Aflac's Financial Analysts Briefing 2012

Aflac
Incorporated

About This Book

This book primarily contains information about Aflac that, most of which was given at the company's 2012 Financial Analysts Briefing held on May 15-16, 2012, at the Mandarin Oriental Hotel in New York, New York. All information is intended to provide a comprehensive discussion and analysis of Aflac's operations. The information contained in this book was based on conditions that existed at the end of the first quarter 2012. Circumstances may have changed materially since those presentations were made. The company undertakes no obligation to update the presentations. This information was prepared as a supplement to the company's annual and quarterly releases, 10-Ks and 10-Qs. This book does not include footnotes to the financial statements or 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: difficult conditions in global capital markets and the economy generally; governmental actions for the purpose of stabilizing the financial markets; defaults and downgrades in certain securities in our investment portfolio; impairment of financial institutions; credit and other risks associated with Aflac's investment in perpetual securities; differing judgments applied to investment valuations; subjective determinations of amount of impairments taken on our investments; realization of unrealized losses; limited availability of acceptable yen-denominated investments; concentration of our investments in any particular sector or issuer; concentration of business in Japan; ongoing changes in our industry; exposure to significant financial and capital markets risk; fluctuations in foreign currency exchange rates; significant changes in investment yield rates; deviations in actual experience from pricing and reserving assumptions; subsidiaries' ability to pay dividends to the Parent Company; changes in law or regulation by governmental authorities; ability to attract and retain qualified sales associates and employees; ability to continue to develop and implement improvements in information technology systems; changes in U.S. and/or Japanese accounting standards; decreases in our financial strength or debt ratings; level and outcome of litigation; ability to effectively manage key executive succession; catastrophic events including, but not necessarily limited to, tornadoes, hurricanes, earthquakes, tsunamis, and radiological disasters; and failure of internal controls or corporate governance policies and procedures.

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Section I
Aflac Incorporated

Strategic Overview of Aflac

Daniel P. Amos
Chairman and Chief Executive Officer

This year marks my 22nd analysts briefing as CEO, and I would like to start with an overview of what Aflac has done and what my priorities are in running this company going forward.

We run Aflac in a way that ensures we honor the obligations we've made to our policyholders, and maintaining strong capital ratios is a priority. In fact, this priority remains a key component to our compensation for all officers.

We want to ensure our capital ratios support our ratings and compare favorably to our peers. I have some good news: Our risk-based capital ratio improved from our year-end ratio of 493% to 584% at the end of the first quarter of 2012. The March 31, 2012 RBC ratio was much better than initially estimated, and reflects a strong capital contribution and a benefit from a new tax accounting standard. We also expect the solvency margin in Japan to improve significantly for their fiscal year end, which is March 31, compared with the end of 2011. However, we won't have the final number until we file our FSA financial statements in June.

We are using a strategic approach to assess and implement different capital management practices to better-manage our capital position and mitigate potential risks to our RBC and solvency margin ratios. As you may be aware, our U.S. regulatory capital level was impacted last year by the significant amount of deferred tax assets that have resulted from our derisking activities. Because of the limitations on deferred tax assets, we had about $700 million in non-admitted assets on a statutory basis at year end. Addressing this issue is a top priority for us this year. Recently, we began exploring, with our accounting firm KPMG, an opportunity that we believe could be effective in utilizing a substantial portion of our tax-loss carryforwards, thereby reducing our non-admitted assets. We are not far enough along in the process for me to go into any great detail at this point. There is still considerable tax and legal work to be done. We will give you an update in the months ahead. But, if we are successful, this would help restore the capital balance between our two segments and potentially free up a significant amount of capital, which could be used for shareholder-related activities.

As CEO, it is my job to manage our business in a way that generates value for those who have put capital at stake and invested in our business – our investors. As usual, the presentations at this meeting will cover our business operations in the U.S. and Japan, so I won't go into too much detail. But I will say one thing: With respect to our strategy for growth, we emerged from the financial crisis the same way we went in – with a very strong business model. Granted, the weak economic conditions hurt our U.S. sales for a period of time. We made an investment in our U.S. segment by acquiring CAIC, which we now call Aflac Group Insurance. That acquisition will be an important element of our future U.S. growth, and I also believe it positions us to better weather future economic downturns. You may not have noticed, but Aflac Japan either met or exceeded its sales and financial targets during each and every year of the financial crisis, and Aflac Japan is going to do it again this year.

Every year at this meeting, the last item you hear from me is our EPS outlook. This year, I'm not going to keep you in suspense too much longer. First, I want to remind you that last year at this meeting, I announced our earnings goal for 2012 was an increase in operating EPS of 0% to 5%, excluding the impact of the yen. I told you that there was the possibility of raising it as we went along. We did, in fact, raise that guidance twice, and today it is 3% to 6%. I want to reaffirm that in 2012, we expect to achieve that range, although at the low end of the range. For 2013, our official target is to achieve operating earnings per diluted share growth of 4% to 7% on a currency neutral basis. However, my personal target is to have a 5% increase or better. I will not be satisfied with the low end of the range in 2013.

We believe our targets for 2012 and 2013 are reasonable, given the negative impact on investment income from derisking as well as the low-interest-rate environment. At the same time, we will continue to look for opportunities to enhance our future rates of earnings-per-share growth. Keep in mind, we did not assume any improvement in the overall interest rate environment when setting next year's earnings target.

As we have done for the last several years, Kriss will share the other key assumptions that factor into our 2013 earnings outlook. I want to emphasize that I do not view our 2013 objective as the new normal rate of earnings-per-share growth for Aflac. And I expect us to further improve on earnings growth in 2014.

I normally don't comment on our shares, but I have to tell you, I'm not satisfied with our current valuation either. We're currently trading at a significant discount to our peers on forward earnings. Although we're trading at a premium on a price-to-book basis, given our industry-high returns on equity and our expectation that those returns will continue, I don't think we're getting full credit in the market for our performance.

Let me comment a bit more on my view on enhancing earnings growth. We will continue to push our organization to enhance revenue and earnings growth, while also maintaining the favorable risk profile. We will also zero in on three topics I know are on your mind. Believe me, they're on mine too because they influence our earnings growth and our stock price. They relate to profit margins, investment returns, and share repurchase.

In terms of our profit margins, I know you are all interested in the margins and returns for WAYS, our unique hybrid whole-life product. We looked at the possibility of offering a single premium whole-life product or our WAYS product to help respond to the needs of banks in Japan. Our analysis showed that the WAYS product has profit characteristics that make it a better option for us. When it comes to consumers, the life insurance component provides better life protection in the early policy years. Kriss will cover what our analysis looks like in selling our WAYS product vs. if we sold a single premium product. I want to emphasize one thing: WAYS is an important part of our product portfolio because it enhances sales, especially through the bank channel. We would like to see it make more of a contribution to earnings through better profitability, but WAYS benefits both our top and bottom line growth.

Another issue that affects our EPS growth is investment returns. As you know, our biggest concern has been how to invest the huge cash flows generated by our operations. For decades leading up to the financial crisis, it made sense for us to heavily invest in debt securities that were long-dated, investment grade, and yen-denominated. These bonds met our investment needs without fanfare. More often than not, our investment approach was called "boring" by the financial community. In fact, until the end of 2008, it was very rare that our investment portfolio was a topic of conversation, and even then it didn't generate many questions. But that all changed dramatically when the financial crisis emerged toward the end of 2008 and transformed the investment landscape into one of volatility.

Because of increased volatility of capital markets, we re-evaluated our investment approach. You'll recall last year, I told you my top priority was to hire a global chief investment officer to build a world-class investment organization. Working closely with the Investment Committee of the Board of Directors, we hired Eric Kirsch, and I believe we're well on our way to becoming best-in-class.

At this meeting last year, I also discussed our view of derisking and why we believed it would be an ongoing process throughout 2011 in an effort to reposition our balance sheet. Our objective was to reduce riskier investment positions, particularly our exposures to the PIIGS countries as well as perpetuals.

Later in the year, concerns about Europe re-emerged with a vengeance. We stopped making any new investments in Europe. We also expanded the scope of our derisking activities. Our goal was to reduce our exposure to European financials by approximately ¥150 billion by June 30. We've liquidated 90% of that target, so we've substantially completed that objective. But we will remain vigilant and continue to closely monitor and evaluate our portfolio with an eye toward credit issues that may emerge.

Let me briefly share how we're transforming the investment function, because ultimately our actions are all about increasing our investment returns. Last year, we made a commitment to opening a New York investment office and identifying a new leader for the function. This is a significant undertaking that will involve a great deal of planning, time and resources. But we're committed to seeing the process through and I'm excited and pleased with our progress so far.

We engaged the services of McKinsey to conduct a strategic and global review of our investment processes, people, and systems. With the analysis complete, presentations at this meeting cover what it means for our investment area. But let me say I'm very pleased with our strategy to build and enrich the capabilities of our investment function, as is our Board of Directors.

We also engaged Goldman Sachs Asset Management to look more closely at asset/liability management and to help us optimize our portfolio in a way that considers our regulatory capital requirements in Japan and the United States. When this project is complete, we will expect to look to asset classes beyond fixed-income that will enhance our portfolio returns.

As we said at the end of first quarter, we've been able to dedicate more financial resources to the Investment area, which will enable our Investment team to move ahead rapidly to implement these new strategies. We expect that during the third quarter we will be able to initiate some of the recommendations from the Goldman Sachs project.

For instance, we will look to buying public fixed-income, dollar-denominated assets and swapping them into yen. We will also begin our outsourcing program. With these new investment strategies, you should expect to see a reduced allocation to JGB investments. That will result in a more diverse portfolio that will provide us better returns and portfolio management flexibility. It's also important for me to mention that the Investment Committee of our Board of Directors has retained an investment consulting expert. This expert will be assisting the Investment Committee and monitoring the success of our investment function as we build out this important area and diversify our portfolio holdings.

The third topic that influences our EPS outlook is share repurchase. We have been able to enhance our consolidated returns historically through consistent share repurchase activities. Clearly, the financial crisis affected our ability to purchase shares in the short run as investment losses reduced the profits we could repatriate from Japan. However, we expect those strong profit remittances to return once the sizeable investment losses are behind us. And we believe we are at that point.

Our outlook for profit repatriation for this year has improved a bit recently. Furthermore, we believe repatriation will be very large next year, assuming no significant investment losses. That will greatly enhance our ability to purchase shares. In the meantime, as 2012 progresses, we will closely evaluate our resources and options for repurchasing our shares this year.

As we have said for many years, when it comes to deploying capital for the benefit of our shareholders, we still believe that repurchasing our shares and growing the cash dividend are the most attractive means, and that is something we will continue to pursue.

As I said on the first quarter earnings call, if we do any share repurchase this year, it will likely be late in the year. But let me reiterate that we don't need to repurchase any shares to achieve our 2012 operating earnings objective. Assuming we incur no material investment losses between now and this time next year, we expect to have significant capacity for profit repatriation and share repurchase in 2013.

As you are aware, 2011 marked the 29th consecutive year that we increased our cash dividend to shareholders. I believe dividends are an important component of the value we provide to investors. We will again evaluate a dividend increase as the year progresses, but I am confident that when the Board meets, we will extend our consecutive annual dividend increases to 30 years.

In addition to improving operating earnings growth, we are also focused on producing industry leading returns on equity. Over the last five years, our consolidated operating return on equity has averaged 25.2%.

For 2012 and 2013, we believe it's reasonable to see operating returns on equity in the area of 22% to 26%.

Throughout the decades, I believe strength, resilience and adaptability are fitting words to describe both Aflac U.S. and Aflac Japan operations. That's because we've faced many challenges – some more than once.

In 1987, I was made COO and was put in a position where I inherited a high-interest rate environment in Japan. Within a month, interest rates dropped 2%. So all of the sudden, our bank-affiliated agencies were selling a single premium product that became unprofitable. I worked with Kriss, who at that time was the head of actuarial for KPMG, and we overcame that hurdle. Within a matter of three months, we stopped the sale of the product and had our sales force selling a new product.

In my early years as CEO, we had a major crisis as our loss ratio in Japan was rising faster than our pricing assumptions, and the loss ratio was over 73% and heading higher due to our cancer insurance. We fixed it by using pathology reports for claims and introducing a new cancer product and offering medical riders to bring down the loss.

In 2001 when Japan fully deregulated and allowed large Japanese domestic insurance companies to sell third sector products, there were those who thought deregulation would be devastating to Aflac. Not only did we maintain our number one position in cancer sales, we emerged a year later as the number one seller of medical insurance too!

In the U.S., there were those who thought the U.S. insurance market would be dominated by other large companies when some decided to get in our business in 1998. We came up with a marketing plan and introduced the Aflac Duck in the United States, and our sales doubled in three years!

Then there were those who thought we couldn't keep up with group insurance, but of course we acquired CAIC and today our U.S. business is thriving and exceeding our expectations, largely due to our expansion into Group Insurance. And we're building on our leadership position.

Finally, last year when the earthquake and tsunami struck Japan – followed by the nuclear situation – many people thought it would be catastrophic to our business. As you know, we made our sales and earnings targets just as we told you. Being challenged makes you rise to new heights.

Through it all, we've always found ways to overcome challenges, and more important, to come out with better company because of them.

So my message to you is: Don't underestimate Aflac and its management team.

Aflac Incorporated Financial Results

Kriss Cloninger III
President; Chief Financial Officer

I will begin my presentation with a discussion of Aflac's financial results. Let me start with an overview of each of our segments. Then I will go into more depth on the development of our operating ratios, returns and modeling assumptions.

Segment Contributions to Operating Earnings*

(Pretax, In Millions, GAAP Basis)

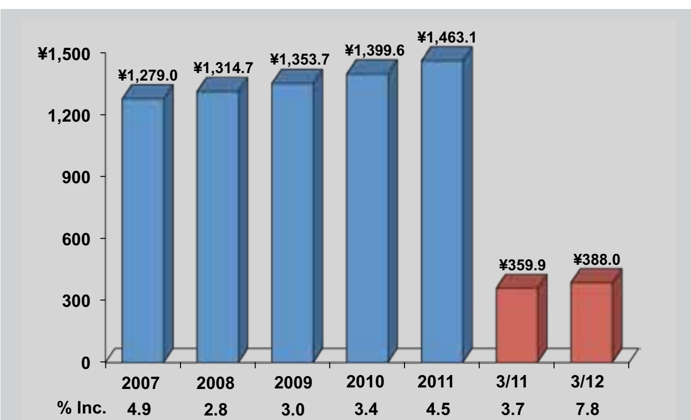
	2010	2011	3/11	3/12
Aflac Japan	$3,260	$3,829	$ 974	$1,040

*Beginning 2010, amounts adjusted for revised DAC standard

Aflac Japan remains the primary contributor to our overall operations. In the first quarter of 2012, Aflac Japan represented approximately 79% of pretax insurance earnings. Please note that the segment and consolidated financial results for 2010 and 2011 have been restated to reflect our adoption of new accounting guidance for deferred acquisition costs.

Aflac Japan Total Revenues

(In Billions, GAAP Basis)



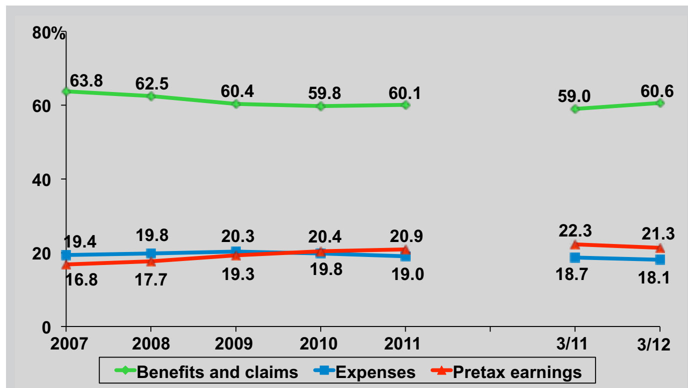
As you know, the main components of total revenues are premium income and investment income. The largest component, premium income, has benefited from a predictable and stable source of renewal revenues. In fact, we estimate that 88% of Aflac Japan's premium income will be derived from renewal premiums this year, with the balance coming from new sales.

Aflac Japan continues to produce increasing revenues in yen terms. The growth rates had been declining somewhat in recent years due primarily to lower new sales contributions in 2006 through 2008 and slower investment income growth due to low yields. However, revenue growth rates began improving in 2009 and continue to improve, reflecting strong new premium sales growth, particularly in the ordinary product line.

It's worth noting that the exchange rate can influence the rate of investment income growth when reported in yen. Dollar-denominated investment income accounts for about one-third of Aflac Japan's total investment income. As such, when the yen strengthens to the dollar, the growth rates of investment income, revenues and earnings are suppressed in yen terms. Of course, the opposite occurs when the yen weakens. However, there is no impact on a consolidated basis as reported in dollars.

Aflac Japan Operating Ratios*

(To Total Revenues, GAAP Basis)

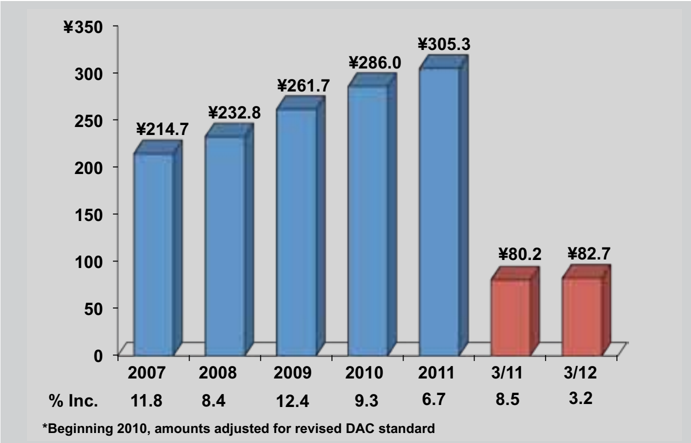


*Beginning 2010, amounts adjusted for revised DAC standard

Japan's benefit ratios steadily declined from 2007 through 2010 due primarily to improvement in claims experience in our block of core health insurance, mainly cancer and medical. With the significant increase in production of our child endowment and WAYS products, the benefit ratios flattened out and started to increase slightly in 2011. I will discuss that in some detail a bit later. Total annual operating expenses as a percentage of revenues have remained in a fairly narrow range for the last five years, but have trended downward, in part reflecting the influence of lower commission expenses for child endowment and WAYS. In addition, Aflac Japan's low expense ratio reflects efficient operations and a strong and stable persistency rate.

As a result, our pretax profit margin has steadily increased over the last five years. I consider this a significant accomplishment in light of the low level of available investment yields over the last several years. However, we expect this expansion to reverse slightly as we see further changes in our business mix and as low interest rates continue to impact our income statement. Total profits, on the other hand, should continue to increase as we expect higher revenue growth due to the larger premium per policy on the lower margin life products.

Aflac Japan Pretax Operating Earnings*
(In Billions, GAAP Basis)



The expanded profit margin over the last several years has enabled us to grow pretax operating earnings at a significantly faster rate than total revenue growth. In the near term, we expect to see revenues grow more rapidly and margin expansion to play a less prominent role due to the business mix changes. A little later I will give you more detail on the major product segments and their profit characteristics.

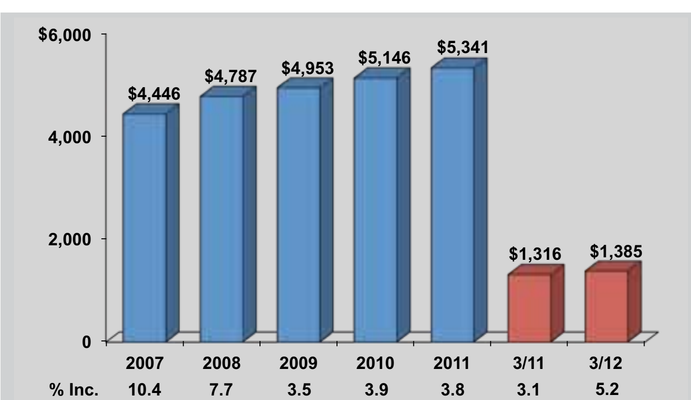
Segment Contributions to Operating Earnings*
(Pretax, In Millions, GAAP Basis)

	2010	2011	3/11	3/12
Aflac Japan	$3,260	$3,829	$ 974	$1,040
Aflac U.S.	922	904	251	271

*Beginning 2010, amounts adjusted for revised DAC standard

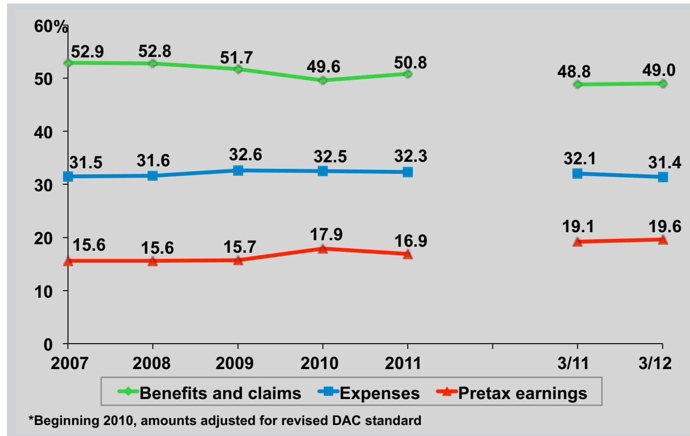
Our other reportable segment, Aflac U.S., accounted for the remaining 21% of pretax insurance earnings in the first quarter of this year.

