joined Aflac in 1987 as a vice president and was promoted to senior vice president in 1998. He is a member of the Society of Actuaries, the American Academy of Actuaries, the International Actuarial Association and the Southeastern Actuarial Club. He currently serves on several committees of the American Academy of Actuaries.

Aflac Japan Management

Akitoshi Kan
Chairman, Aflac Japan;
Chairman, Aflac International

Aki Kan, 59, joined Aflac Japan in 1980. In 1997 he was promoted to executive vice president for internal operations for Aflac Japan. He relocated to Aflac Worldwide Headquarters in 1999 when he was promoted to executive vice president, Aflac International. He graduated from Kanagawa University in Japan in 1973 and was employed by the New York accounting firm of Cook Levine & Company, CPAs, for four years before joining Aflac Japan. He became chairman of Aflac International in 2004 and president of Aflac Japan in April 2005.

Tohru Tonoike
President and Chief Operating Officer,
Aflac Japan

Tohru Tonoike, 56, graduated from Hitotsubashi University and worked for Dai-ichi Kangyo Bank prior to joining Aflac Japan in February 2007. Dai-ichi Kangyo Bank later merged with two other banks to form the Mizuho Financial Group. In 2005 he became president and representative director of Dai-ichi Kangyo Asset Management Company, another division of the Mizuho Financial Group. Tonoike served on the Aflac board of directors from November 2004 through January 2007.

Charles Lake II
Vice Chairman,
Aflac Japan

Charles Lake, 45, received a bachelor's degree in Asian studies and political science from the University of Hawaii at Manoa in 1985 and a juris doctorate from the George Washington University School of Law in 1990. He joined Aflac International in February 1999 and Aflac Japan in June 1999. He became deputy vice president in 2001, president in 2003 and vice chairman in 2005. Before joining Aflac, he practiced law with Dewey Ballentine LLP in Washington, D.C. He also served as director of Japan affairs and special counsel at the office of the U.S. Trade Representative in the executive office of the President. He currently serves on the boards of directors of the Tokyo Stock Exchange, Inc., the Life Insurance Association of Japan and the Maureen and Mike Mansfield Foundation, and as president of the American Chamber of Commerce in Japan (ACCJ).

Takaaki Matsumoto
First Senior Vice President;
Director of Marketing and Sales

Takaaki Matsumoto, 58, graduated from Meiji Gakuin University in 1974 and joined Aflac in 1975. He served as general manager of the Tohoku Sales Department and the Sales Promotion Department. After serving as general manager of East Japan Claims Department, he was promoted to vice president in 2005, to senior vice president in 2006 and to his current position in 2007.

Hisayuki Shinkai
First Senior Vice President,
Financial Institutions, Bank Sales Project,
Public Relations, Investor Relations

Hisayuki Shinkai, 56, joined Aflac in 1999 as general manager of the Public Relations Department and was promoted to vice president in 2000 and to senior vice president in 2002. In February 2006, he was named to his current position. He graduated from Tohoku University in 1974 and previously worked for the Long Term Credit Bank of Japan, Ltd.

Hiroshi Yamauchi
First Senior Vice President;
Chief Administrative Officer

Hiroshi Yamauchi, 55, graduated from Saitama University in 1976 and joined Aflac that same year. He served in the Actuarial Department as section manager and assistant general manager. He was promoted to general manager in the Policy Maintenance Department in 1998 and to vice president in 1999. He was promoted to first senior vice president in 2002 and to his current position as chief administrative officer in January 2005.

Shigehiko Akimoto
Senior Vice President,
Alliance Management

Shigehiko Akimoto, 51, a graduate of Seikei University, joined Aflac in 1985. He served as general manager in the Sales Planning Department. He was promoted to vice president, marketing, in 1999, and to senior vice president in 2001.

Yuji Arai, CFA
Senior Vice President,
Investments, Investment Analysis;
Principal Financial Officer

Yuji Arai, 44, graduated from Keio University in 1986 and joined Aflac that same year. He became assistant general manager of the Investment Department in 2001, and he began supervising the Investment Department and the Investment Analysis Office in 2002. He was promoted to his current position in January 2005. He is a chartered financial analyst certified by the CFA Institute and a charter member of the CFA Society of Japan.