Aflac U.S. Total Revenues
(In Millions, GAAP Basis)



Aflac U.S. revenue growth is largely driven by the rate of premium income growth. Premium income slowed to single-digit growth in 2008, reflecting a combination of weak sales due to economic conditions and lower persistency rates. Revenue growth in 2010 benefited from our acquisition of Aflac Group, and we have since experienced improved sales results. In addition, the persistency of our U.S. business improved by 140 basis points in 2010. Last year, our U.S. persistency rate improved again, rising by 260 basis points to its highest level in more than 10 years.

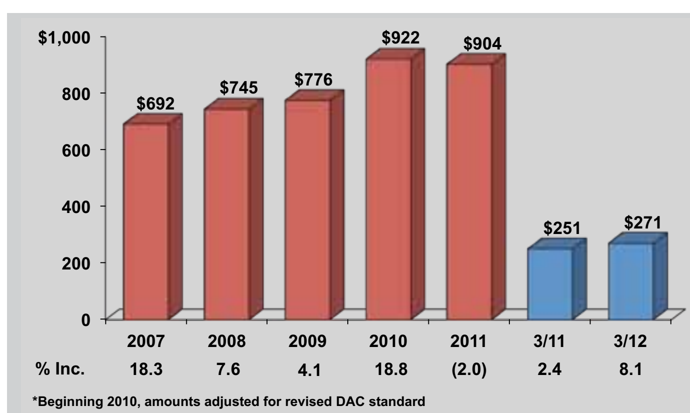
Aflac U.S. Operating Ratios*
(To Total Revenues, GAAP Basis)



Over an extended period of time, the operating ratios of Aflac U.S. have been very stable. However, benefit and expense ratios in 2010 were influenced by lapses associated with the loss of a large payroll account at the end of 2009. As a result, the benefit ratio declined, reflecting the release of benefit reserves associated with the lapsed policies. The higher expense ratio in 2010 reflected increased amortization of deferred acquisition costs, or DAC, for those lapsed policies. However, the net impact of the reserve release and DAC amortization was a sizeable benefit to the bottom line in 2010. In 2011, the benefit ratio returned to a more normalized level.

Expenses as a percentage of total revenues have been stable over the last five years. As a result, the profit margin has remained in a narrow range, with the exception of 2010 when it benefited from the lapses I mentioned. We expect the operating ratios to remain fairly stable to slightly improved in the future.

Aflac U.S. Pretax Operating Earnings*
(In Millions, GAAP Basis)



Despite the very difficult earnings comparison to 2010, pretax operating earnings were down only slightly in 2011 and exceeded our expectations. We expect a continuation of improved revenue growth with stable margins that should result in sustained growth in Aflac U.S. profits. Although Aflac Japan is the dominant segment of our total company results, Aflac U.S. remains a significant and important contributor to our growth.

Segment Contributions to Operating Earnings*

(Pretax, In Millions, GAAP Basis)

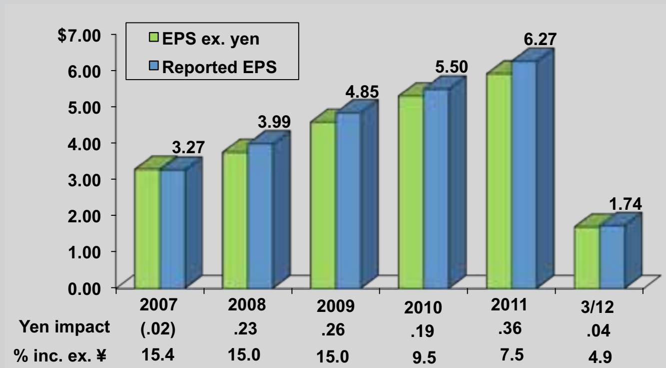
	2010	2011	3/11	3/12
Aflac Japan	$3,260	$3,829	$ 974	$1,040
Aflac U.S.	922	904	251	271
Interest expense	(140)	(168)	(41)	(44)
Corp. & other exp.	(60)	(62)	(14)	(20)
Pretax oper. earnings	$3,982	$4,503	$1,170	$1,247
Income taxes	1,380	1,557	405	433
Operating earnings	$2,602	$2,946	$ 765	$ 814

*Beginning 2010, amounts adjusted for revised DAC standard

Interest expense in 2011 was above the 2010 level and reflected higher debt balances and increased interest rates associated with our 2010 dollar-denominated debt issuance. Interest expense also reflected the impact of the stronger yen/dollar exchange rate on our yen-denominated interest expense. The parent company and other unallocated expenses in 2011 were fairly consistent with 2010, and our consolidated tax rate has been very stable over the last several years.

Operating Earnings Per Share*

(Diluted Basis, GAAP Basis)



*Beginning 2010, amounts adjusted for revised DAC standard

At the bottom of this slide, you'll see the per-share impact from the changes in average yen/dollar exchange rates for the last five years. The impact from currency fluctuation has tended to be smoothed over the long run. However, for the last four years, our results on a per-share basis benefited significantly from the strengthening of the yen. Our sensitivity to currency changes has increased in the last few years, primarily due to a greater portion of our consolidated earnings being derived from yen-denominated sources.

Reconciliation of Operating to Net Earnings Per Diluted Share*

(GAAP Basis)

	2010	2011	3/11	3/12
Operating earnings	$5.50	$6.27	$1.62	$1.74
Reconciling items net of tax:				
Realized gains (losses):				
Sales & impairments	(.58)	(1.81)	(.75)	(.17)
Derivatives & hedging	—	(.34)	(.04)	.11
Net earnings	$4.92	$4.12	$ .83	$1.68

*Beginning 2010, amounts adjusted for revised DAC standard

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 impact of derivatives and hedging, and nonrecurring items.

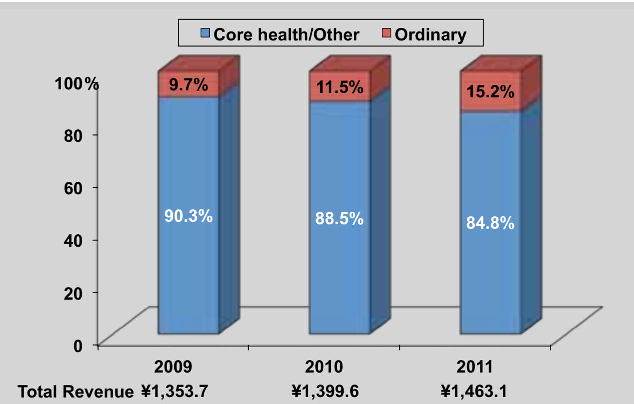
We use operating earnings to evaluate our financial performance because realized gains and losses, the impact of derivatives and hedging, and nonrecurring items tend to be driven by general economic conditions and events, and therefore can obscure the underlying fundamentals and trends in Aflac's insurance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

Eric's presentation covers how our realized investment losses were sizeable in 2011 due to portfolio derisking. Investment losses in the first quarter of 2012 were significantly lower than the prior year. The impacts from derivatives and hedging on net earnings are primarily associated with changes in the fair value of currency swaps on certain investments that we are required to report separately for accounting purposes and credit default swaps. In the future, you will also see this line item reflect the change in the fair value of the yen-dollar swaps associated with our most recent bond issue.

Now I'd like to turn to a more in-depth look at our operations in Japan to give you a better understanding of the benefit, expense and profit characteristics of our various product categories.

Aflac Japan Revenue by Product Category*

(GAAP Basis)



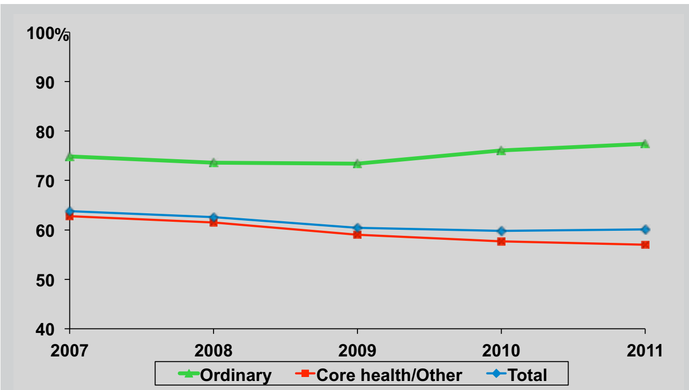
*Reflects investment income allocated by product category
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

As you can see, Aflac Japan's revenue composition has changed over the last three years. In this chart and many that follow, the core health and other category includes our core products, cancer and medical, along with several products that are not actively marketed, such as care and annuity. It is important to note that the other component of this category represents less than 10% of total revenues for all years presented.

The ordinary category includes WAYS, child endowment, and other life products. As a result of our success in selling these products, especially through the bank channel, the contribution of the ordinary product line has grown significantly. In 2009, ordinary life insurance was 9.7% of total revenues. By 2011, ordinary had increased to 15.2% of total revenues.

Aflac Japan Benefit Ratios by Product Category*

(To Total Revenues, GAAP Basis)



*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

For a number of years, the benefit ratio of our largest product category, core health, has been declining. This decline has been driven by improving claims experience, primarily in our cancer line, and a shift in the mix of business within this product category toward products with lower benefit ratios. You'll recall that Japan's national health care system has been under severe pressure to reduce costs. The government has modified their reimbursement practice to pay more per day for shorter hospital stays, which has had the effect of significantly shortening hospital stays. The shortening of stays has been particularly noteworthy on our cancer insurance business, causing the ratio of actual to historical experience for Aflac to fall from 83% in 2005 to 75% in 2010. This decline has occurred at a much faster rate than we originally expected. That does mean of course that there is probably less room for additional reductions in average hospital days in the future, but we do expect to see further improvement for some years to come.

Claims for our medical products have also been lower than our original expectation since the products were introduced. Like cancer insurance, we expect this favorable experience to continue. Yet there is also somewhat less room for significant levels of claims improvement in our medical products because average hospital stays for non-cancer medical events are much shorter than they are for cancer treatments.

The other major factor influencing Aflac Japan's overall benefit ratio has been the change in business mix over time. Our efforts at broadening our product line have significantly changed our in-force business. For many years, the mix change trended toward lower benefit ratio products, including our medical products and health insurance riders. More recently, the business mix has been affected by the sales of our child endowment and WAYS products.

Aflac Japan Benefit Ratios by Product Category*

(To Total Revenues, GAAP Basis)

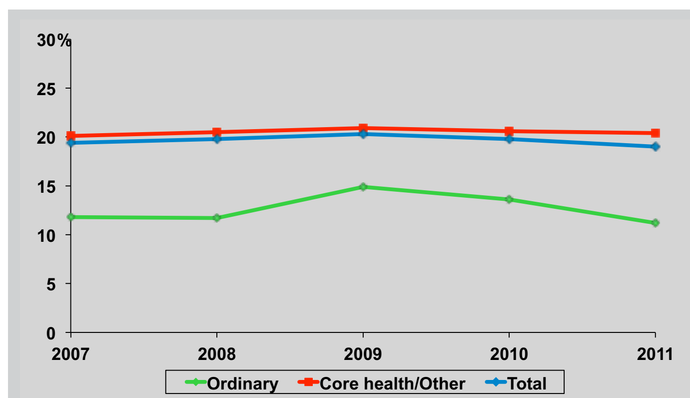
	2009	2010	2011
Core health/Other	59.0%	57.7%	57.0%
Ordinary	73.4	76.1	77.4
Total	60.4%	59.8%	60.1%

*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

Reflecting the trend of favorable claims experience, the benefit ratio for our core health products has steadily declined over the last several years, dropping from 59.0% of revenue in 2009 to 57.0% in 2011. The benefit ratio for our ordinary products has been higher than that of the health products, and has increased somewhat in recent years, rising from 73.4% of revenues in 2009 to 77.4% in 2011. This increase primarily resulted from the shift in sales to products with higher benefit ratios and higher premiums such as child endowment and our unique hybrid life product, WAYS. When you look at things in total, the higher benefit ratios of WAYS and child endowment have offset the downward trend in the health benefit ratio. Given the change in the mix of Aflac Japan's business, we expect the total benefit ratio will increase somewhat over the next two years.

Aflac Japan Expense Ratios by Product Category*

(To Total Revenues, GAAP Basis)



*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

Although the expected benefit ratios of our ordinary products are higher than our health products, the commission expense is lower for each of these products in relation to the revenues. In general, products with higher benefit ratios have lower expense ratios, which can be seen in our ordinary business over the last two years.

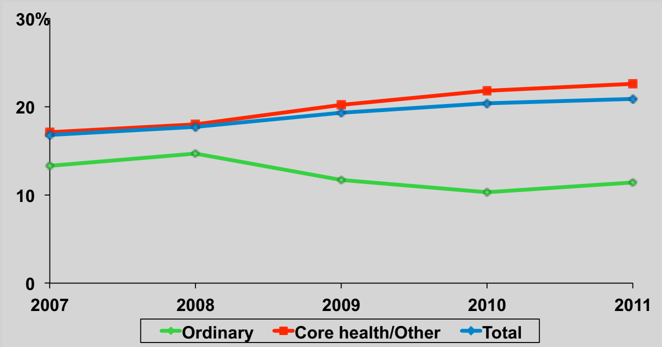
Aflac Japan Expense Ratios by Product Category*
(To Total Revenues, GAAP Basis)

	2009	2010	2011
Core health/Other	20.9%	20.6%	20.4%
Ordinary	14.9	13.6	11.2
Total	20.3%	19.8%	19.0%

*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

The expense ratios for the core health block have been stable over the last several years, as there has been little change in the product mix within that block. The expense ratio for the ordinary category has dropped from 14.9% in 2009 to 11.2% in 2011 primarily due to lower commission rates on child endowment and WAYS.

Aflac Japan Pretax Profit Margins by Product Category*
(To Total Revenues, GAAP Basis)



*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

While low interest rates are impacting the profit margin for our ordinary products, we believe that the total profitability for these lower-margin products is still within an acceptable range. As we said in the first quarter of this year, we're currently in the process of evaluating the pricing of our entire product line using lower assumed interest rates. I can tell you that we will definitely be working toward repricing our ordinary life products over the next year. Keep in mind, this takes some time because it involves the alignment of sales and promotional programs as well as system changes. We're also looking at different asset allocations that will generate better returns on the cash flow generated from WAYS.

Aflac Japan Pretax Profit Margins by Product Category*
(To Total Revenues, GAAP Basis)

	2009	2010	2011
Core health/Other	20.2%	21.8%	22.6%
Ordinary	11.7	10.3	11.4
Total	19.3%	20.4%	20.9%

*Beginning 2010, amounts adjusted for revised DAC standard
Note: Other includes Dementia, Super Care, Rider Wide, Annuity and Injury

As the pretax profit margin for our core health products continued to increase, rising from 20.2% in 2009 to 22.6% in 2011, the profit margin of the ordinary business declined slightly from 11.7% in 2009 to 11.4% in 2011. In total, the overall profit margin increased from 19.3% in 2009 to 20.9% in 2011.

WAYS Overview
(Aflac Japan)

- Traditional ordinary life product
  - » Fixed premiums, fixed benefits
- 30% surrender charge of CSV during premium paying period
- Includes option to convert some/all life insurance to medical, nursing care and/or annuity, at a predetermined age such as 60 or 65 on a guaranteed-issue basis at premium rates in effect at the time of election

With the strong sales of WAYS and its influence on our operating ratios and financial results, I thought it would be valuable to review that product in a bit more detail. In 2011, the new annualized premium sales of the WAYS product in Japan was ¥42.1 billion, accounting for 32.9% of sales. This product is a traditional ordinary life product at its core with fixed premiums and fixed benefits. The average premium size for the WAYS product is about 10 times that of one of our health products. The average in-force face amount is less than ¥5 million per policy. What makes this product unique is that it includes a feature that gives the policyholder the option to convert some or all of the life insurance coverage to medical, care or annuity coverage at a predetermined age on a guaranteed issue basis at premium rates in effect at the time of election. Consumers have various WAYS premium options to choose from, including 5-pay, 10-pay, and paid-up at a specified age. Cash values are reduced by 30% when policies are surrendered prior to reaching paid up status. The issue age has been primarily 50 and older for policies that are paid up at a specified age and younger than 50 for 5-pay and 10-pay products.

As we discussed last year, a customer may elect to pay all of the premiums upfront in return for a small discount. We refer to this payment method as discounted advanced premiums, or DAP, where the consumer pays all of the premiums upfront at a discount, which is currently 1%. Aflac invests these funds and earns an interest spread over the discount. This increases the profitability of WAYS considerably. More than 80% of all new annualized premium sales of WAYS are sold with discounted advanced premium. This feature is attractive to consumers and also beneficial to Aflac.

We also realize some profit enhancement from child endowment and WAYS by cross-selling other products. In fact, our recent experience has been that four additional cancer or medical policies are sold for every 10 child endowment policies in the non-bank channel and eight additional cancer or medical policies are sold for every 10 WAYS policies in the non-bank channel. That enhances the profit margin associated with sales to those customers.

Japan Product Profitability

(Statutory Basis)

	Interest assumption on invested assets		
	2.0%	2.25%	2.5%
Core Health Products:			
Profit* (as a % of premium)	20-22%	21-23%	22-25%
Internal Rate of Return	22%	22%	23%
WAYS:			
Profit* (as a % of premium)	8-12%	13-17%	17-21%
Internal Rate of Return	10%	14%	23%

*Profit calculation is the same on GAAP and Stat basis

When WAYS became a larger portion of our new business, new money rates in Japan were higher than the rates we are seeing today. The profit margin for the WAYS product was about 20% of premium when investing WAYS cash flows at 2.5% new money, and 15% at 2.25%. At 2.0% new money, the profitability is approximately 10%. At 2.5%, which we experienced roughly through the third quarter of 2011, WAYS' profits compare favorably to our core health profits, but WAYS' profitability is more sensitive to investment yields than our core health products. The Internal Rate of Return, or IRR, for this product is also sensitive to new money rates. The IRR on a U.S. statutory basis is 23% with 2.5% new money yield and 10% with 2.0% new money yield.

Let me make a few comments about our pricing philosophy. For years, most of you have heard me say that we primarily price to achieve a certain profit margin expressed as a percent of premium. My definition of profit is the excess of the present value of revenues, both premium and investment income, over the present value of policy benefits and expenses. This is a cash viewpoint, which I believe best reflects the economics of the products and is the most appropriate basis for decision making. This concept of profit does not depend on the accounting model used or any capital allocation process.

We also look at Internal Rates of Return, but we find that these rates of return are generally consistent with and move in the same direction as our profit measures. By IRR, we mean the discount rate at which the present value of the initial investment in a block of business, represented by accounting losses and capital requirements, is equivalent to the present value of profits on that block in subsequent years. One difficulty with using IRR is that the results vary depending on the accounting basis or capital allocation method used. We have chosen U.S. statutory for this presentation as I believe this is the most common basis used by U.S. life companies. I would note that for U.S. statutory IRR purposes, it is our practice to establish statutory reserves and provide for additional capital at levels that would support a 450% RBC ratio. In addition, for IRR we have chosen to provide a point estimate rather than a range for the IRR to illustrate what we believe will be the most likely result. Obviously, the IRR will vary just as the profit results vary within the illustrated range. Given all these points, we believe that the best estimate of the IRR for medical and cancer is 22%, assuming a 2.0% new money yield and U.S. statutory reserves.

Impact of Potential Lapsation of 5-Pay WAYS

(In Billions)

Scenario Testing	2014	2015	2016
Est. investable cash flows	¥741.3	¥796.4	¥756.3
Cash paid for lapses	(12.7)	(29.3)	(127.1)
Net investable cash flow	¥728.6	¥767.2	¥629.2
Additional investment income*:			
Est. pretax earnings increase	¥3.7	¥11.2	¥18.2

*Assuming 100 basis point increase

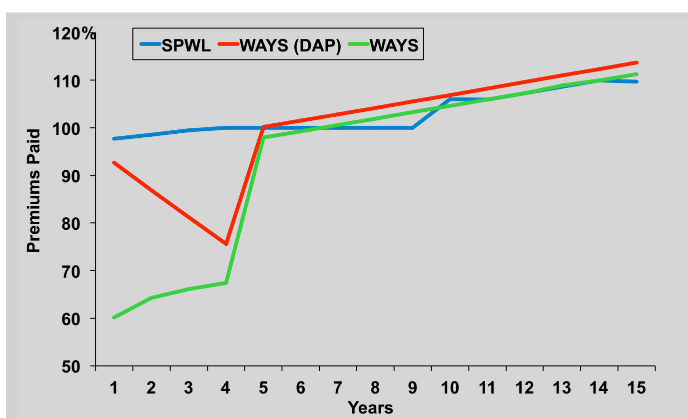
I would like to address the possibility of disintermediation with the 5-pay version of WAYS. We believe the 5-pay version has greater risk of disintermediation than the other WAYS products because full cash values are available at the time a policy becomes paid up, which in this case is the end of the fifth policy year. In addition, 5-pay WAYS is being sold primarily to younger customers so there is very little mortality charge during the premium period which leads to higher cash values as a percent of premium.

We have analyzed the possible strain on cash flow if interest rates rise and policyholders decide to take their cash value when the policy becomes paid up. Our projections show that our estimated investable yen cash flow is more than adequate to fund 5-pay WAYS cash values even if 100% of the policyholders lapse their policy when it becomes paid up. Obviously, it is highly unlikely that every owner of a 5-pay WAYS product would lapse at the paid-up date. However, this extreme scenario demonstrates that we will not be required to sell assets at losses to fund cash surrender values if interest rates increase.

In addition, a significant increase in policyholders electing to cash out would likely coincide with a significant increase in new money interest rates. Under this scenario, we would experience an overall benefit from investing at higher rates. Assuming a 100 basis point increase in interest rates, we would benefit from an increase in investment income of approximately ¥3.7 billion in the first year, assuming we invest mid-year. Investment income would increase by more than ¥11.2 billion in the second year as we receive the benefit of two years of higher interest rates. In the third year, the impact grows to more than ¥18.2 billion. As I believe most of you are aware, we are limiting sales of the 5-pay version of WAYS in order to mitigate potential disintermediation risk in the future.

5-Pay WAYS vs. Single Premium Whole-Life

(Cash Value Return Rate)



Some of you have asked why we are selling WAYS and not selling single premium whole life in Japan. So I wanted to take a little time to explain the differences and why we decided WAYS was the best product for us to offer.

First of all, let me start by outlining what single premium whole-life (SPWL) insurance is in Japan. The policyholder pays the full policy premium at issue date in exchange for life insurance coverage for the insured's lifetime; however, SPWL in Japan generally has an initial predetermined period, such as five or ten years, where the death benefit and cash surrender value (CSV) is capped at the single premium paid amount. This means two things. First, during this predetermined period, if the policyholder dies for any reason, other than an accident, the policyholder only receives a return of the premium paid, and not the face amount of the insurance contract. Therefore, single premium whole-life products in Japan effectively do not provide insurance protection during the predetermined period, except in the instance of accidental death. Second, during this predetermined period, if policyholders lapse or surrender, they are entitled to a maximum of return of premium paid without a surrender penalty; however, this poses significant disintermediation risk for the insurer in the event interest rates rise. After the predetermined period, the single premium whole-life policyholder would be entitled to the insurance face amount for death of any cause, and a cash surrender value that builds over time.

There are two important distinctions between WAYS and single premium whole-life that I would like to point out. For this illustration, we will be using 5-pay WAYS. First, as it relates to life insurance protection, the death benefit for WAYS is the full face amount, which significantly exceeds the premiums paid, and that benefits consumers. Second, there is a 30% surrender penalty with WAYS during the premium paying period that provides a significant disincentive to policyholders to lapse during this period. As I mentioned before, this surrender penalty protects Aflac from early surrender.

This chart shows the relative return to the policyholder as a percentage of cumulative premiums paid for SPWL, 5-pay WAYS with discount advanced premium and regular annual premium 5-pay WAYS policies with no DAP. Generally speaking, life insurance products in Japan are only allowed to have surrender charges during the regularly scheduled premium paying period. Because all of the premiums for SPWL are paid at issue, the full CSV is available to the policyholder with no surrender charges immediately after issue. If a policyholder surrenders a WAYS product paid with discounted advanced premium, the policyholder receives premiums not yet applied to their policy plus the CSV. The WAYS policyholder paying with regular annual premiums has no advance premium and only receives the CSV at lapse. Both WAYS policies become fully paid up at the end of year five, at which time the surrender charge disappears. The value of the surrender penalty is largest later in the premium period when the risk of disintermediation may be more likely due to the passage of time. You can see the DAP policy has a higher percentage of cash available after five years because the 1% discount reduces the total premiums paid. The purpose of this comparison is to point out that the WAYS product is more protected against the risk of disintermediation than SPWL due to the surrender charge included in the WAYS product.

I would point out that these product features lead to significant differences in the underlying profitability between the two products, and it illustrates why we believe WAYS is a better option for both consumers and Aflac, the issuing company.

Changes in the FSA Standard Reserving Rate

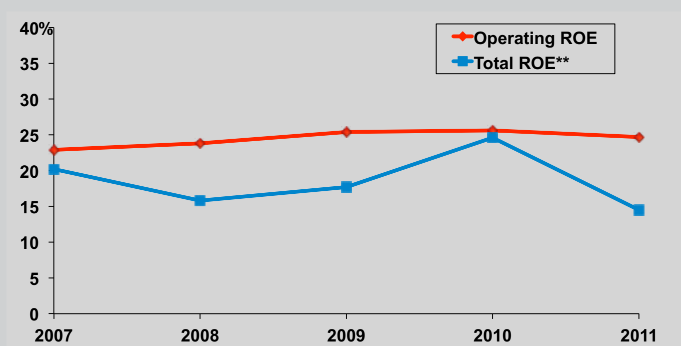
Prior to April 1996	Equivalent to Pricing
April 1996	2.75%
April 1999	2.00%
April 2001	1.50%

Note: From 1996 to 2001, standard reserve rate only applied to first sector products. July 2001 and forward, standard reserve rates applied to first and third sector products.

I noted earlier that we are pursuing repricing of our ordinary product line to accommodate the low-interest-rate environment. Modifications to our premium rates take time due to systems and distribution issues, among other factors. The purpose in repricing our ordinary products is to respond to changes in available investment yields in order to maintain margins. However, the Japan standard interest rate, which is the rate required for determining reserve values, also influences our thinking on product repricing for new policy issues. The rate is set for each FSA reporting period and applies to all business issued from April to March in that fiscal year. The rate is based on average 10-year JGB rates over a period ending in September of the prior year using the lesser of the three-year average or ten-year average. If the average yield on the 10-year JGB is greater than 1.026% from June through September of this year, the standard reserving rate will remain at 1.5%. If it averages less than 1.026% however, the rate will drop to 1% effective for business issued April 1, 2013 and later. Based on previous industry experience, this event would likely prompt a round of repricing most products in the Japanese market by most insurers in order to avoid additional surplus strain associated with the higher required policy reserves associated with the lower assumed interest rates.

Aflac Japan Return on Equity*

(In Dollars, GAAP Basis)



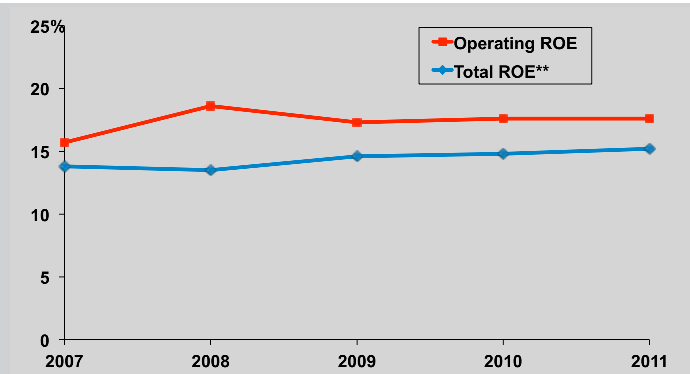
*Beginning 2010, amounts adjusted for revised DAC standard. Assumes tax rate of 35%.
**Japan segment equity only. Includes realized capital gains and losses, net of tax.

Let me comment on our return on equity results. For this illustration, we have used the segment profits and segment equity computed on a GAAP basis. In addition, when calculating operating ROE by segment, the shareholders' equity component was adjusted to remove the impact of unrealized gains and losses.

Aflac Japan's ROE is influenced by business mix, investment yields, exchange rates, portfolio derisking, and capital considerations. ROE on an operating basis has remained within a narrow range from 2007 to 2011. For the Japan segment total ROE, the impacts of derisking and capital preservation are apparent in 2011. We anticipate that Aflac Japan's ROE will remain relatively stable over the next several years.

Aflac U.S. Return on Equity*

(GAAP Basis)

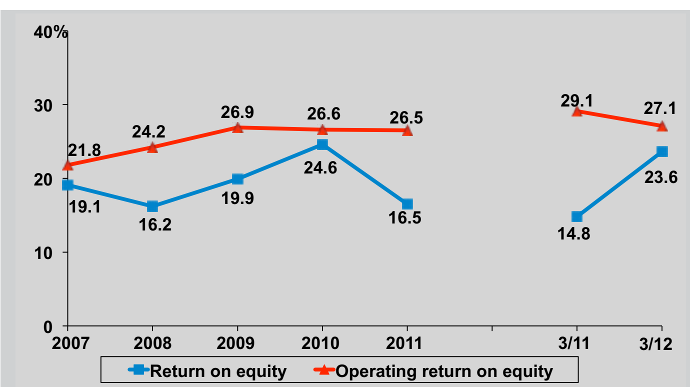


*Beginning 2010, amounts adjusted for revised DAC standard. Assumes tax rate 35%.
**U.S. segment equity only. Includes realized capital gains and losses, net of tax.

Aflac U.S.'s ROE is also influenced by market conditions, portfolio derisking, and capital considerations. On both an operating basis and total basis, ROE in the U.S. has remained within a relatively tight range from 2007 to 2011. However, in 2008, operating ROE increased as dividends to the parent significantly exceeded profit repatriation from Japan in order to support increased levels of share repurchase. For total ROE, this impact was mostly offset by realized investment losses. We also anticipate U.S. ROE will remain relatively stable over the next several years.

Returns on Average Shareholders' Equity*

(GAAP Basis)



*Beginning 2010, amounts adjusted for revised DAC standard

On a consolidated basis, Aflac's business model has generated industry leading returns on equity for many years. From 2007 through 2011, Aflac's consolidated total ROE averaged 19.3%. Excluding realized investment gains and losses in earnings and unrealized gains and losses in equity, our operating ROE averaged 25.2% over the same period. While the effect of lower interest rates has been reflected in our financial statements, our returns remain strong, reflecting the high profitability of our insurance operations.

I would like to point out that our corporate returns on equity are generally higher than our segment results due to our capital structure and capital management practices, primarily share repurchase.

2012 and 2013 Financial Objectives

- **Increase operating earnings per diluted share 3% to 6% in 2012, excluding the impact of foreign currency**
- **Increase operating earnings per diluted share 4% to 7% in 2013, excluding the impact of foreign currency**
- **Produce operating returns on equity of 22% to 26% in 2012 and 2013, excluding the impact of foreign currency**

Our focus for the future is on maintaining strong fundamentals in our core businesses and producing solid earnings growth. Our goal for 2012, as upwardly restated to reflect adoption of the new accounting for DAC, is to increase operating earnings per diluted share 3% to 6%, excluding the yen. As Dan indicated, our objective for 2013 is to increase operating earnings per diluted share 4% to 7%, excluding the impact of the yen. It is also our objective to produce operating returns on average shareholders' equity of 22% to 26% for this year and next. We believe these objectives are achievable and are based on reasonable assumptions. As I take you through the next several slides, I want to remind you that the numbers I will show you are modeling assumptions. They are not necessarily our official operating objectives for either this year or next.

Aflac Japan Outlook Assumptions

	2012	2013
Sales growth	+5% to 10%	-5% to 0%
New money yield	2.0% to 2.5%	2.0% to 2.5%
Persistency	Stable	Stable

For Japan, our sales assumption for 2012 is that new annualized premium sales will be up 5% to 10% and flat to down 5% for 2013. Our assumption for new money yields is a range of 2.00% to 2.50% in 2012 and 2013. It is important to note that we are not assuming overall market investment yields will improve. Rather, we are assuming we will have a different asset allocation next year as Eric's presentation covers, particularly for Aflac Japan's investment cash flows. We anticipate that this will enable us to achieve better returns.

Aflac Japan Outlook by Product Category

(As % Revenue)

Projected 2-year average ratios for 2012 and 2013

	Core Health/Other	Ordinary	Total
Benefit ratio	56.5 - 57.5%	80 - 81%	61.5 - 62.5%
Expense ratio	20.5 - 21.5	9 - 10	18 -19
Profit margin	21 - 23	9 - 11	18.5 - 20.5

This year, we decided to provide some more detail to support our guidance. Each product category shown on this slide reflects ratios for benefits, expenses and profit margins to total revenues, as reflected in the corporate profit model we use to develop our guidance. The ratios represent the projected two-year average ratios for 2012 and 2013. There will be trends and seasonality reflected in our actual quarterly results. But, at the end of 2013, we expect the actual results for these ratios to fall within these ranges for 2012 and 2013.

Note that in total, we anticipate the benefit ratio will increase slightly while the expense ratio will decline from the level we saw in 2011. The average profit margin is projected to decline slightly from the 20.9% margin we experienced in 2011. Actual results will vary based on differences between our assumed volume mix by product category, so you can use your own judgment in estimating our aggregate results. I hope this gives you additional insight into our business and how we develop our guidance.

Aflac U.S. Outlook Assumptions

	2012	2013
Sales growth	+3% to 8%	0% to +5%
New money yield	3.0% to 4.0%	3.0% to 4.0%
Persistency	Stable	Stable

For Aflac U.S., we are assuming sales of up 3% to 8% in 2012 and flat to up 5% in 2013. Again, I would emphasize that these are simply modeling assumptions and sensitivity testing. In terms of new money yields, we have assumed we will invest in the 3.00% to 4.00% range for both years. Our new money yield assumptions in 2012 reflect shorter duration, higher quality purchases in sectors other than financials.

We anticipate persistency will remain fairly stable in 2012 and 2013.

Aflac U.S. Outlook

(As % Revenue)

Projected 2-year average ratios for 2012 and 2013

	Total
Benefit ratio	51 - 52%
Expense ratio	31 - 32
Profit margin	16 - 18

This slide shows the anticipated two-year average ratios over the period 2012 to 2013 for Aflac U.S. We did not break out product categories for the U.S. segment as most products, including those sold through Aflac Group, have similar characteristics from a financial perspective.

Corporate Assumptions

	2012	2013
Share repurchase	$0 - $300 mil.	$300 - $900 mil.
Cash dividend	+1% to 10%	+1% to 10%
Corporate tax rate	Approx. 35%	Approx. 35%
Debt-to-capital	Max 25%	Max 25%

In setting our corporate objectives, our modeling assumes no share repurchase for the remainder of 2012. We believe this is conservative. While Ken's presentation indicates that our profit repatriation this year has been impacted by our derisking activities in 2011, it is important to note that we have been exploring opportunities to mitigate cashflow constraints associated with these activities. We believe the implementation of these strategies, coupled with having no material investment losses, will enable us to restart share repurchase in the fourth quarter and allow up to $900 million for repurchase in 2013. We continue to view share repurchase as a preferred means of deploying capital to our shareholders.

Historically, it has been our policy to increase cash dividends to shareholders generally in line with the growth rate of operating earnings per diluted share before the effect of foreign currency. Although we were cautious about increasing the dividend during the financial crisis, we believe it is appropriate to return to our historic dividend policy. Therefore, we have assumed we will be able to increase cash dividends by 1% to 10% for both 2012 and 2013.

In November 2011, a corporate tax rate reduction was passed in Japan's Diet. The first phase of that rate reduction occurred in April of this year, and the rate will drop again in April 2015. Although there have been discussions of a possible corporate tax cut in the United States, election year politics here make a corporate tax rate reduction unlikely in the short run. As such, we have assumed the 2011 corporate operating tax rate of 34.6% will remain in effect in 2012 and 2013. In addition, we are also assuming no significant change to our capital structure, compared with year-end 2011. We continue to view a 25% debt-to-capital ratio as a target and a ceiling.

All of these assumptions reflect our best estimates of factors that can impact future financial 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. I'd encourage you to review them as well.

2012 Operating EPS Scenarios

Average Exchange Rate	Annual Operating EPS	% Growth Over 2011	Yen Impact
70	$7.06 – 7.25	12.6 – 15.6%	$.60
75	6.73 – 6.92	7.3 – 10.4	.27
79.75*	6.46 – 6.65	3.0 – 6.1	—
80	6.45 – 6.64	2.9 – 5.9	(.01)
85	6.21 – 6.40	(1.0) – 2.1	(.25)

*2011 exchange rate

The highlighted line on this chart represents our 2012 objective for operating earnings per diluted share before the impact of currency. If we produce earnings growth of 3% this year before the effect of the yen, we would report $6.46 in operating earnings per diluted share. If the yen averages 80 to 85 for the full year, reported operating earnings should come in around $6.21 to $6.45 per diluted share in 2012. Based on the mix of earnings between Aflac Japan and Aflac U.S. we expect this year, a one yen change in the foreign exchange rate should equal approximately 5 cents per share in annual earnings this year.

Aflac Management Priorities

- **Enhance investment and capital management functions**
- **Achieve 2012 and 2013 targets for operating earnings-per-share growth**
- **Maintain industry leading operating returns on equity**
- **Produce RBC ratio and SMR in line with management objectives**
- **Continue growth of cash dividends**
- **Resume consistent capital returns to shareholders through share repurchase**

As we approach mid-year 2012, there are several priorities we are managing toward. Our first priority is to complete the enhancement of our investment function and optimize our consolidated portfolio using more asset classes to provide for better aggregate returns. As Eric covered, we have spent a significant amount of time assessing the current state of the investment area, and we have a roadmap to help guide us to a better future state. We are committed to transforming the investment department and are putting significant managerial and financial resources at work to see that we build a best-in-class investment organization.

We continue to seek to enhance our capital management function as well. We have been proactive in our recent capital management initiatives and will continue evaluating options to optimize how we manage and deploy capital.

As is always the case, we are also committed to achieving our targets for operating earnings growth. We believe our targets for 2012 and 2013 are reasonable given the negative impact on investment income from derisking as well as the low-interest-rate environment. Yet at the same time, we believe they are achievable and we will continue to look for opportunities to enhance our future rates of earnings-per-share growth. We are also focused on maintaining our industry leading returns on shareholders' equity.

Our top financial priority remains to ensure that we meet the financial obligations we have to the tens of millions of individuals who are covered by our policies in Japan and the United States. As such, we want to produce risk-based capital and solvency margin ratios that are consistent with the management objectives that we have set. Additionally, we plan to continue our consistent track record of growing our cash dividends. Finally, we will strive to resume our track record of providing consistent capital returns to shareholders through share repurchase activity.

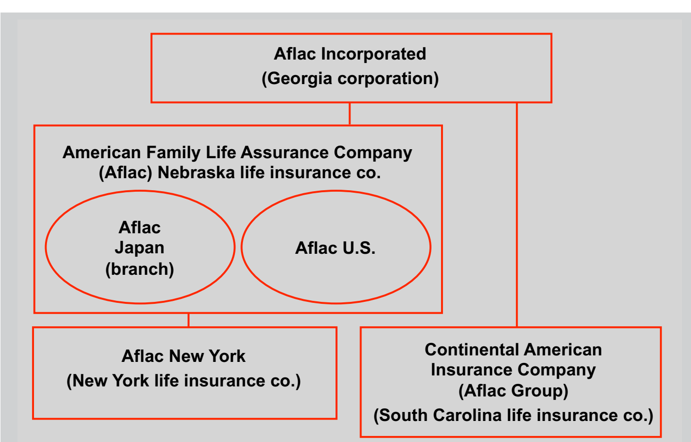
I hope that this information about Aflac's operations in Japan and the United States has given you an increased understanding about the opportunities we see, and how we approach our business. I also hope you have a strong sense of our commitment to thorough and transparent disclosure. We believe it's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

Capital Position and Capital Management

Kenneth S. Janke Jr.
Executive Vice President; Deputy Chief Financial Officer

Let me begin this presentation on our capital position and capital management with a description of Aflac's organizational structure.

Aflac's Principal Operating Units



Aflac Incorporated's principal subsidiary is American Family Life Assurance Company of Columbus, or Aflac, which is domiciled in Nebraska. On a U.S. GAAP basis, we report two operating segments – Aflac U.S. and Aflac Japan. For financial reporting, the Aflac U.S. segment includes Aflac New York, which is a subsidiary of Aflac. Aflac New York is domiciled in New York and subject to the insurance laws of that state. The Aflac U.S. reporting segment also includes Continental American Insurance Company (CAIC), domiciled in South Carolina. CAIC, now branded Aflac Group Insurance, was acquired in 2009 as a subsidiary of Aflac Incorporated.

Aflac Japan, which operates as a branch of Aflac, is regulated by Japan's Financial Services Agency, or FSA, on a stand-alone basis. However, as a branch operation, the insurance laws and regulations of Nebraska also apply to Aflac Japan. The regulatory rules relate to operations, marketing, investments and capital levels. It's important to remember that Aflac Japan's branch status influences the manner in which we manage our business, especially as it relates to our capital and cash flows. Although we do assess capital levels between the two segments, our principal focus is how the state of Nebraska views our capital level for the entire Aflac insurance subsidiary and how the FSA views Aflac Japan's capital on a stand-alone basis.