Andrew J. Conrad
Senior Vice President and Counsel;
Director of Governmental and Legal Affairs,
Aflac International Incorporated

Andy Conrad, 43, holds a law degree from Harvard Law School and a master's degree from the Fletcher School of Law & Diplomacy at Tufts University. Before joining Aflac, he practiced law at Dewey Ballantine LLP in Washington, D.C. He joined Aflac International in 2001, serving as second vice president, associate counsel and director of Governmental and Legal Affairs. He was promoted to his current position in March 2006.

Jun Isonaka
Senior Vice President,
Sales

Jun Isonaka, 49, graduated from Kwansei Gakuin University in 1980 and joined Aflac that same year. He served as general manager of the Group Marketing and Marketing and Sales Promotion Departments from 1999 through 2001. He was promoted to vice president in 2002 and to his current position in January 2007.

Tomomichi Ito
Senior Vice President,
Government Affairs & Research,
General Affairs,
Management Information Administration

Tomomichi Ito, 57, a graduate of Tokyo University, joined Aflac in 1976 and served as general manager of Research and Corporate Planning. He was promoted to vice president in 1997 and to senior vice president in 2001.

John A. Moorefield
Senior Vice President,
Chief Information Officer to Japan

John Moorefield, 45, graduated from North Carolina State University in 1986 and joined Aflac in 2005. Before joining Aflac, he worked for major financial institutions and consulting firms providing services globally for IT organizations.

Isao Sumikawa
First Vice President, Sales Training,
Shop Promotion

Isao Sumikawa, 52, graduated from Akita University in 1977 and joined Aflac in 1980. He served as general manager of the Hokuriku Sales Department and Tokyo Sales Department 4. He was promoted to vice president in 2002 and to his current position in April 2006.

Hidekatsu Yajima
First Vice President;
Territory Director, Shutoken Territory 2

Hidekatsu Yajima, 56, graduated from Aoyama Gakuin University in 1975 and joined Aflac in 1976. He served as general manager of the Hokkaido Sales Department from 1998 through 2001 and was promoted to vice president in 2002. In April 2006, he was named to his current position.

Kazumi Atsuta
Vice President; Chief Actuary
Actuarial Product Development,
Corporate Actuarial

Kazumi Atsuta, 45, graduated from Chiba University in 1984 and joined Aflac that same year. Before being promoted to his current position in January 2007, he served as general manager of the Product Development, Actuarial Product Development and Corporate Actuarial Departments. In 1992, he gained full membership in the Institute of Actuaries of Japan.

Toru Ehara
Vice President, Sales;
Territory Director, Tokyo Territory

Toru Ehara, 46, graduated from Rikkyo University in 1983 and joined Aflac that same year. He served as general manager of Tokyo Sales Department 2 and the Sales Promotion Department and was promoted to his current position in 2005. He is in charge of the Tokyo Sales Departments.

Yukio Fukushima
Vice President,
Strategic Project Promotion,
System Development,
System Development Support

Yukio Fukushima, 55, joined Aflac as vice president and general manager of the System Development Support Office and System Development Office 3 in 2006. He graduated from Tokyo Denki University in 1975 and previously worked for IBM Japan, Ltd.

Masahiro Hoshino
Vice President; Territory Director, Kyushu and Okinawa Territory

Masahiro Hoshino, 48, graduated from Chuo University in 1984 and joined Aflac in the following year. He served as general manager for the Hokkaido Sales Department from 2002 through 2004 and for the Shutoken Sales Department 3 in 2005 and 2006. In January 2007, he was promoted to his current position.

Takashi Kadono
Vice President,
New Business

Takashi Kadono, 52, graduated from Rikkyo University in 1978 and joined Aflac in 1980. He served as general manager of Osaka Sales Department 1 and was promoted to vice president in January, 2005.

Shoichi Kashiwazaki
Vice President,
Aflac National Association of Agencies Office, Support Office for Association of Agency Managers

Shoichi Kashiwazaki, 60, graduated from Chuo University in 1971 and joined Aflac in 1977. He served as general manager of Tokyo Sales Departments 2, 3 and 4, and the Kyushu-Okinawa Sales Department. He was promoted to vice president in January 2005.

Anthony M. Kotas
Vice President, IT Control

Tony Kotas, 38, joined Aflac International as a vice president in 2002. He has served as director of policy administration and future systems development as well as director of IT strategic initiatives for Aflac Japan. He was named to his current position overseeing IT Control Department Services in September 2005. Prior to joining Aflac, he was a senior manager with Cap Gemini Ernst & Young Consulting LLC. He holds a bachelor's degree in arts and science from Virginia Tech University.