Capital Adequacy Ratios

(December 31)

	2009	2010	2011
RBC ratios:			
Aflac	479%	555%	493%
Aflac New York	353	418	512
Aflac Group Insurance*	599	415	333

*Purchased in 4QT 2009

The capital levels of our operating units are influenced by our desire to maintain appropriate risk-based capital, or RBC, ratios for each regulated subsidiary. Aflac's RBC ratio comprises our Columbus-based U.S. operations and our branch operation in Japan. Aflac New York has to meet its own risk-based capital requirements. Aflac New York's RBC ratio improved significantly last year especially, reflecting increased capital resulting from strong statutory net earnings. Aflac Group's RBC ratio declined over the last two years due to its very strong sales growth and subsequent capital strain. As you will see later, Aflac Incorporated has contributed capital to Aflac Group in 2011 and 2012 to support that growth.

For Aflac, our principal operating subsidiary, we want to maintain a risk-based capital ratio that supports our ratings and compares favorably to our peers. In 2009, we added a RBC ratio objective to our officers' management incentive plan compensation. In addition, the RBC ratios we achieve over a three-year period are the basis of the vesting requirement for performance-based restricted share awards.

Aflac RBC Components and Ratios

(In Millions)

	Company Action Level	Total Adjusted Capital	RBC Ratio
2007	$ 778	$4,464	574%
2008	970	4,623	476
2009	1,208	5,785	479
2010	1,215	6,748	555
2011	1,296	6,387	493

Aflac's RBC ratio has been strong for several years. We intentionally reduced our ratio from its 2006 level of 601 as we deployed more capital in late 2007 and mid-2008 for the repurchase of our shares. In addition, our 2008 RBC ratio was negatively affected by realized investment losses and the 25% strengthening of the yen. Downward ratings migration on certain investments and fairly sizeable capital losses lowered our RBC ratio in 2009, although this was largely offset by a $500 million capital contribution from Aflac Incorporated to Aflac. Our ratio improved significantly in 2010, reflecting strong surplus growth and an improved portfolio profile as measured by NAIC asset risk ratings.

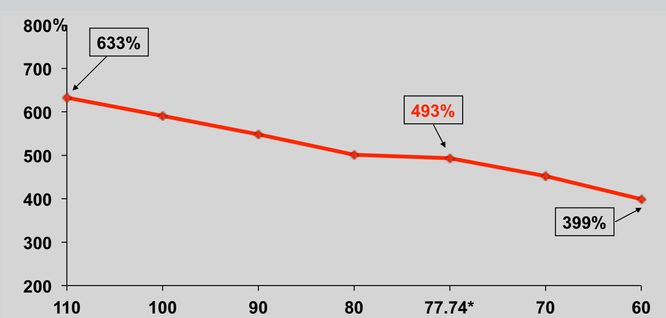
RBC Ratio Reconciliation

RBC Ratio – December 31, 2010	555%
Change Factors:	
NAIC investment ratings migration	30
Number of issuers	—
Concentration risk	(3)
Surplus and other	(66)
Foreign exchange	(23)
RBC Ratio – December 31, 2011	493%

Our RBC ratio benefited again in 2011 by the improvement in NAIC portfolio ratings. By derisking certain lower rated invested assets and reinvesting in higher rated securities, we were able to enhance the overall ratings risk of our investments. There was no change last year in the ratio from a securities diversification standpoint for the number of issuers in our portfolio, and there was little change in concentration risk. However, our capital and surplus was negatively impacted by the extensive portfolio derisking we undertook in 2011. The impact of derisking on surplus was magnified last year because of limitations on statutory deferred tax assets. In addition, the stronger yen/dollar exchange rate lowered the RBC ratio in 2011. Despite the decline from 2010, our 2011 RBC ratio of 493% was at the high range of our corporate objective of 400 to 500%.

RBC Ratio Sensitivity to Yen/Dollar Exchange Rates

(December 31, 2011)



*Actual 2011 year-end exchange rate

As we have discussed in previous years, the company action level is proportionately more sensitive to changes in the exchange rate than total adjusted capital. That occurs because a significant portion of our statutory capital and surplus is effectively hedged by dollar-denominated assets in Japan. As a result, our RBC ratio declines when the yen strengthens because required capital increases at a greater rate than total adjusted capital.

In 2009, approximately 73% of our statutory capital was dollar-denominated, reflecting the retention of more yen capital in Japan. In 2010, the portion that was dollar-denominated increased to 81% and it was approximately 84% in 2011. As such, the RBC ratio's sensitivity to the foreign exchange rate was little-changed in 2011, compared with 2010. Using the data in this slide, every 10 yen move in the annual exchange rate would have resulted in an average change of about 47 points in the RBC ratio last year. As you know, the yen has weakened somewhat since year-end of 2011. Had the year-end exchange rate been the same as the March 31, 2012 exchange rate, our RBC ratio would have been 512% rather than 493%.

Mitigating Risk to RBC Ratio

Completed Actions
- **Enhanced portfolio management**

Potential Actions
- **Increase yen-denominated capital**
- **Currency swaps on dollar assets**
- **Capital from bank line of credit**

We have options at our disposal to mitigate future risk to the RBC ratio. As I suggested earlier, we have been very effective over the last few years at managing our investment portfolio in a way that lowers the required capital by selling riskier assets and purchasing investments with higher ratings. Although this slide indicates we have completed this strategy, it's actually an ongoing activity.

There are additional risk mitigation actions we can take that we have not yet employed. For instance, we could increase the portion of our consolidated statutory capital that is denominated in yen to help reduce foreign exchange risk. This can be accomplished by simply leaving more capital in Japan as we did in 2009 when we repatriated only 34% of our after-tax profits on an FSA basis. Alternatively, we could hedge a portion of Aflac Japan's dollar-denominated investments to effectively convert that portion into yen-denominated securities. These two approaches would increase the amount of our yen-denominated capital exposed to currency changes. While these strategies were initially developed to accommodate a shock to the solvency margin ratio, or SMR, they would also benefit the RBC ratio.

We are in the process of finalizing a multi-currency line of credit equal to ¥50 billion for use by either Aflac or Aflac Incorporated. If we need to increase our regulatory capital level very quickly, a line of credit is an effective short-term tool we could use until a long-term solution could be identified.

Capital Adequacy Ratios
(December 31)

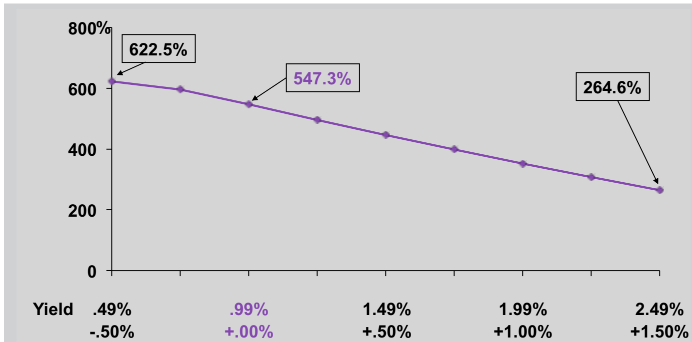
	2009	2010	2011
RBC ratios:			
Aflac	479%	555%	493%
Aflac New York	353	418	512
Aflac Group Insurance*	599	415	333
Solvency margin ratios:			
Old method	886	898	986
New method	—	—	547

*Purchased in 4QT 2009

In addition to U.S. regulatory requirements, we must also meet capital requirements of Japan's FSA. In that regard, Japan's solvency margin ratio is similar to the risk-based capital concept. Like the RBC ratio, a minimum solvency margin of 200% is required. Our SMR has been very stable over the last three years under the old calculation method. Unlike the RBC ratio, the capital component of Japan's solvency margin ratio includes unrealized gains and losses on investments that are classified as available for sale. Because of the long duration nature of our invested assets, this is the most volatile component of Aflac Japan's regulatory capital.

The FSA implemented changes to the solvency margin calculation that took effect for the fiscal year ended March 2012. The basic formula remains unchanged. However, for the numerator component of this calculation, there are limitations on recognition of policy reserves in excess of cash surrender values. For the denominator, the assumed volatility is significantly higher for asset and interest rate risks under the new method.

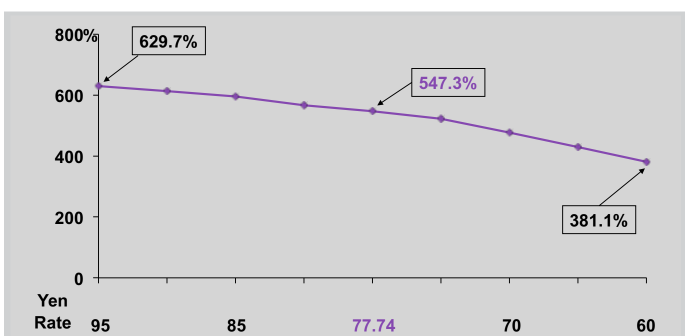
Interest Rate Sensitivity of FSA Solvency Margin Ratio*
(December 31, 2011, New Method)



*Based on 10-year JGB market data as of 12/31/11

Because investments classified as available for sale are marked to market for FSA-based reporting, Aflac Japan's regulatory capital is sensitive to interest rates. This graph shows the relationship of our SMR under the new method at December 31, 2011 to changes in yields of 10-year JGBs. Using this data, our 2011 solvency margin ratio of 547% would change by approximately 190 percentage points for every 100 basis point change in ten-year JGB yields. We focused last year on reducing the sensitivity of the ratio to interest rate changes primarily through increasing the portion of our portfolio that is classified as held to maturity.

Exchange Rate Sensitivity of FSA Solvency Margin Ratio*
(December 31, 2011, New Method)



*Based on 10-year JGB market data as of 12/31/11

Like our RBC ratio, Aflac Japan's solvency margin ratio is also exposed to foreign currency risk. With respect to the SMR, foreign exchange impacts us in two ways. First, assets denominated in any currency other than yen have a greater capital requirement in the SMR formula than yen-denominated assets. Second, as the yen strengthens to the dollar, the translation of dollar-denominated assets results in fewer yen per dollar than would have otherwise been reported on a FSA basis. Therefore, the stronger yen produces a smaller contribution to capital than if the yen were to weaken to the dollar. Based on the data in this slide, every five yen move in the yen/dollar exchange rate last year would have resulted in an average change of about 36 points in the solvency margin ratio. If the year-end exchange rate was the same as the March 31, 2012 exchange rate, our SMR would have been approximately 585% rather than 547%.

I should point out that we routinely run stress scenarios on our solvency margin ratio by exposing it to various increases in yen/dollar interest rates and/or stronger yen/dollar exchange rates. We have also applied severe stress test scenarios, including a replication of the Lehman shock event accompanied by significant defaults in Europe and a scenario of a substantial spike in interest rates. Although we do not view these scenarios as probable, they do provide us a better understanding of the SMR's sensitivity to those risks. And that process helps us focus on options to mitigate those risks.

Mitigating Risk to Solvency Margin Ratio

Completed Actions
- **JGB swap program**
- **Sale of treasury strips**
- **Surplus relief transaction**

Potential Actions
- **Interest rate swaps**
- **Currency swaps on dollar assets**
- **Capital from bank line of credit**

We have several strategies to reduce risks to the solvency margin ratio. One of the strategies we employed to lower interest rate risk was the JGB swap program we executed last year. We sold approximately ¥500 billion, or $6.2 billion of JGBs that were classified as available for sale and repurchased similar securities but designated them as held to maturity. You may also recall that in early 2011 we purchased $1.8 billion of U.S. Treasury strips to take advantage of the yield differential over JGBs and enhance investment income. By the end of the year, we had sold all of the strips at a pretax gain of $573 million, net of foreign exchange losses. Because of the greater capital charge on foreign-denominated assets, our year-end SMR would have been 31 points lower had we not sold the treasury strips. We also enhanced our solvency margin ratio through a surplus relief transaction, which I will describe shortly.

We are currently exploring strategies and costs related to hedging the risk of higher interest rates on the SMR. The other potential actions I referred to earlier in relation to the RBC ratio also apply to the SMR. We could enter into currency swaps to hedge the foreign exchange risk of Aflac Japan's dollar-denominated portfolio. This would obviously have negative implications for investment income growth, but it would be effective at enhancing our SMR in the event of significant yen strengthening. Finally, the line of credit we are establishing would allow us to provide capital support to Aflac Japan very quickly should there be an unexpected event, such as a sharp rise in interest rates.

Aflac Japan Surplus Relief Transaction

Ceding Commission
- **Approximately ¥20 billion**
- **Six year amortization period**
- **Recapture period: April 2015 through March 2017**

Includes New Issues of Three Third Sector Products
- **EVER, Cancer DAYS and DAYS Plus**
- **Issue period: April 2011 through March 2012**

Let me comment further on the surplus relief transaction that was referenced in the prior slide. I should note that this is not considered reinsurance under current GAAP or statutory accounting standards. However, these types of transactions are a common practice for insurers operating in Japan for FSA-based reporting. Aflac Japan recognized approximately ¥20 billion in ceding commission in March of this year for new policy issues from April 2011 through March 2012, for three of our products. These products include our medical policy, EVER and our cancer policies, cancer DAYS and DAYS Plus. The ceding commission will be amortized over six years, and the risk will be recaptured on Aflac Japan's books in April 2015 through March 2017. We estimate this transaction benefited our solvency margin ratio at March 31, 2012 by approximately 20 points.

Accounting Disciplines

GAAP → **Going concern**

Stat → **Conservative**

FSA → **Ultra-conservative**

We report our financial results on three accounting bases. The results of Aflac Incorporated and subsidiaries are reported on a GAAP basis, and we report our insurance subsidiaries on a U.S. statutory accounting basis. For Aflac Japan, we also report on a FSA basis. As you know, GAAP accounting is accrual based and reflects the concept of a going concern. By comparison, statutory accounting is a combination of accrual and cash accounting and FSA accounting is more cash based. Statutory and FSA methods are also more conservative than GAAP accounting, especially in the areas of reserving and expense recognition. On an FSA reporting basis, we began using the standard reserving interest rate for third sector products in 2001. And in 2007, a standard mortality table for third sector products was introduced. As a result, FSA-based accounting has emerged to be the most conservative method in recent years.

Aflac Japan Accounting Basis Comparison

(In Millions, December 31, 2011)

	GAAP*	Stat	FSA
Premiums	$15,619	$16,618	$19,946
Net investment income	2,688	2,685	2,734
Other income	42	53	2
Total revenues	$18,349	$19,356	$22,682
Benefits	(11,037)	(12,094)	(16,530)
Expenses	(3,479)	(3,893)	(3,939)
Pretax operating earn.	$ 3,833	$ 3,369	$ 2,213

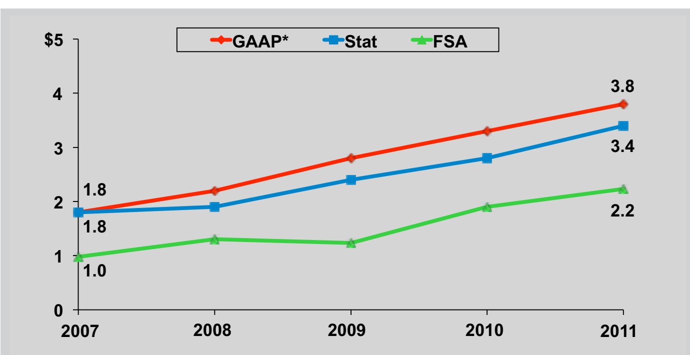
*Aflac Japan branch only, not Japan segment; reflects new DAC standard

To give you a sense as to how these accounting methods differ, let me provide a comparison of Aflac Japan's results for 2011 on the three accounting bases. Although there is no separate statutory accounting-based entity for Aflac Japan, we have provided a condensed income statement for the branch to illustrate how results differ among the various accounting methods.

As you can see, revenues emerge more quickly on an FSA basis due to the cash nature of that accounting method. In particular, Aflac Japan's FSA-based revenues have been significantly influenced by the strong sale of our WAYS product in addition to the advance premium payments related to customers who pay all of the premiums at once. At the same time, the sale of WAYS and the more stringent reserving for third sector products have been increasing Aflac Japan's benefit expense based on FSA reporting.

Aflac Japan Pretax Operating Earnings by Accounting Method

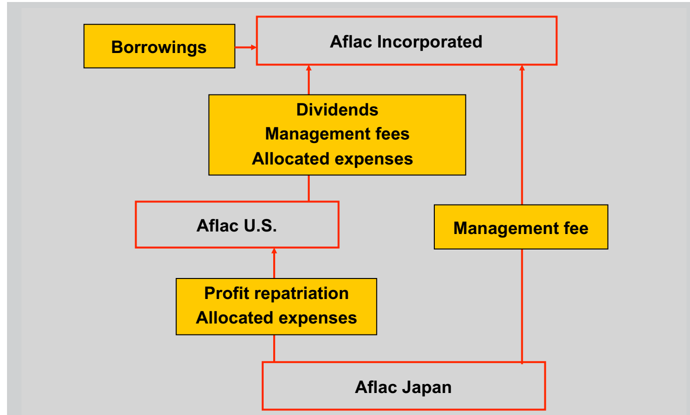
(In Billions)



*Aflac Japan branch only, not Japan segment; reflects new DAC standard

Although Aflac Japan experienced strong pretax operating earnings growth on an FSA basis from 2007 through 2011, it was noticeably lower than our statutory and GAAP-based earnings. With the differences in accounting methods as a background, let me turn to a discussion of Aflac Incorporated cash flows, which can be influenced significantly by Aflac Japan's profitability.

Aflac Incorporated Cash Inflows Overview



Although Aflac Incorporated can receive cash from borrowings, the principal source of liquidity for the parent company is the operating units. Aflac Japan may remit a portion of its after-tax net earnings as well as allocated expenses to Aflac U.S. Aflac Japan also pays a management fee directly to the parent company. Aflac U.S. remits allocated expenses and management fees to the parent, and may pay a dividend to the parent within the limitations of our domicile state of Nebraska. The Nebraska statute references the restriction on dividends without prior approval as the larger of 10% of the prior year's statutory surplus, or the prior year's statutory operating income. The Nebraska Department of Insurance defines operating income as after-tax operating earnings less realized investment losses. Due to the significant investment losses incurred as part of our 2011 derisking activities, the maximum dividend allowable in 2012 without regulatory approval is $637 million as determined by using the 10% of surplus measure.

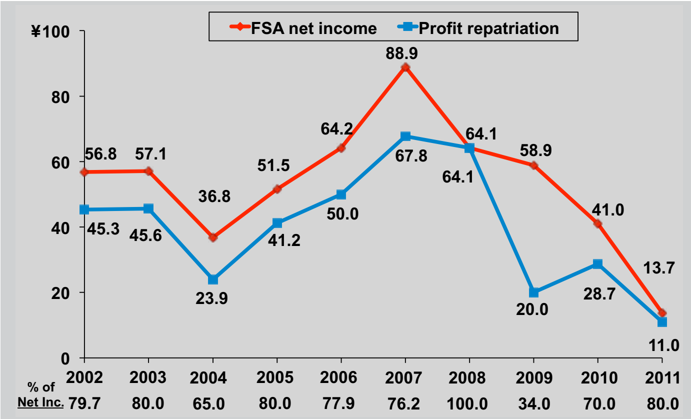
Cash Flows From Aflac Japan to Aflac U.S.

(In Millions)

	2009	2010	2011
Profit repatriation	$230	$317	$143
Allocated expenses	37	37	43
Total	$267	$354	$186

The largest capital flow from Aflac Japan to Aflac U.S. is profit repatriation, so let me comment on that in a bit more detail.

FSA Net Income and Profit Repatriation
(In Billions)



We operate on the principle of self-regulation when determining the appropriate level of repatriation in Japan. We are not required to seek prior approval from the FSA, but we do indicate the planned level profit of repatriation in the financial statements we file with the FSA for the fiscal year-end of March 31. Profit repatriation is directly related to Aflac Japan's net income on an FSA reporting basis. However, our principal consideration when determining the portion of Aflac Japan's profits we will repatriate is the level of our solvency margin ratio. Assuming we view our ratio as appropriately strong, we have generally remitted up to 80% of Aflac Japan's FSA-based net income, although it has varied somewhat from year-to-year. Prior to the emergence of the financial crisis in 2008, we repatriated 100% of our FSA net income to fund our share repurchase activities in the second half of that year. In the midst of the crisis and due to our concerns about the impact of spread widening on our solvency margin ratio, we elected to repatriate a lower percentage of net income and retain more capital in Japan in 2009. In 2010 and 2011, the percentage we repatriated returned to a more normalized level. However, our FSA-based net income declined sharply in those years primarily reflecting the decline in earnings related to portfolio derisking.