Yosuke Miwa
Vice President, Human Resources,
Human Resources Support

Yosuke Miwa, 55, graduated from Keio University in 1976 and joined Aflac in 1979. From 1998 to 2005, he served as general manager in various departments. In November 2005, he was promoted to his current position.

Takashi Miyajima
Vice President;
Territory Director, Hokkaido Territory

Takashi Miyajima, 43, graduated from Rikkyo University in 1986 and joined Aflac that same year. Before being promoted to his current position in January 2007, he served as general manager in the Shutoken Sales 1 and Sales Promotion Departments.

Ken Miyauchi
Vice President,
Marketing Strategy Planning,
Sales Promotion, Existing Policyholders Promotion, Marketing System

Ken Miyauchi, 53, graduated from Kansai University in 1978 and joined Aflac in 1979. He served as general manager in Kinki Sales Department 1 and Tokyo Sales Department 1. In 2002 he was promoted to vice president.

Yoshifumi Murayama
Vice President; Territory Director,
Kanshinetsu Territory

Yoshifumi Murayama, 48, graduated from Meiji University in 1982 and joined Aflac that same year. After serving as general manager of the Osaka Sales Department 1 in 2005 and 2006, he was named to his current position in January 2007.

Iwao Nemoto
Vice President;
Territory Director, Shutoken Territory 1

Iwao Nemoto, 44, graduated from Chuo University in 1985 and joined Aflac that same year. Before being promoted to his current position in January 2007, he served as general manager in the Associates Development Department and the Shutoken Sales Department 2.

Hiromi Niida
Vice President, Financial Institutions,
Bank Sale Project

Hiromi Niida, 51, graduated from Keio University in 1980 and joined Aflac that same year. After serving as general manager in several departments, he was named to his current position in 2006.

Ryuichi Nomura
Vice President;
Territory Director,
Tokai and Hokuriku Territory

Ryuichi Nomura, 54, graduated from Kwansei Gakuin University in 1976 and joined Aflac in 1985. From 1998 through 2005, he served as general manager in four sales departments. In 2006 he became general manager of the Alliance Management Department and in January 2007, he was promoted to his current position.

Masahiko Okitsu
Vice President;
Territory Director,
Chugoku and Shikoku Territory

Masahiko Okitsu, 47, graduated from Tokyo Keizai University in 1984 and joined Aflac in the following year. Before being promoted to his current position in January 2007, he served as general manager of the Shikoku Sales Department for three years.

Koichi Ono
Vice President;
Territory Director, Tohoku Territory

Koichi Ono, 45, graduated from Waseda University in 1984 and joined Aflac that same year. Before being promoted to his current position in January 2007, he served as general manager in two sales departments and in the Marketing Promotion Department.

Takashi Osako
Vice President,
Policy Maintenance,
Policy Data Administration

Takashi Osako, 45, graduated from Kwansei Gakuin University in 1985 and joined Aflac that same year. Before being promoted to vice president in 2004, he served as general manager of the Human Resource System Planning Department in 2001 and as head of the Office of the President in 2002.

Chikako Sakurai
Vice President,
Premium Accounting 1 and 2, Claims (East Japan)

Chikako Sakurai, 53, graduated from Tokyo Women's Christian University in 1976 and joined Aflac that same year. She served as general manager of the Underwriting Department from1998 through 2001. She was named to her current position in January 2003.

Ko Shirai
Vice President,
Hojinkai Promotion

Ko Shirai, 59, graduated from Komazawa University in 1970 and joined Aflac in 1977. He served as manager of the Kyushu-Okinawa Sales Department and as general manager of the Tohoku Sales Department and Kinki Sales Department 1. He was promoted to vice president in 2002.

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

Kayoko Sugimoto, 55, graduated from Sophia University in 1975 and joined Aflac that same year. After serving as general manager of the West Japan Claims Department, she was promoted to vice president in charge of the Personnel and Human Resources Departments in 2001. She is currently responsible for the West Japan Claims Department and the Kinki Administration Department.