I'd like to point out that there are differences between the U.S. and Japan regarding the deductibility of investment losses. Realized investment losses are deductible from ordinary income in Japan, which is not the case in the United States. Portfolio derisking has resulted in lower tax payments in Japan. Since Aflac Japan is a branch of the U.S. subsidiary, taxes paid in Japan generate foreign tax credits for the consolidated U.S. tax return. Investment losses in Japan have resulted in fewer foreign tax credits, which means the U.S. segment has been responsible for a greater portion of the cash payment of U.S. taxes since derisking began. We estimate that in the last four years, Aflac U.S. has paid an additional $730 million in taxes as a result of our derisking activities in Japan. This increased cash burden on the U.S. segment has impacted the way we have managed our cash flows in recent years. I'd like to emphasize that once the derisking losses are behind us, we expect a significant increase in FSA-based net income and therefore, the potential for greater profit repatriation.

Aflac Incorporated Cash Inflows
(In Millions)

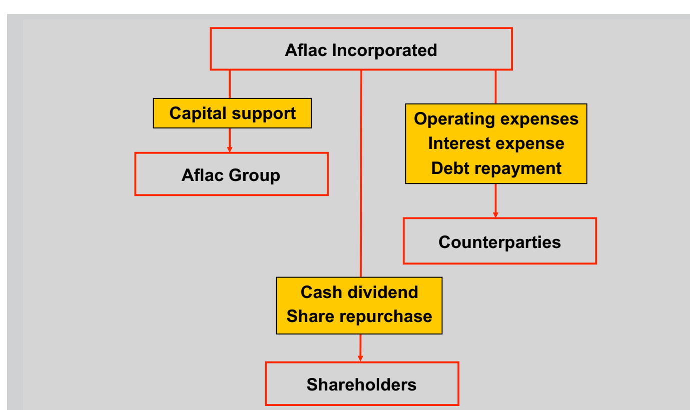
	2009	2010	2011
Dividends from Aflac	$ 464	$ 370	$ 282
Allocated expenses	34	35	34
Management fees	117	212	230
Proceeds from borrowings	1,400	748	620
Other	110	122	138
Total cash inflows	$ 2,125	$ 1,487	$ 1,304

Excluding net proceeds from financing activities, the largest cash flows to the parent company are dividends from our principal insurance subsidiary. Typically, we declare and send a dividend from Aflac to Aflac Incorporated each quarter to fund the shareholder dividend. However, because of available cash at the parent company and our desire to maintain a strong RBC ratio, we dividended less to Aflac Incorporated in 2010. In 2011, we only declared two dividends to the parent, totaling $282 million. As you can see, allocated expenses have been little changed over the last three years.

Management fees charged by Aflac Incorporated to its subsidiaries represent the revenue stream to pay for services performed by our executive officers, corporate level functions and debt management. Management fees have steadily increased over the last three years due largely to the increase in interest expense on our corporate level debt. The expenses paid by Aflac Japan represent costs incurred at the holding company for the benefit of the insurance company. In general, all eligible expenses are billed to the insurance company's branch and other legal entities based upon a percentage of revenue contribution. Any expenses that are disallowed in Japan, such as interest expense, are then borne in total by Aflac's U.S. operations.

In 2009, we had two debt issuances in addition to two small loan transactions. We issued senior notes in the dollar market in 2010 and Samurai notes in Japan in 2011. The primary purpose for these issuances was to refinance maturing notes. In each case, however, we had debt capacity beyond the maturing obligation and we issued more than was required for the refinancing. Aflac Incorporated has additional sources of cash, which are reflected in the "other" line. These sources include investment income as well as cash from the exercise of stock options.

Aflac Incorporated Cash Outflows Overview



Aflac Incorporated's cash outflows are primarily to counterparties for operating expenses, interest expense and debt repayments. In addition, Aflac Incorporated has provided capital support to Aflac Group to fund its rapid growth. Finally, the parent company uses capital that is not needed to support the insurance operations to provide for a cash dividend to shareholders and for the repurchase of our shares.

Aflac Incorporated Cash Outflows

(In Millions)

	2009	2010	2011
Operating expenses	$ (55)	$ (63)	$ (63)
Interest expense	(57)	(124)	(162)
CAIC	(100)	—	(40)
Capital contributions	(505)	—	—
Debt repayment	(450)	(454)	(459)
Shareholder dividend	(524)	(536)	(552)
Share repurchase	—	(111)	(298)
Other	(193)	(4)	(38)
Total cash outflows	$(1,884)	$(1,292)	$(1,612)

Aflac Incorporated's cash outflows can vary quite a bit from year by year, although operating expenses have remained relatively stable since 2009. Interest expense on the other hand has increased, reflecting our increased borrowings at higher rates of interest. In addition, the stronger yen increased the interest expense related to our yen-denominated debt during this same period. As I indicated earlier, we are committed to funding the growth of Aflac Group. In 2011, we provided $40 million of capital support to that rapidly growing operation. And as I indicated earlier, we contributed capital to the Aflac subsidiary in 2009.

Aflac Incorporated's cash outflows also include capital that we have deployed for the benefit of our shareholders. During the financial crisis we were cautious about deploying capital. Although the quarterly cash dividend was 20.8% higher in 2009, compared with 2008, it remained unchanged until the fourth quarter of 2010. Similarly, we suspended our share repurchase activities until the fourth quarter of 2010. In 2011, we increased the quarterly cash dividend payment by 10%, and we purchased six million shares in the second half of the year.

Projected 2012 Cash Flows

(In Millions)

	2012 Est.*
Dividend from Aflac	$ —
Allocated expenses	37
Management fees	242
Proceeds from borrowings	750
Other	61
Total cash inflows	$ 1,090
Operating expenses	$ (70)
Interest expense	(174)
CAIC	(40)
Debt repayment	(376)
Shareholder dividend	(598)
Share repurchase	—
Total cash outflows	$(1,258)

*Assumes 2011 yen/dollar exchange rate

Based on the parent company's cash position at end of 2011 and the proceeds of our successful debt offering in February, we have cash resources at the holding company to meet this year's cash needs. As such, we currently do not anticipate at this time making any dividend payments from Aflac to the parent company in 2012. I would note that we currently estimate we will repatriate between ¥30 and ¥34 billion this year, or $375 to $425 million. This is better than our most recent estimate of ¥25 billion. However, we won't make the final determination of that amount for a few more weeks, and we currently expect this year's repatriation will likely remain in the Aflac U.S. segment. I would note that our current outlook for 2013 profit repatriation is in line with what we have communicated over the last several quarters. Assuming no material investment losses from June of this year through mid-year 2013, we would expect profit repatriation could reach about ¥90 billion, or $1.1 billion next year. That also assumes that we view our solvency margin ratio as being adequately strong and able to accommodate potential risks. We expect allocated expenses in 2012 to be little changed from 2011, although we are anticipating roughly a 5% increase in management fees.

Operating expenses at the parent company are expected to increase to $70 million, reflecting higher anticipated retirement expense and lower parent company investment income. Interest expense will also increase, largely reflecting the greater amount of debt on our balance sheet. We have already sent $40 million to Aflac Group in 2012, which is the amount we had budgeted for this year. As I mentioned, our debt repayment this June has already been refinanced. We again expect to increase the cash dividend in line with this year's growth in operating earnings per diluted share before the effect of the yen. As has been the case for the last two years, we anticipate the board of directors will contemplate any increase in the dividend to be effective with the fourth quarter payment. These cash flow estimates assume we will not repurchase shares in 2012. However, we will continue to re-evaluate share repurchase as the year progresses as we currently expect to have some resources available at the parent that could be used to buy back shares.

Aflac Incorporated Cash Position

(In Millions)

	2009	2010	2011	2012e*
Beginning cash	$ 257	$ 498	$ 693	$ 385
Cash inflows	2,125	1,487	1,304	1,090
Cash outflows	(1,884)	(1,292)	(1,612)	(1,258)
Ending cash	$ 498	$ 693	$ 385	$ 217

*Assumes 2011 yen/dollar exchange rate

This chart shows the cash position of Aflac Incorporated over the last several years and an estimate for 2012. Cash outflows have exceeded inflows to the parent in 2011 and 2012 due to lower dividends from Aflac. However, as you see, we currently estimate a cash balance of $217 million at the end of 2012.

I hope these last several slides have given you a good idea of how we are thinking about our various cash flows and how we are managing them. I would emphasize again that once the most significant investment losses from derisking are behind us, the strong cash flows from Japan will emerge again, and should do so very quickly. That will greatly enhance our ability to return capital to our shareholders.

Parent Company Loan Maturities*

(March 31, 2012)

Contractual Maturities	Percent of Total	Amount (Millions)	Average Interest Rate
2012	8.2%	$ 324	1.87%
2014	10.5	416	1.45
2015	12.2	483	3.43
2016	7.3	289	2.00
2017	10.1	400	1.22
2019	21.5	850	8.50
2022	8.8	349	2.07
2039	10.0	396	6.90
2040	11.4	448	6.45
Total	100.0%	$3,955	4.43%

*Excludes capitalized leases of $9 million at March 31, 2012

Let me turn to Aflac Incorporated's debt maturity schedule. As we have stated in the past, our overall preference is to issue debt in yen. Significantly lower interest rates, combined with yen cash flows to service yen-denominated obligations, make that market particularly attractive to us. At March 31, 2012, approximately 49% of our outstanding debt was either yen-denominated or swapped into yen obligations.

In 2009 and 2010, we issued debt in the U.S. dollar market because Japan's debt market was essentially closed to foreign issuers. Last year, the Samurai market provided attractive financing opportunities and we issued ¥34.2 billion of three-year and ¥15.8 billion of five-year notes. In 2012, we returned to the dollar market and issued $750 million of senior five- and ten-year notes, which we swapped into yen-denominated obligations at very attractive interest rates. Note that in 2013 we have no debt obligations maturing.

Aflac Incorporated Capitalization

(In Millions)

	2010	2011	3/12
Total long-term debt	$ 3,038	$ 3,285	$ 3,964
Shareholders' equity*	10,476	11,794	12,194
Total capitalization	$13,514	$15,079	$16,158
Debt to total capitalization	22.5%	21.8%	24.5%

*Excludes unrealized gains/losses on investment securities and derivatives
Reflects adoption of new DAC standard

In thinking about Aflac's debt capacity, we focus on cash flows, our ratings and our debt-to-total capital ratio. Our computation of debt to total capital includes long-term debt, but excludes unrealized investment gains and losses in shareholders' equity. Because a large portion of our outstanding debt is yen-denominated, while most of our equity is dollar-denominated, a strengthening yen increases our reported debt balance in dollar terms. As a result, our debt-to-total capital ratio increases somewhat when the yen strengthens. And when the yen weakens, the opposite occurs. Our debt-to-total capital ratio at March 31, 2012 was higher than normal because we pre-funded our June maturity. Excluding the notes that mature in June of this year, our debt-to-total capital ratio on a pro forma basis was 23.0%.

Capital Management Objectives

- **Produce strong financial profile for benefit of policyholders by:**
  - » **Maintaining risk-based capital ratio of 400% to 500%**
  - » **Maintaining solvency margin ratio in Japan of 500% to 600%**
- **Maintain debt to total capitalization ratio of less than 25%**
- **Support financial strength and debt ratings**
- **Return excess capital to shareholders through cash dividends and share repurchase**

Our capital management objectives are fairly straight forward. We want to demonstrate a strong financial profile for the benefit of all our stakeholders, especially our policyholders, by maintaining a RBC ratio in the range of 400 to 500. We would also like to keep our SMR in the range of 500 to 600. As we have said repeatedly, we are comfortable with a debt-to-total-capital ratio up to 25%. We also want to support our current financial strength and debt ratings. And for our shareholders, we want to return excess capital through steadily increasing cash dividends and the repurchase of our shares.

I hope this presentation has given you a better understanding of our capital position, cash flows and how we are approaching capital management. Although we are another year removed from the depths of the financial crisis, we remain aware of potential risks to our capital position and capital adequacy ratios. We will continue to manage our capital in a way that demonstrates strong support for our policyholders and enhances shareholder value.

Aflac Investments

Eric M. Kirsch
Executive Vice President; Global Chief Investment Officer

In November 2011, I was privileged to get the opportunity to become the global CIO of Aflac Investments. While challenges lie ahead, the opportunities are considerable and I am very excited about the future. I'll discuss where our investment portfolio stands today and, the investment activities during the past year. I'll also give you some insight into what the future holds for Aflac's global investment strategies.

Investment Considerations

- Aflac Global Investment Policy
- Product needs - Japan
  - » Long yen-denominated liabilities
- Product needs - U.S.
  - » Shorter liability durations
- Credit and interest rate risk
- Capital management
- Global strategic review

Our investment objectives are primarily driven by careful consideration of our liabilities and capital requirements. With these in mind, our investment strategies are designed to achieve the highest attractive risk-adjusted returns with an eye toward quality, diversification and liquidity.

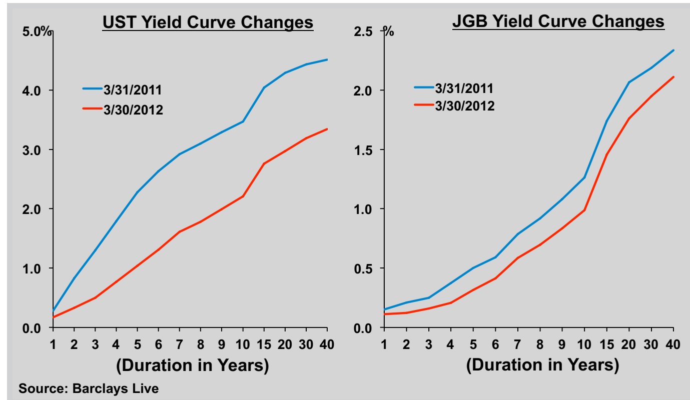
In Japan, our liabilities are yen-denominated, have long durations, and are generally not very interest-rate sensitive. Our investments are generally focused on longer duration, yen-denominated, fixed-income securities. These include both government securities such as JGBs as well as credit investments, which are primarily privately issued. Over the past few years, sales of our first sector products such as WAYS and child endowment have grown. While these products are more interest-rate sensitive than our traditional products, they still have long durations. As this block of business grows, we will fine-tune our investment strategy to take into account the liability sensitivities to changes in interest rates. In the U.S., our liabilities tend to be shorter than in Japan and our investment strategy is tailored accordingly.

This past year, our primary focus has been on risk management. We have been investing our significant cash flows in assets of relatively higher quality and liquidity. We have also spent considerable time analyzing the impacts of rising interest rates on our portfolio and capital ratios.

Finally, we initiated a global strategic review, which I'll discuss in more detail later. But I'm pleased with the results of the review thus far, and we expect the recommendations will provide significant long-term benefits to our investment organization and strategies we deploy in the future.

Market Review UST/JGB Yield Curve Changes

(3/31/11 - 3/30/12)



Now I'd like to review the financial market's performance over the past year and provide context to the landscape upon which Aflac has deployed its investment strategies.

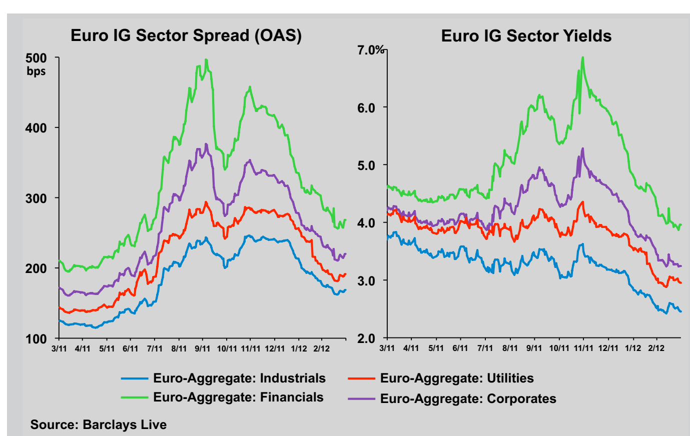
As you all know, the financial markets experienced significant volatility over the last year, with the European crisis at the epicenter.

Let's examine the world's largest bond market, the United States, and how interest rates were impacted. During the course of the past year, interest rates fell significantly across the curve, especially on longer dated issues of 5 years to 30 years, which declined between 124 basis points and 117 basis points. This reflects both a flight to quality from the European crisis and the pursuit of monetary policy easing by the Federal Reserve to help promote economic growth.

In Japan, interest rates declined last year, although they didn't drop precipitously the way U.S. Treasuries did. For example, over the last year, yields on 20-year JGBs fell 31 basis points from 2.07% to 1.76%. Ultimately, the base yields in our major markets, the United States and Japan, fell, which of course impacted the yields on our new investments throughout the year.

European Spreads and Yields by Sector

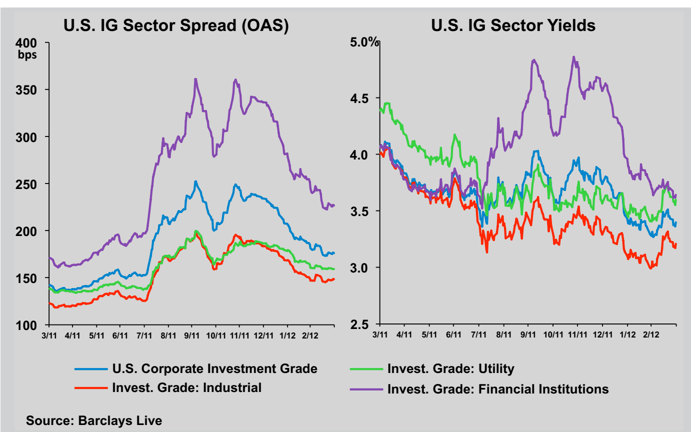
(3/31/11 - 3/30/12)



Like all global investors, Aflac was not immune to the volatility in Europe. Given our European investment exposures, we carefully managed through the crisis. As you can see from the chart, European Financial sector spreads hit unprecedented levels of nearly 500 basis points during September and over 450 during November of last year. Yields on financials hit all-time highs reaching close to 7% in November 2011, reflecting the lack of confidence in the sector. The crisis reflected systemic monetary and fiscal policy issues throughout Europe, placing the entire financial system at risk of default and putting in doubt the ability of governments like Greece to even operate. We saw intense negotiations between nations, along with monetary actions by the ECB, to restore confidence in the financial system and markets late in the year. During December 2011, the ECB enacted the Long Term Refinancing Operation, otherwise known as LTRO, lending over a trillion dollars to financial institutions to ensure liquidity and reduce the risk of default. This had the effect of calming markets, as seen in terms of the large drop in spreads and yields since December of last year, and it took the Lehman shock event off the table. I believe Europe will remain an issue for some time to come.

U.S. Spreads and Yields by Sector

(3/31/11 - 3/30/12)



U.S. markets were also affected by the European situation last year, particularly in the financial sector. Given the global nature of our financial system, there was great risk of a domino effect. Spreads on the financial indices rose to over 350 basis points during the second and third quarters. Like Europe, when markets began to calm in the fourth quarter, we saw a large drop in spreads and yields across financials and other fixed-income sectors.

Aflac's Investment Portfolios

(March 31, 2012, In Billions)

	Book Value	Pro forma* Book Value	% of Pro forma Total Book Value
Aflac Japan - yen	$80.6	$80.0	81.7%
Aflac Japan - dollar	8.8	8.8	8.9
Total Aflac Japan	89.4	88.8	90.6
Aflac U.S.	8.5	8.5	8.7
Aflac New York	.4	.4	.5
Aflac Group Insurance	.1	.1	.1
Total Aflac U.S.	9.0	9.0	9.3
Aflac Incorporated	.1	.1	.1
Total Incorporated	$98.5	$97.9	100.0%

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

Keeping the economic backdrop in mind, I will now review our investment portfolios. As you can see, we maintain six separate investment portfolios, each of which have a specific purpose and are matched against a particular operating segment. On a consolidated basis, our invested assets total more than $98 billion dollars.

Approximately 91% of our invested assets are associated with liabilities from the Japan business segment. For more than 20 years, Aflac Japan has maintained an allocation to a portfolio of dollar-denominated investments. The rationale behind this portfolio has been to take advantage of diversification by being invested in the U.S. markets and to seek more attractive yields. In addition, by investing a portion of Aflac Japan's equity in dollars, we have helped mitigate the currency impact on Aflac's consolidated GAAP equity.

About 9% of our consolidated holdings back the U.S. business segment. This includes portfolios backing the respective books of business for Aflac New York and Aflac Group.

We also maintain a small portfolio at the holding company level. The primary purpose of this portfolio is to temporarily hold capital until it is deployed for corporate purposes.

Let me note that this slide presents pro forma book values at March 31, 2012. The adjustment amounts to $580 million that includes the disposal of four Tier 1 and two Lower Tier 2 securities that we impaired during the first quarter of this year, but were sold subsequent to the end of the quarter and were associated with our derisking program. We will include these transactions in the numbers throughout much of my presentation, as these disposals were subsequent events to the first quarter.

Consolidated Portfolio Composition

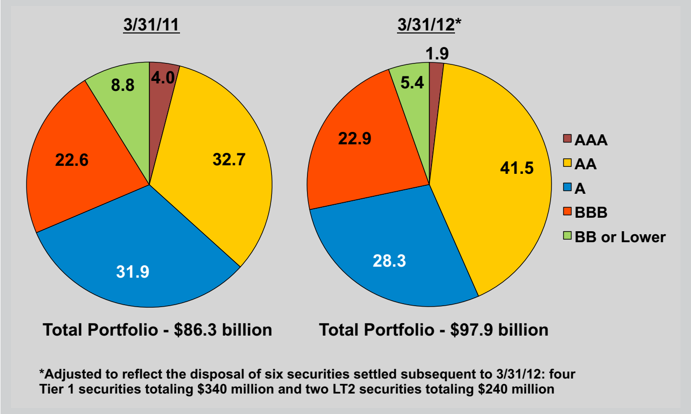
(In Billions)

	3/31/11 Book Value	% of Total	3/31/12* Book Value	% of Total
Debt securities:				
Fixed maturity	$76.98	9.1%	$91.5	93.5%
Perpetual	7.6	8.8	5.2	5.3
Asset backed	.9	1.0	.5	.5
RMBS	.8	.9	.6	.6
CMBS	.1	.2	.1	.1
Total	$86.3	100.0%	$97.9	100.0%
Asset growth			+$11.6	
% Change			+13.5%	

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

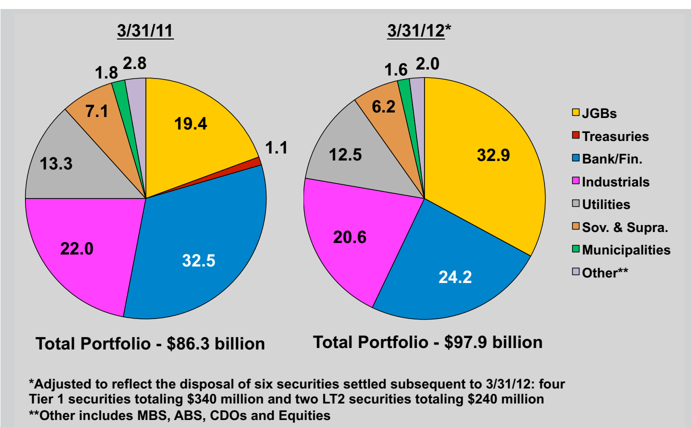
Our portfolio increased 13.5% this past year. As you can see, the focus of our new investments has been on fixed maturities, which have increased to 93.5% of total investments. In addition, we have continued to reduce our holdings of perpetual securities, with these investments having been reduced by $2.4 billion. As of March 31, 2012, perpetual securities represent just 5.3% of our total portfolio, down from 8.8% last year. Finally our exposure to asset-backed, CMBS and RMBS sectors remain negligible, accounting for under $1.3 billion of assets.

Composition of Portfolio – Credit Quality
(Percentage of Total Portfolio)



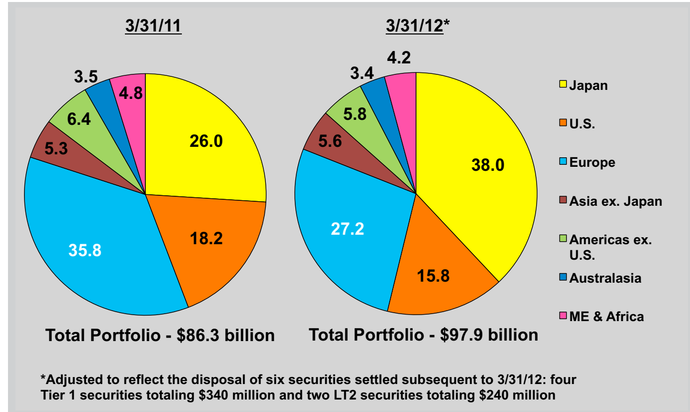
As seen on this slide, the credit quality of our portfolio remains very high, with an average portfolio rating of A. The greatest change in credit rating came in the AA category, which increased from 32.7% of the portfolio to 41.5% at the end of March 2012. This was primarily due to increased purchases of JGBs with both new investment cash flow as well as re-investment proceeds from derisking activities. You'll also note that our holdings of A rated bonds decreased from 31.9% to 28.3% year over year. Our BBB investments are 22.9% and our below investment grade issues decreased to 5.4% from 8.8% last year. I'm pleased with the progress we have made in maintaining a high average quality portfolio while also reducing our holdings of riskier assets.

Composition of Portfolio – Sector
(Percentage of Total Portfolio)



Next, I will review the sectors that we are invested in and the changes to our overall fixed- income allocation. JGBs increased from 19.4% as of March 2011 to 32.9% at the end of the first quarter of 2012. This reflected a number of investment themes, including maintaining higher quality investments given the risks arising from the European crisis. We chose to avoid lower quality investments that might decline in value given the volatility we saw across markets. And we chose to cease making new investments in Europe around November of last year, so the availability of private placements was generally much lower. You'll note the significant decrease in our investments in the financial sector, from 32.5% at the end of March 2011 to 24.2% at the end of the first quarter of 2012, resulting in the sector proportion declining by over 25% or 8.3 percentage points. This reduction came primarily from our timely derisking activities which I will review in more detail later. Other sectors remained flat, but I would emphasize the changes in our sector allocations have increased our credit quality profile while reducing risk to the financial sector and the overall credit risk in our balance sheet.

Composition of Portfolio – Geographic Region
(Percentage of Total Portfolio)



Given the size of our balance sheet, we invest on a global basis and seek to diversify risk by country, as well as seek out attractive investment opportunities in the growth markets of the world. Japan is our largest region for investments, having risen to 38% of our assets at the end of March 2012 from 26% at the end of March 2011. Given that almost 90% of our liabilities are in Japan, we expect the country to remain a key part of our investment activities. Our European exposure has decreased from 35.8% to 27.2% at the end of March 2012, again reflecting our derisking activities and desire to reduce our exposure to the region given its economic volatility and risk. I recognize that our European exposure has been a source of concern for you. It has been for Aflac as well, and certainly is one of my highest concerns. I want to emphasize that as a global investor with a long term time horizon, we should have an allocation to the European markets, but in the right proportions, sectors and individual issues. Through our derisking activities, we have made significant reductions in our European exposure, which places Aflac in a better position to withstand the challenges that Europe will face over the next few years. Finally, investments in the United States slightly decreased to 15.8%, primarily due to the proportionate increase in our Japanese business as opposed to any specific investment view.

Composition of AFS & HTM
(Book Value, In Millions)

	3/31/11	% of Total	3/31/12*	% of Total
Available for sale:				
Fixed maturities	$33.9	39.3%	$34.5	35.2%
JGBs	16.3	18.9	9.4	9.6
Perpetuals	7.6	8.8	5.2	5.3
Total AFS	$57.8	67.0%	$49.1	50.1%
Held to maturity:				
Fixed maturities	$28.1	32.5%	$26.0	26.6%
JGBs	.4	.5	22.8	23.3
Total HTM	$28.5	33.0%	$48.8	49.9%
Total Portfolio	$86.3	100.0%	$97.9	100.0%

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

Let me comment on our portfolio from an accounting standpoint, specifically the composition of available for sale and held to maturity allocations. We are currently allocated evenly between the two accounting conventions. This represents a shift from a year ago when we were allocated about two-thirds to AFS and one-third HTM. We have been developing capital strategies, in particular focused on our capital ratios to protect our portfolio from a rise in interest rates. Given that the majority of our assets are yen-denominated, increases in JGB yields pose the greatest challenge to our solvency margin ratio. Under FSA regulations, the unrealized gains and losses of securities held in HTM do not impact our SMR. For this reason we targeted new JGB purchases, as well as a reallocation of ¥500 billion of existing JGBs into HTM over the past year. At our current allocation, we are comfortable that we have achieved mitigation against a rise in interest rates. Currently our allocations are more evenly distributed between HTM and AFS. I would also note that we monitor our liquidity needs and believe that our current allocation is more than adequate. You will also note our fixed maturities in HTM went down from 32.5% at the end of the first quarter of 2011 to 26.6% at the end of March 2012. Our future credit investments will primarily be allocated to AFS to provide us with greater flexibility for portfolio management actions in the future.

Ten Largest Investment Positions Excluding JGBs

(March 31, 2012, In Millions)

	Book Value	% of Total Port.	% in HTM
Israel Electric Corp	**$ 788**	**.80%**	**— %**
Republic of Tunisia	**778**	**.79**	**—**
Republic of South Africa	**742**	**.76**	**100.0**
HSBC Holdings PLC	**688**	**.70**	**88.4**
UniCredit SpA*	**572**	**.58**	**53.2**
Bank of America Corp**	**548**	**.56**	**100.0**
Bank of Tokyo-Mitsubishi	**548**	**.56**	**44.4**
Investcorp SA	**500**	**.51**	**—**
National Grid PLC	**487**	**.50**	**50.0**
Sumitomo Mitsui Financial	**487**	**.50**	**25.0**
Total	**$6,138**	**6.26%**	**45.8%**

*UniCredit Bank AG (DE) & UniCredit Bank Austria AG (AT)
**Includes Merrill Lynch
Note: Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

We carefully monitor our largest exposures. Since I've discussed our largest holding, JGBs, I'd like to now look at our top ten credit-related positions, excluding JGBs. Israel Electric remains at the top of the list. You may recall that it was previously classified as HTM, which constrained our ability to undertake any discretionary risk reduction. The security was downgraded to below investment grade last year, which led us to reclassify it as AFS. From a credit standpoint, the bonds are ultimately backed by the State of Israel, and we are comfortable holding the positions. However, we recognize the geopolitical risk in this region of the world, and we are exploring ways to reduce the net risk position for Israel Electric.

The other top exposure is the Republic of Tunisia, which played a central role in the Middle East "Arab Spring" we witnessed last year. Prior to those events, Tunisia experienced growth above 3% and exhibited decent fiscal discipline for many years; two positive attributes which have allowed the country to make its current transition easier. Despite the relatively smooth political transition, political risk remains as well as significant economic challenges. These factors were the basis for our reclassification of Tunisia as below-investment-grade despite the sovereign still being rated investment grade. Like other outsized exposures, we will opportunistically explore ways to reduce the net risk position for the Republic of Tunisia. While the exposure to the Republic of South Africa is significant, we remain comfortable with the credit due to its strong steady growth in recent years and the relatively low public debt balance.

The listing of UniCredit SpA as our fifth largest exposure is a bit misleading because we view our risk as more distinct than UniCredit SpA. Our consolidated exposure to the UniCredit Group actually lies at its German and Austrian subsidiaries. While stress on the parent obviously negatively affects the subsidiaries, we believe that the risks associated with Italian ownership have been significantly mitigated by the higher capitalization of these subsidiaries and the regulatory oversight provided by the German and Austrian governments. This regulatory oversight has led to reduced financial exposure of the subsidiaries to their Italian parent, and in conjunction with the strong capital ratios of the subsidiaries, leads us to view this risk more distinctly than UniCredit SpA risk.

Investcorp is a unique story due to its private equity focus and its administrative headquarters being located in the Kingdom of Bahrain. As a below investment grade financial institution, there are risks with Investcorp such as liquidity and capital markets accessibility. However, we are currently comfortable with Investcorp due to its strong capital base, with core capital exceeding 21% currently strong liquidity position and management's sound risk management practices that have the majority of the assets domiciled outside Bahrain.

Apart from Investcorp, the remaining top exposures are in financial institutions that are comfortably rated investment grade and we view as strong, high-quality institutions.

For our top exposures, if it is in HTM as listed, we expect to hold these positions for the long term, unless significant credit changes occur. Where we have AFS flexibility, we will examine further strategies to reduce the maximum exposure of each issuer to between a half and three quarters percent of the total portfolio value.

Ten Largest Investment Positions Excluding JGBs

(In Billions)

	3/31/11	3/31/12*	$ Diff.	% Diff.
Book value	**$6.7**	**$6.1**	**$(.6)**	**(8.2)%**
% of total portfolio	**7.7%**	**6.3%**		**(1.4)**
Average position	**$ .7**	**$ .6**	**$(.1)**	**(8.2)**

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

In total, our top ten positions have been reduced by 8.2%. The average size of these positions has decreased to $600 million as of March 2012 from $700 million at the end of the first quarter 2011. In aggregate, we are pleased with the progress we have made in reducing the concentration in our largest holdings.

Global Banks and Financials – Perpetuals

(In Billions)

	Upper Tier II	Tier I	Total
3/31/11:			
Par (face)	$5.3	$3.0	$8.3
Book value	$4.8	$2.5	$7.3
% Total portfolio BV	5.6%	2.9%	8.5%
3/31/12*:			
Par (face)	$3.3	$1.9	$5.2
Book value	$3.3	$1.6	$4.9
% Total portfolio BV	3.3%	1.7%	5.0%
% Change	(32.3)%	(34.8)%	(33.1)%

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

One of our highest priorities over the past year has been to reduce our exposure to perpetual securities, particularly those based in Europe. I am pleased to report that we made excellent progress and reduced our exposure by more than 33%, going from $7.3 billion to $4.9 billion. This included both Upper Tier 2 and Tier 1 securities. We executed on our derisking program throughout 2011 and into the first quarter of 2012.

You'll recall that at the end of 2011, we further sought to reduce our European exposures and identified ¥150 billion of assets, primarily in European financials. In the fourth quarter of 2011, we took a change of intent impairment charge in the fourth quarter. During the fourth quarter of 2011 and first quarter of 2012, we successfully implemented the program disposing of more than ¥130 billion of exposure. Within these transactions, we were able to opportunistically dispose of ¥35 billion in two Tier 1 securities. As I mentioned on our fourth quarter earnings call, our strategy was to reduce the amount of exposure we had to financials in Europe where it made sense, and today we've substantially completed this exercise. In light of continued risks to the financial sector, we will remain vigilant in managing our exposures, but I am very satisfied that we are in a better position given the current state of the world.

Banks and Sovereign Distribution

(Book Value, March 31, 2012, In Billions)

	Global	Europe	PIIGS
Senior	$ 7.4	$ 3.4	$ .9
Lower Tier II	4.7	2.5	.3
Upper Tier II	2.8	1.7	—
Tier I	1.4	1.4	—
Dated Tier I	.4	.3	—
Sovereign*	6.0	2.1	.9
Total	$22.7	$11.4	$2.1
% of Total Portfolio	23.2%	11.6%	2.1%

*Includes Supranationals
Excludes JGBs and U.S. Treasury Strips

This slide shows greater detail regarding our financial and sovereign exposure on a global basis, across Europe, and within the PIIGS countries. As of March 31, 2012, we reduced our global exposure by $4.5 billion to about 23% of the portfolio as compared to March 31, 2011. In Europe, we reduced our exposure by $4.4 billion to 11.6% of our portfolio. And finally, we reduced our PIIGS exposure by $1.5 billion, and we have no remaining perpetual securities. Looking at our direct, non-senior financial exposure in Europe, last year we had $10.2 billion in exposure, which declined to $5.9 billion as of March 31, 2012. This represents a reduction of more than 42%.

While exposures still exist, any additional impacts should be less than what Aflac has experienced over the past two years. As I said, we are confident that we can manage through the volatility, and our continued growth in assets and capital will strengthen our balance sheet.

Unrealized Gains and Losses

(In Billions)

	3/31/11	3/31/12*	$ Difference
Available for sale:			
Gains	$ 2.3	$ 3.6	$ 1.3
Losses	(2.4)	(1.4)	1.0
Total AFS	$ (.1)	$ 2.2	$ 2.3
Held to maturity:			
Gains	$ .8	$1.0	$ .2
Losses	(1.1)	(1.4)	(.3)
Total HTM	$ (.3)	$ (.4)	$ (.1)
Total Unrealized G/L	$ (.4)	$1.8	$ 2.2

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

The market value of our assets has improved throughout the past year. A year ago our entire portfolio's market value was slightly less than book value by roughly $400 million. As of this March, market value is $1.8 billion above book value. This reflects both tightening spreads over the past few months and an overall decline in yields over the past year. Although most of our financial metrics are measured by book value, the market value of our assets provides us with a good gauge of our performance relative to the market. In addition, the unrealized gains and losses impact our SMR; therefore, this positive trend has contributed to our improving ratio.

Portfolio Derisking Activities

- Subordination distribution
- Derisking activities
- PIIGS

Our overall portfolio has improved in the past year in just about every measure. Whether we look at quality, exposure across geography or sector, or types of instruments we hold, Aflac's assets have only strengthened to support our policyholder liabilities and enhance return for our shareholders. I'm pleased with the results to date.

Subordination Distribution
(Book Value)

	2009	2010	2011	3/31/12*
Senior	76.5%	79.5%	86.2%	88.5%
Subordinated:				
Lower Tier II	11.1	10.1	5.8	5.2
Upper Tier II	7.0	5.7	4.3	3.3
Tier I	4.3	3.7	2.9	2.2
Surplus notes	.5	.4	.3	.3
Trust pref. (non-bank)	.1	.1	.1	.1
Other	.5	.5	.4	.4
Total	100.0%	100.0%	100.0%	100.0%

*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million

Our portfolio has made significant improvement in its credit exposure, with an increase in senior debt and a reduction to subordinated debt. You can see this trend developing since the early stages of the financial crisis. Our derisking efforts to reduce subordinated exposure along with the overall portfolio growth have resulted in the subordinated proportion of the portfolio being cut in half versus 2009. Also, our exposure to senior debt has increased from about 75% in 2009 to more than 88% today.

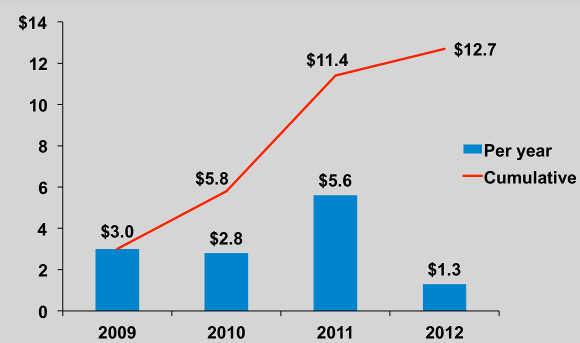
Europe and Financial Derisking Transactions
(In Millions, Except for Transactions)

1/01/09 - 3/31/11:	Number of Transactions	Qualitative Impact	Financial Impact
Scheduled redemptions	40	$ —	$1,893
Exchanges	4	697	—
Impairments	36	—	2,009
Disposals	97	—	2,761
Total	177	$697	$6,663
4/01/11 - 3/31/12:			
Scheduled redemptions	12	$ —	$1,452
Exchanges	—	—	—
Impairments	56	—	1,432
Disposals	46	—	2,475
Total	114	$ —	$5,360

As I mentioned, it's important to note the excellent job that Aflac Investments has done to be proactive in our derisking activity. Prior to the financial crisis, our strategy of investing in private placements, with a focus on European sovereign and financial institutions, served us well. We were able to achieve diversification from the risk of investing too heavily in JGBs, while obtaining higher yields by taking on credit risk. Just about every insurance company will accept a reasonable level of credit risk to achieve competitive returns. Aflac's investment practices, specifically purchasing privately placed securities, were unique among insurance companies, particularly those in Japan who typically have much higher exposure to JGBs. When the European financial crisis erupted, we needed to adjust our credit exposure and risk accordingly. We executed over 177 specific derisking transactions between January 2009 and March 2011, representing a reduction of more than $6.6 billion in book value. Additionally, we exchanged nearly $700 million of securities for more senior notes, thereby improving the overall quality of our portfolio. Our activities included reducing our exposure to Greece, Ireland and Portugal, including both sovereign and financial securities.

Between April 2011 and March 2012, the European crisis hit unprecedented levels, as I showed you earlier in my discussion of the European markets. Therefore, we continued our risk reduction strategy with another 114 transactions representing $5.3 billion of reduced exposure across Europe. Let me point out that when I discuss Europe during my presentation, I am using that term in the broadest sense to include everything from the UK to the Nordic countries.

Europe and Financial Derisking Transactions
(Book Value, In Billions)



Note: Includes sales, impairments and redemptions; also includes $697 million in exchanges

Since 2009, we have executed more than $12 billion of financial transactions to substantially reduce our European exposure. We believe our activity peaked in 2011, which certainly coincided with the heightened volatility in Europe. Through the first quarter of 2012, we reduced our financial exposure by $1.3 billion though the majority of this was related to our impairments in the fourth quarter of last year and the subsequent disposal of the securities. While it is difficult for us to know for sure how long the European crisis will last, I do believe it will not be as challenging as last year given the progress the Europeans have made on fiscal and monetary policies. Nevertheless, we will see some volatility. Spain is a good recent example, with its continuing fiscal deficits and high unemployment rate. While the possibility that Aflac's portfolio and investment results may be impacted by this volatility, our reduction in European exposure, coupled with below investment grade puts on a number of exposures, will likely result in a lesser impact than in prior years.

I think we have done an excellent job of execution, and significantly reduced our exposure, which provides a greater degree of comfort for our future performance.