Hiroshi Takeuchi
Vice President,
Contact Center

Hiroshi Takeuchi, 39, graduated from Osaka University in 1991 and earned a master's degree in management engineering from Rensselaer Polytechnic Institute in 1999. He joined Aflac in 2003. In July 2004, he became president of aflacdirect.com and in August 2005, he became second vice president of Aflac Japan. He was promoted to his current position in January 2007.

Kenji Usui, CIA
Vice President,Internal Audit Officer;
Internal Audit, Risk Management,
Compliance/Inspection

Kenji Usui, 48, graduated from Meiji University in 1984 and joined Aflac that same year. He served as general manager of the Internal Audit Department and was promoted to vice president in 2002. He is a licensed CIA and a member of the Institute of Internal Auditors.

Tomoya Utsude
Vice President; Executive Medical Director,
Administration Planning, Underwriting

Tomoya Utsude MD, 45, graduated from the Medical School of Tokyo University in 1986 and joined Aflac in 1994. Before he became vice president in 2003, he worked as medical director and managed the Medical Underwriting Department from 1996 to 2000. Before joining Aflac, he was trained and had practical experience as a surgeon at the Tokyo University Hospital and as a surgical pathologist at the Cancer Institute, Japanese Foundation for Cancer Research.

Koichi Wakasugi
Vice President, Sales;
Territory Director, Kinki Territory

Koichi Wakasugi, 51, graduated from Ryukoku University in 1979 and joined Aflac that same year. After serving as general manager of the Finance Institution, Chugoku Sales and Kinki Sales Departments, he was promoted to his current position in 2005.

Kazuhiro Yamazaki
Vice President,
Financial Management

Kazuhiro Yamazaki, 52, earned bachelor's and master's degrees from Waseda University and joined Aflac in 1982. After serving as general manager of the Financial Management and Internal Audit Departments, he was promoted to his current position in 2006. He is a member of the American Institute of Certified Public Accountants, the Institute of Management Accountants and the Institute of Internal Auditors.

Kenji Yasuda
Vice President, Solicitation Management,
Solicitation Management Promotion Office

Kenji Yasuda, 58, graduated from Keio University in 1972 and joined Aflac in 1975. After serving as general manager of Corporate Planning, Agency Training, and several sales departments, he was promoted to vice president in 2000.

Yoshiki "Paul" Otake
Founder,
Executive Advisor

Paul Otake, 68, is the founder and retired chairman of Aflac Japan. A graduate of Hiroshima Prefectural University, he joined American International Underwriters (AIU) in 1967. He established the International Insurance Agency Group (IAG) in 1972. He was a representative to Aflac's Tokyo office before the establishment of the Japan branch in 1974 and served as vice president, marketing, from 1974 until he was promoted to president of Aflac Japan in 1986. He was named chairman of Aflac Japan in 1995, and he became executive advisor in January 2003 after retiring as chairman.

Eizo Kobayashi
Senior Advisor

Eizo Kobayashi, 58, graduated from Tokyo University in 1972 and joined the Bank of Japan that same year. Prior to joining Aflac as senior advisor in May 2006, he served as executive director for Bank of Japan.

Hidefumi Matsui
Senior Advisor

Hide Matsui, 63, graduated from Tokyo University in 1968. He served as a systems planner of manufacturing processes at Kawasaki Steel Corporation before joining Aflac. He was a member of the team organized to obtain Aflac's license to do business in Japan. He was named assistant vice president in 1981, vice president in 1985, senior vice president in 1987, and director of marketing in 1990. He was promoted to executive vice president in 1992 and to president of Aflac Japan in 1995. He was named chairman of Aflac Japan in January 2003.

Hachiro Mesaki
Senior Advisor

Hachiro Mesaki, 64, joined Aflac in 2002 as a senior advisor. He graduated from Tokyo University and joined the Ministry of Finance (MOF) in 1967. He previously served as deputy director-general of the MOF's International Finance Bureau, executive director for Japan of the International Monetary Fund (IMF), and special advisor to the Ministry of Foreign Affairs. He also previously served as vice president for the Japan International Cooperation Agency (JICA).

Ken Kyo
General Manager,
Investor Relations Support Department,
Aflac Japan

Ken Kyo, 46, holds a bachelor's degree in literature from Shandong University of China and a master's degree in economics from the post-graduate school at Tokyo University of Japan. He joined Aflac in 1993. Before he was promoted to his current position in January 2003, he served as assistant manager of the Claims Department and the Underwriting Department and as section manager of the Public Relations Department.

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