Consolidated Exposure to PIIGS

(In Millions)

		3/31/11 Book Value	3/31/11 % of Total	3/31/12* Book Value	3/31/12* % of Total
Portugal:	Financials	$ 842	1.0%	$ —	—%
Ireland:	Financials	621	.7	517	.5
Italy:	Sovereign	301	.3	304	.3
	Financials	180	.2	183	.2
Greece:	Financial	372	.4	—	—
Spain:	Sovereign**†	716	.8	602	.6
	Financials	517	.6	484	.5
	Total	$3,549	4.0%	$2,090	2.1%

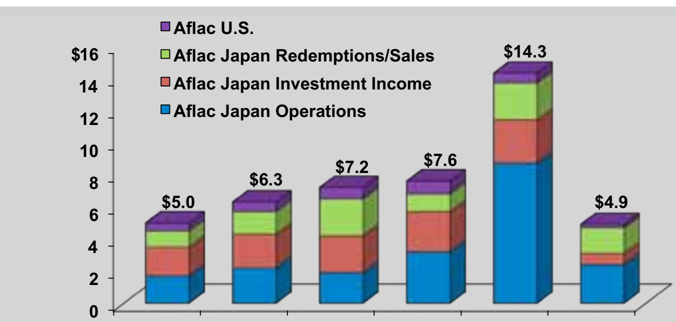
*Adjusted to reflect the disposal of six securities settled subsequent to 3/31/12: four Tier 1 securities totaling $340 million and two LT2 securities totaling $240 million
**Solely consists of regional governments
†Exposure covered by BIG put: $379 million in 2011; $383 million in 2012

In relation to financials and sovereigns, our exposure to the PIIGS countries has been reduced to $2 billion, with no financial or sovereign exposure to Greece or Portugal. Our exposure to Ireland, which is the Bank of Ireland, is senior debt. Although DEPFA Bank is listed as an exposure in Ireland because it is licensed and domiciled there, we view it as German risk, given that it is owned by a German holding company.

While Italy will continue to experience some volatility, we are confident that our exposures will be fine and we continue to hold them. Additionally, we believe Spain will continue to experience volatility, though we believe appropriate fiscal and monetary measures will be implemented. I'd also note that we have a BIG put on more than $380 million of our Spanish regional debt. And as I mentioned earlier, we have no perpetual exposure in any of these PIIGS countries. We will continue to closely monitor our credits as well as the macro environment in the PIIGS countries. Should either our credit opinion change or we determine the geopolitical situation is too volatile, we will take further actions as appropriate.

Investment Cash Flow

(In Billions)



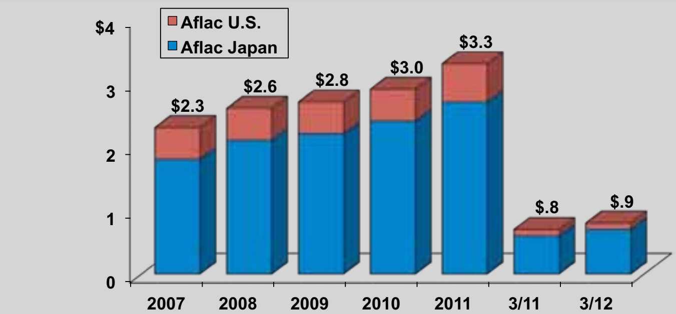
		2007	2008	2009	2010	2011	3/12
New Money Yield %	U.S.	6.44	7.60	7.26	5.82	5.75	4.80
	Japan*	3.38	3.43	3.03	2.63	2.48	2.03

*Blended

Aflac's operations in both the U.S. and Japan continue to generate strong cash flows. In 2011, our cash flows almost doubled to more than $14 billion and in the first quarter of 2012 we generated nearly $5 billion, a quarterly record. In 2011, we invested money in difficult credit markets and achieved a new money yield of 5.75% in the U.S. and 2.48% in Japan. These yields declined in the first quarter of 2012 to 4.80% and 2.03% respectively, reflecting the lower level of interest rates as I described in the earlier charts.

Net Investment Income

(In Billions)



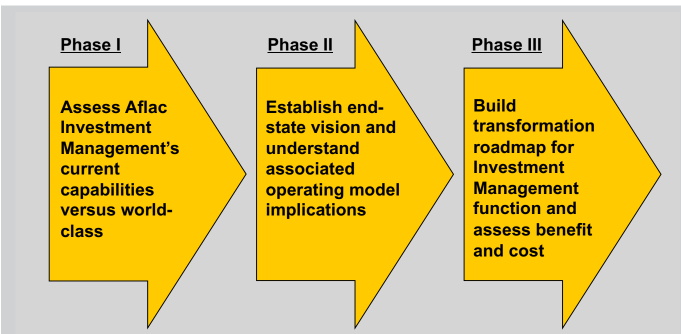
		2007	2008	2009	2010	2011	3/11	3/12
Portfolio Yield%**	U.S.	7.00	7.10	7.17	6.92	6.72	6.84	6.66
	Japan*	4.02	3.90	3.77	3.56	3.29	3.56	3.18

*Blended
**Period-end

The growth of our net investment income continues to be an important contributor to Aflac's earnings. As you can see, our net investment income has consistently grown, reaching $3.3 billion in 2011. Our challenge remains finding attractive investments with meaningful yields that meet Aflac's quality and diversification targets. As with all insurance companies around the world, declining interest rates remain a challenge. Our declining portfolio yields reflect this low-interest-rate environment, and our conviction to maintain high quality in our investments while resisting the temptation to stretch for yield. At the end of March 2012, the portfolio yield stood at 6.66% for the U.S. and 3.18% for Japan.

When I joined Aflac's investment team, I initiated two comprehensive reviews to better position our company to be a world class investment organization. I would like to take a few minutes to update you on both.

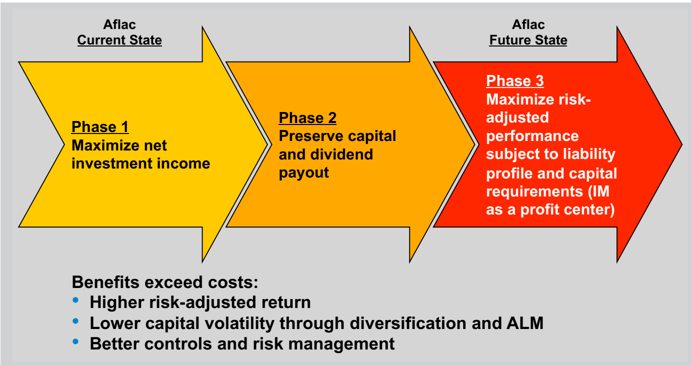
Investment Management Strategic Review



One of the strategic reviews involved McKinsey, a leading management consultant firm. McKinsey undertook a comprehensive review of our investment capabilities both in Japan and Columbus. They conducted interviews with our investment staff and senior management benchmarked our organization against a dozen industry peers both in the U.S. and Japan. Their focus was on investment processes; risk management; organizational resources, including employee count, technology, and middle and back office support; and how much we spend on the investment function.

The McKinsey team also reviewed industry trends including investment and regulatory themes. This was critical to determine what our future vision should look like. We believe the results of this assessment will help us build the transformational roadmap of our investment area, and obtain our goal of being a world-class investment organization.

Investment Management Mission



Our mission is clear, and that is to be a world-class investment group to support the goals and objectives of one of the largest insurance balance sheets in the world. Historically, we have been focused on net investment income, with appropriate objectives of diversification and risk control. We see the future investment management process focused on economic returns, where we will seek to maximize risk-adjusted returns subject to our specific liabilities and capital requirements. We will be able to create liability benchmarks, and invest with an eye toward outperforming the minimum return required to meet our liabilities within our capital and risk requirements. We believe this strategy will allow us to expand our investment universe, while generating better returns at lower risk. Our new approach will require investment in our business and the development of new capabilities. However, I am confident these efforts will enhance returns beyond our current levels, supporting future earnings growth.

Delivering on the New Investment Mission

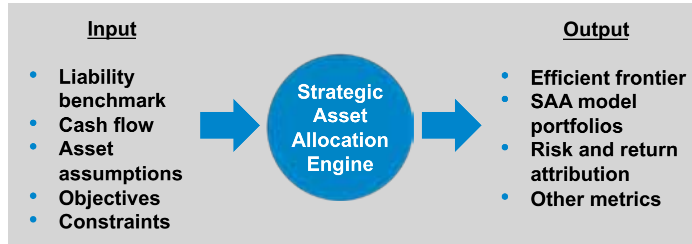
Mission:
Maximize risk-adjusted performance
subject to liability profile and capital requirements

New operating model:

- **Define role and value proposition of Investment Management function**
- **Investment risk management build out**
- **Investment outsourcing**
- **Global organizational structure**
- **Global technology and operations platform**
- **Comprehensive governance structure**

To achieve our goal as a world-class investment organization, we are embarking on a new operating model that will be focused in six key areas. These include defining the role and value proposition of the investment function as well as building out a world-class investment risk management function. We will also utilize outsourcing as a mechanism to gain access to new asset classes, thereby tapping into some of the best investment management firms in the world. We will create a global organizational structure with top talent to pursue premier global investment opportunities. Finally, we will further develop our global technology and operations platform to support our robust investment activities. These activities will all occur within the framework of a comprehensive governance structure designed to protect the interests of our policyholders and shareholders, including the integration of our global operations within the regulatory environment of the U.S. and Japan.

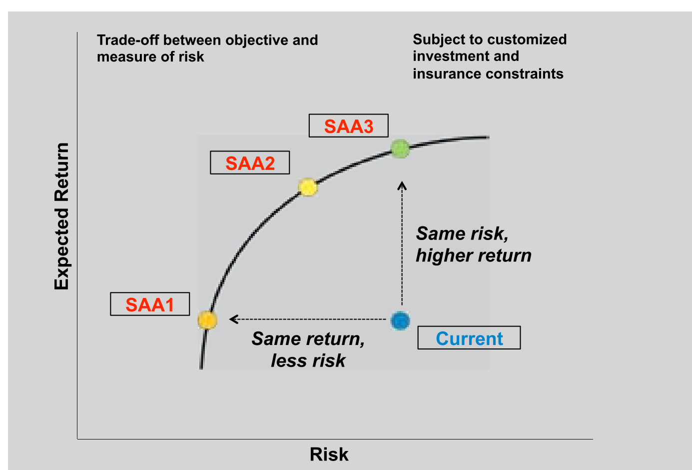
GSAM's Strategic Asset Allocation



We also partnered with Goldman Sachs Asset Management, or GSAM, to perform a comprehensive asset allocation study for Aflac. The work is highly customized around our specific liabilities and capital framework. As you can see, this is a comprehensive program. It begins with GSAM understanding Aflac's business model to include the nature of our liabilities, cash flow profile, and asset duration characteristics. The analysis takes into account the different features of our product offerings in both the U.S. and Japan. We will monitor our product mix to ensure that the investments backing our liabilities are properly aligned. The program will also help us develop benchmarks for investment and risk purposes. Finally, the study will provide new insights into investment choices that go beyond Aflac's current investments.

The project began late last year and GSAM will submit their report and recommendations at the end of June 2012.

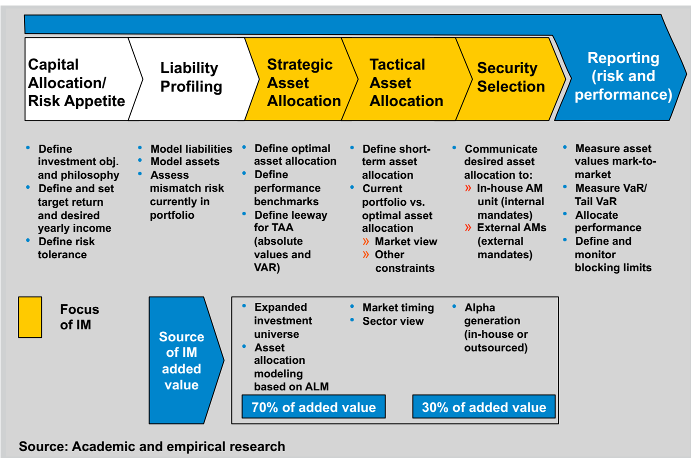
Efficient Frontier Analysis



An efficient frontier depicts the lowest risk portfolios for a targeted level of expected return, subject to constraints. For each point on the efficient frontier, there is a corresponding model portfolio asset allocation. These allocations are designed to maximize the benefit of diversification across asset classes and sources of risk and expected return. Insurer characteristics drive a large number of constraints, such as ALM and regulatory capital. Moving toward the efficient frontier represents a more sophisticated view to the investment process. An efficient frontier analysis is a quantitative input to the investment process, but it is not the sole determinant of investment decisions. Moving toward an efficient frontier asset analysis is one way we are enhancing our investment management process.

As part of the GSAM review, they will recommend a set of potential, optimal portfolio solutions that are more efficient and effective than our portfolio today. Those solutions will be defined in terms of potential long-term return versus risk levels. As you can see from the chart, the portfolio solutions will be designed to include new asset classes with higher return potential and lower risk, resulting in an overall portfolio that should outperform our current investment strategy. Because the analysis and report are not finalized, it is premature for me to provide you any estimates. I hope to be able to provide greater detail on our second quarter earnings call.

Value Chain of Investment Management



Source: Academic and empirical research

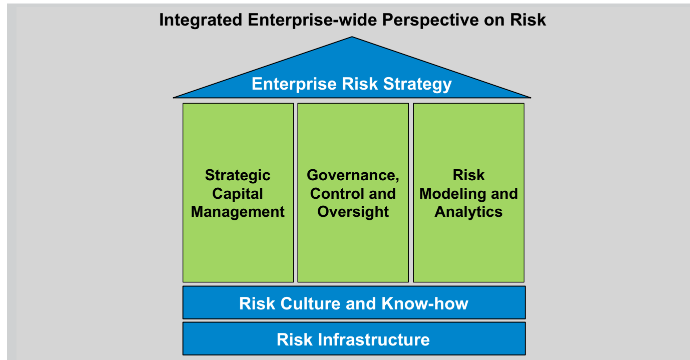
As a result of both the McKinsey and GSAM reviews, we expect to build an investment program that adds significant value to the organization and, ultimately, our stakeholders.

This chart represents the value chain of the investment function from the capital allocation process through risk and performance reporting. For Aflac, our investment function will focus on strategic and tactical asset allocation as key drivers to generating superior returns. Security selection is the third component of this value proposition.

Defining the Strategic Asset Allocation, or SAA, framework starts with understanding the risk allocation that management makes to investments along with a careful analysis of our liabilities and product needs. Quantifying these two critical variables, allows us to design an optimal SAA program that will generate returns in excess of those required to meet our liabilities. The SAA defines the menu of investment options including strategic weights that fit our risk profile. We will then evaluate these investment opportunities and make tactical decisions regarding the timing of investments, along with tactical weights versus the optimal SAA. Executing effectively will mean that there will be times where an asset class will be overweighed when we expect it will outperform, and similarly there will be periods of underweighting for an asset class that is expected to underperform. We will also have the flexibility to be neutral to our strategic weights or not invest in a particular asset class at all. Ultimate security selection will be executed by the Aflac Investment team as well as outsourced investment advisors we may choose.

Of course, all of this activity will be performed in collaboration with our risk management teams. We will employ a sophisticated risk management culture along with a process to measure our risks against acceptable levels. Risk management will be incorporated into our investment process, while maintaining a continuous feedback loop to our management, Board and regulators, ensuring Aflac Investments is making prudent choices. A world class risk management process is crucial to our success and ensuring we keep our promises to our policyholders.

Investment Risk Management



Our robust risk management process will be designed to measure and quantify the risks we are taking inclusive of our liability risks, benchmarked against capital volatility. These risks will be transparent to our investment teams as well as independently reviewed by senior management, the Board of Directors and our ERM officers in both the U.S. and Japan. To accomplish this, we will utilize state of the art tools to automate tasks and reports. This review framework will ensure that any risks we take are appropriate and measurable. We will apply sound methodology to assess the effectiveness of our investment team within our established risk profile. Ultimately, this process will develop and enforce a risk-conscious culture throughout the investment organization.

Expanding the Investable Universe

	Asset class	In-house	Outsourced
Existing	Investment grade corporate credit – public	✓	✓
Existing	Investment grade corporate credit – private	✓	
Existing	Government bonds	✓	
Existing	Bank loans		✓
Potential new	Emerging markets credit		✓
Potential new	Equities		✓
Potential new	High yield investments		✓
Potential new	Structured products and mortgages		✓
Potential new	Commercial mortgages		✓
Potential new	Hedge funds		✓
Potential new	Private equity		✓
Potential new	Real estate, mezzanine, infrastructure, etc.		✓

As we expand our investment program, we believe it will be appropriate to have many of the investments in our new asset classes outsourced. I envision Aflac will retain core competencies in governments and credit investments, both public and private. In our strategic review, it is clear that building critical mass in each of the potential new asset classes listed on this slide would be costly and take years to accomplish. By building an outsourcing function, the investment team can focus on the merits of the asset class, and when we identify the right investment opportunity, we will outsource the actual implementation to some of the world's leading investment advisors to manage that portion of our assets. This will allow us to tap into their scale and expertise, acquire superior performance while accessing their intellectual capital. Based on our initial review, we believe that we will allocate up to 25% of our assets to outsourcing over the next five years. Keep in mind, this target will be continually reviewed.

We firmly believe that this new set of investment opportunities will allow us to build portfolios that have the potential to generate returns above our current levels. Our new mix of investments should also provide greater diversification at lower levels of risk.

New Global Investment Management Structure

		NY	Tokyo	Columbus
Front office	CIOs	✓	✓	
	Portfolio management	✓	✓	✓
	Trading	✓	✓	
	Heads of research	✓		
	Research analysts	✓	✓	✓
	ALM/SAA/Macro research	✓		
	Third party outsourcing	✓		
Risk	Risk	✓	✓	✓
Operations and support functions	Operations		✓	✓
	Compliance and legal	✓	✓	
	Accounting, valuation/pricing		✓	✓
	HR		✓	✓

✓ Primary location(s) ✓ Some presence

Our new organizational structure will create a global investment group led by an executive management team of seasoned investment professionals in key investment functions. Our strategies will be executed locally and led by our regional CIOs in both the U.S. and Japan. Global functions will include ALM and asset allocation, investment outsourcing, global credit, macro research, and global risk management. This new structure will allow us to focus on key investment functions, with teams working under one global process, leveraging their expertise within their respective regions.

Our chief operating officer of the Investment Division will be responsible for all global support functions including technology, human resources and regulatory issues to name a few. This is a brand new focus at Aflac and the structure will ensure we have high caliber middle and back office support for the global investment teams.

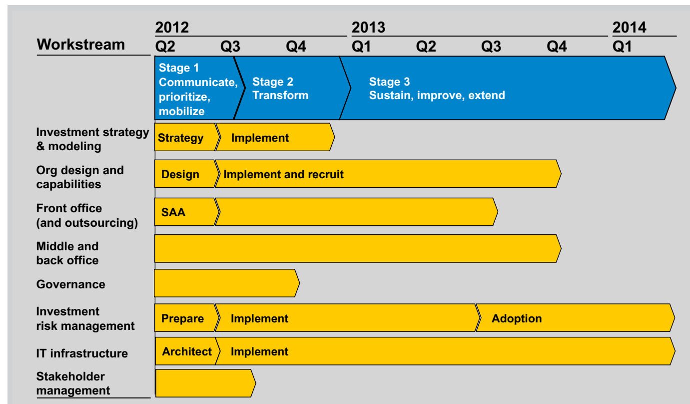
Our investment operations will be located in New York, Columbus and Tokyo. As you can see, our front office functions will be in New York and Tokyo. In addition to our regional CIOs, our New York and Tokyo offices will have portfolio managers, research and trading teams, as well as other global front office functions. Columbus will continue to be an important location designed to support New York and Tokyo, providing risk management, infrastructure and other support for the key investment functions.

New Investment Management Structure Benefits

- Attractive returns with appropriate risks
- Additional expenses within corporate EPS targets
  - » 10 bps yield improvement break-even level
- Generate excess returns that enhance income and EPS

We believe the new organization will provide substantial benefits to our stakeholders by generating attractive returns with appropriate risks. We currently estimate expenditures, including outsourcing, over the next three to five years on this new structure will be three times current levels. Importantly, however, we will be able to invest in our new infrastructure within our corporate EPS targets. As we implement new strategies, we will generate returns that ultimately enhance the value of the investment function. In fact, our current estimates indicate that an additional ten basis points above our current yields will cover the costs of this transformation.

Transformation Roadmap



As Dan indicated, we expect that during the third quarter of this year we will be able to initiate some of the recommendations from the GSAM project. For instance, we will look to buying public, fixed-income, dollar-denominated assets and swapping them into yen. We will also begin our outsourcing program with these new investment strategies. You should expect to see a gradual reduction to our allocation to JGB investments. This will result in a more diverse portfolio that will provide us with better returns and portfolio management flexibility.

The transformation of the investment function is a key component to Aflac's long-term success. Having built investment businesses before, and with over thirty years of investment experience, I look forward to leading our efforts in this transformation. As we move beyond the current state, we are clearly excited about the opportunities before us.

This comprehensive build out is comprised of 35 different project initiatives. As you can imagine, it will include detailed planning around optimal staffing levels, along with finding top caliber talent to join our team. It will also require implementation of sophisticated IT resources to support that team and our vision. Keep in mind that the transformation I've outlined is not immediate, and as you can see from this slide, it will evolve over the next two years.

This outlines both the current state of investments and my vision for the future. The past year has been a period marked by volatility in the markets and, therefore, continuing portfolio derisking efforts for Aflac.

I have no doubt that Aflac Investments will be a world leader, and contribute significant value added for our policyholders and shareholders. I look forward to reporting on our progress regularly and sharing the improved investment results with you.

Product Pricing and Reserving

Susan R. Blanck
Executive Vice President; Corporate Actuary

This presentation contains information regarding product pricing and reserving, as well as claim experience trends. It also includes information that illustrates profit emergence under GAAP. In addition, this year we have added analysis of the profitability of our inforce block of business.

Pricing Assumptions for Aflac Japan and Aflac U.S.

- **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 this 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.

The expense assumptions reflect our actual operational costs. Aflac Japan's cost structure per policy is favorable when compared to other life insurance companies in Japan. Reflecting the efficiency of our operations in our product pricing allows us to maintain a competitive edge in our premium rates.

For Aflac U.S., we tend to base pricing assumptions on our own experience, including some provisions 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
(Aflac Japan)

- **Net level method**
- **Interest Rate – 1.50%**
- **Lapse Rate – lower than or equal to 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 GAAP reporting, where we are allowed to defer certain costs of acquiring business, FSA reporting doesn't make any allowance for the first-year profit strain of issuing a policy. 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. The Japan standard interest rate is the rate required for determining FSA basis reserve. The standard interest rate is based on average 10-year JGB rates over a period ending in September of the prior year using the smaller of the three year average and ten year average. As Kriss covered, if the average yield on the 10-year JGB is 1.075% or lower from July of this year through September, the standard reserving rate will decline to 1.0%. This has an influence on our product pricing and on pricing at other insurance companies, because there can be significant FSA surplus strain when the product pricing assumptions result in lower premiums than those based on FSA reserving assumptions.

Aflac U.S. Statutory Reserve 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 United States, premium rates are filed with each state's Department of Insurance. We must demonstrate that premiums are reasonable in relation 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 U.S. health products, 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	1.50% - 2.75%	1.50% - 2.35%	1.50%
Annuity	1.65%	1.65%	1.50%

As the chart shows, for our major 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. As Kriss mentioned, we are pursuing the repricing of our ordinary product line to accommodate the low-interest-rate environment.

Expected Benefit Ratios by Product

Traditional cancer life	63% - 73%
21st Century Cancer life	50% - 60%
Cancer Forte	48% - 60%
Cancer DAYS	47% - 50%
EVER and Gentle EVER	50% - 60%
Riders to cancer and medical	40% - 53%
Other ordinary life products	60% - 75%
WAYS	65% - 82%
Child endowment	85% - 95%

I would like to review the expected benefit ratios for our major products. The traditional cancer life product that we were selling through the 1990s had a full cash surrender value, or CSV. To offset some of the effect of the 1999 premium rate increase on newly issued cancer life policies, which was caused by a lower assumed interest rate, we elected to reduce cash surrender values. Reducing CSVs kept the premium level attractive to consumers. It also lowered the benefit ratio. Our traditional cancer insurance policies had a benefit ratio range of 63% to 73%. Our current cancer insurance products have benefit ratios that range from 47% to 50%.

The benefit ratios of our medical products are 50% to 60%, including our substandard product, Gentle EVER. The riders to our cancer and medical products range from 40% to 53%. Ordinary life insurance products, including WAYS, have expected benefit ratios from 65% to 82%. Our child endowment product has a higher benefit ratio ranging from 85% to 95%. Please reference Kriss' speech for more detailed information regarding the characteristics of WAYS and Child Endowment.

Aflac U.S. Investment Return Assumptions

	GAAP	Pricing	Statutory
Life/Health	4.75%	4.00% - 5.0%	4.00%

In the United States, all of our currently issued products use a 4.75% investment return for GAAP reserves. That is generally in line with our pricing assumptions. However, we are monitoring interest rates very closely and will lower the Aflac U.S. investment return assumption for products issued in 2012 if rates stay at a low level. For statutory accounting purposes, we use a 4.0% interest assumption for all new business.

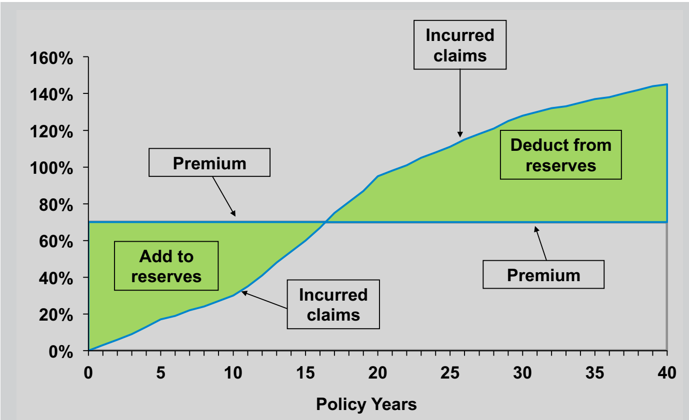
GAAP Reporting

- **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**

For several years now, we have walked you through GAAP reserving and illustrated how favorable claim experience emerges under GAAP accounting rules. Understanding this is an important element in understanding Aflac's current and future outlook as we have experienced favorable claim experience and claim trend on our core health lines.

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 results 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.

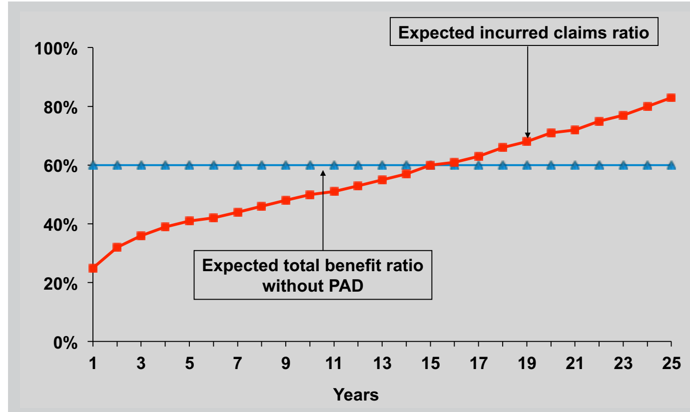
GAAP Experience Emergence Parameters

- **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**
- **Demonstration excludes required interest**

To demonstrate this, 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 tied 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. Required interest is excluded for this demonstration.

GAAP Experience Emergence without PAD

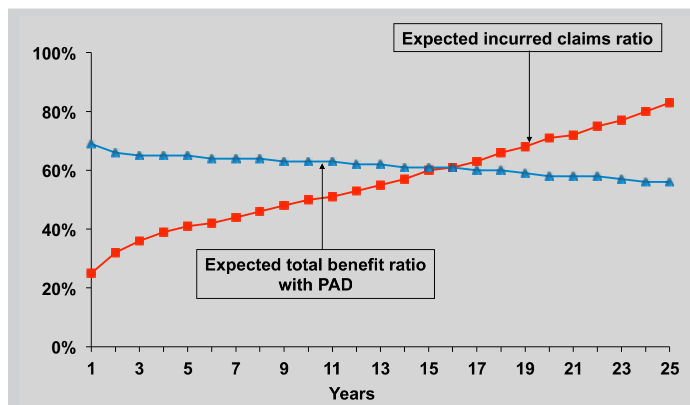
(Ratios to Earned Premium)



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 generally be the same 60% in each year, which is the expected lifetime loss ratio for the product.

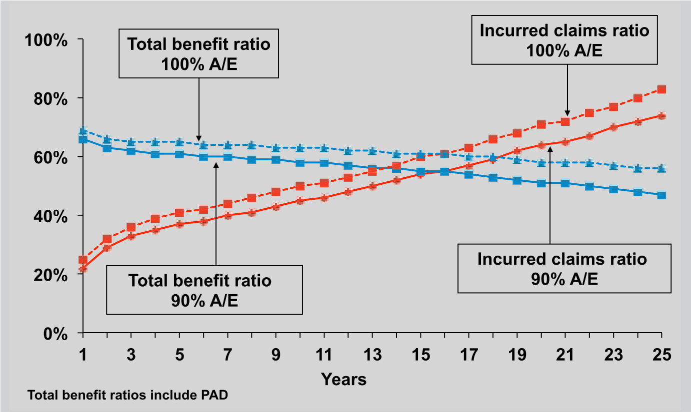
GAAP Experience Emergence with PAD

(Ratios to Earned Premium)



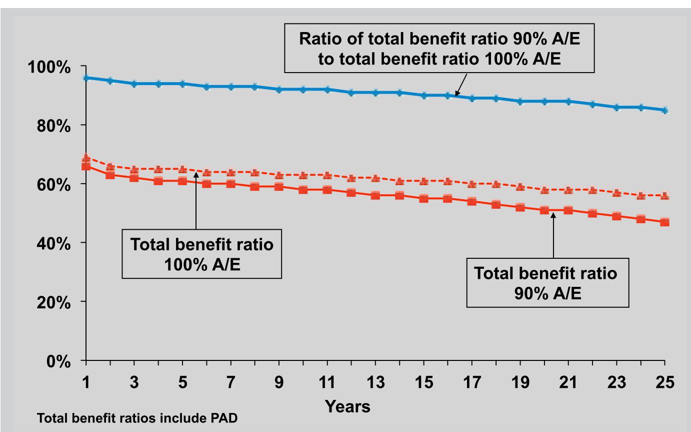
This next chart shows the same expected incurred claims ratios. But this time, the GAAP benefit reserves have been calculated with the required PAD. As you can see, the expected total benefit ratio is no longer flat and is higher than the expected lifetime loss ratio of 60% in early policy years. The 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 released over time as reserves are used 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)



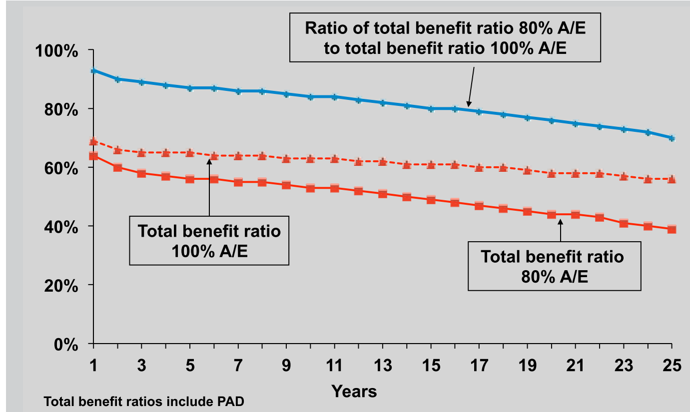
Now, we move on to a demonstration where the actual experience emergence differs from what was expected. This chart includes the original expected total benefit ratios with PAD and incurred claims ratios, but also illustrates the patterns if the actual claim costs emerge at 90% of expected. While the 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)



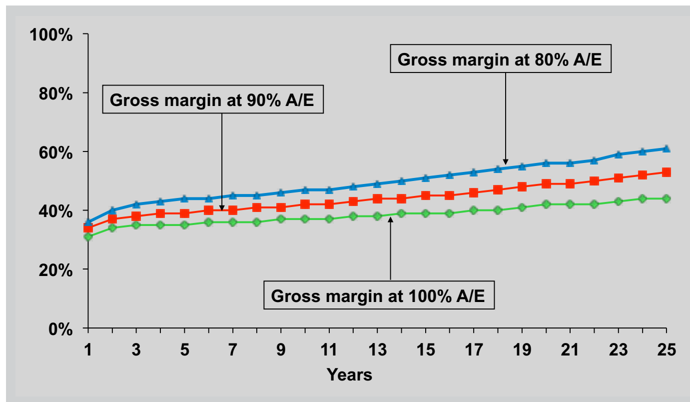
Here, I've added a line showing the ratio of the total benefit ratios under the 90% actual to expected claim emergence to the original expected total benefit ratios. In early policy years, the ratio is between 90% and 100%. However, in later policy years, the ratio is less than 90%. As discussed previously, 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, I'll show 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 pronounced, with a ratio between 85% and 95% in early years, falling well below 75% in later years.

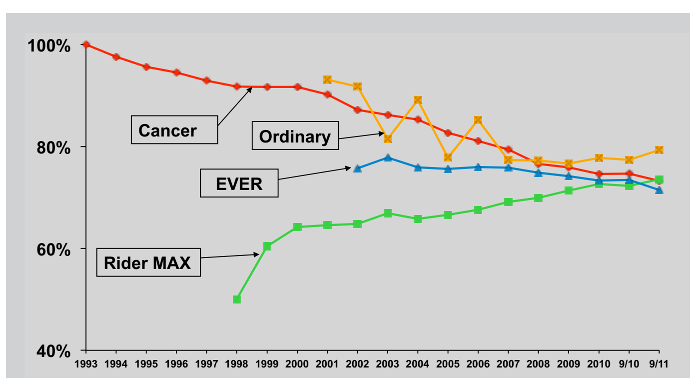
GAAP Gross Margin Scenarios



Finally, let's look at how gross margins emerge under each scenario. While the gross margins under each scenario 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. Tabular Claims
(Tabular = 100%)



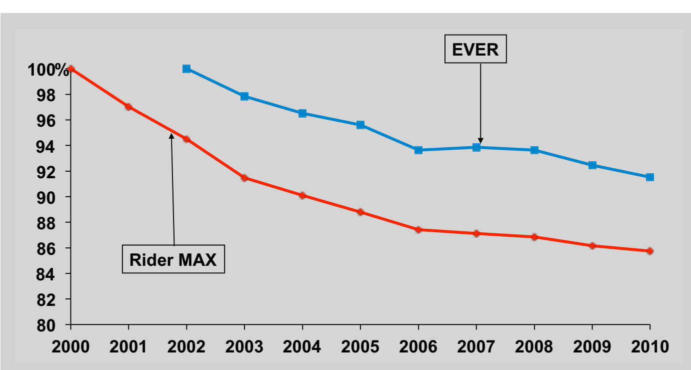
The characteristics of GAAP reserving that I just described are reflected in the trend of our total benefit ratio in Japan. As Kriss mentioned in his speech, we have experienced favorable claim trends for our core health products in Japan. Actual cancer life claims as a percentage of tabular claims have declined since 1993 and were about 73% as of September 2011. EVER claims have also been lower than our original expectation since that product's introduction in 2002.

The ordinary product line also shows favorable ratios. However, favorable claim ratios for ordinary products have a smaller impact on profits than favorable claim ratios in third sector products. This is because cash values make up a large part of the benefit ratio.

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. In addition, Japan has adopted a strategy to realize a moderation of medical expenses. These measures include numerical targets for average hospital days, targets for implementation of specified health guidance for patients and numerical targets for a decrease in patients with metabolic syndrome which is akin to pre-obesity and obesity. All of these measures have target achievement dates of 2012.

Aflac Japan Trends in Sickness Hospitalization

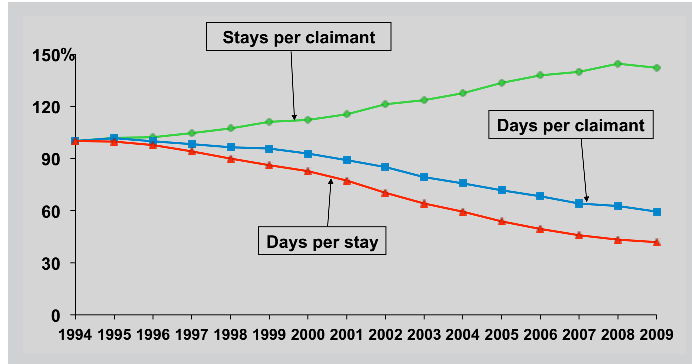
(Average Length of Stay)



We have seen the effect of these actions in our actual experience. For example, with the sickness hospitalization benefit, we have seen a generally 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)

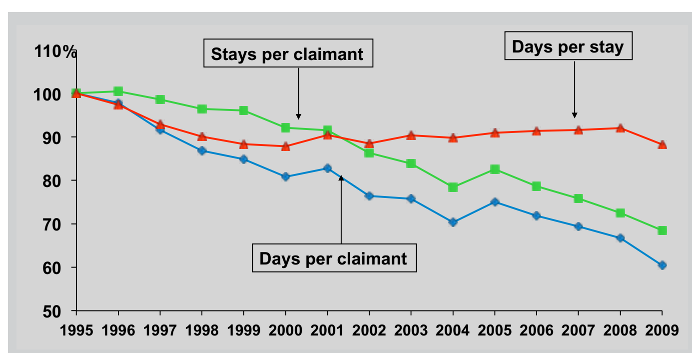


Cancer treatment patterns in Japan are being influenced by significant advances in early-detection techniques and by the increased use of pathological diagnosis rather than clinical exams. Follow-up radiation and chemotherapy treatments are occurring more often on an outpatient basis. Such changes in 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.

While the average length of stay per hospitalization has declined, the number of hospital stays per claimant has generally been increasing. However, in our analysis this year, we saw the stays per claimant decline slightly. Our analysis of claims data shows that the total number of days hospitalized per claimant is declining, but at a slower rate than the average length of stay per hospitalization. In spite of the slight decline in stays per claimant in the most recent analysis period, we anticipate that the trend toward more hospital stays of shorter durations will continue going forward.

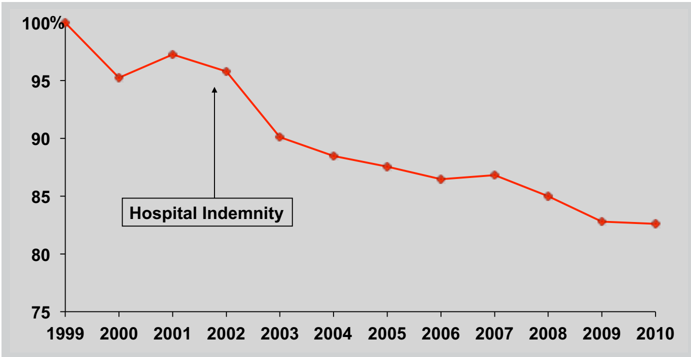
Aflac U.S. Trends in Cancer Hospitalization

(Cancer Only, 24-Month Runoff)



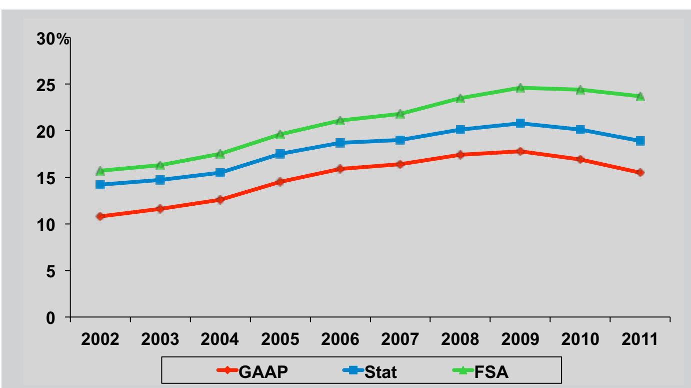
In the United States, we are seeing a trend toward greater use of outpatient treatments for cancer. The average days per hospital stay for cancer treatment has leveled off in the last few years. The average number of hospital stays per claimant and the total hospitalization days per claimant had a slight uptick in 2005, but both have declined considerably in recent years. This is expected to continue as more and more treatments are performed on an outpatient basis.

Aflac U.S. Trends in Hospitalization
(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 generally downward trend in the average length of stay per hospitalization. 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.

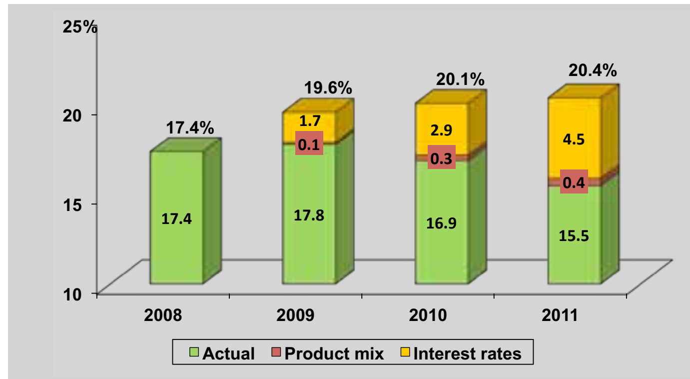
Aflac Japan Gross Premium Valuation Net Position by Reporting Basis
(% of Present Value of Premium)



Each year, we evaluate the net position of our in-force block using a gross premium valuation. This analysis projects financial elements of our in-force block of business through time and determines the expected margin for that block of business. The expected margin is expressed as ratio of the future profits to the present value of future premiums. The future profits are determined by taking the current reserve for each reporting basis and adding in the present value of the net future cash flows, or premiums less claims and expenses. The present values are determined by discounting cash flows using our projected portfolio rates and by reflecting anticipated future new money rates. It should be noted that this is an actuarial calculation and is generally constructed with some conservatism in the underlying assumptions.

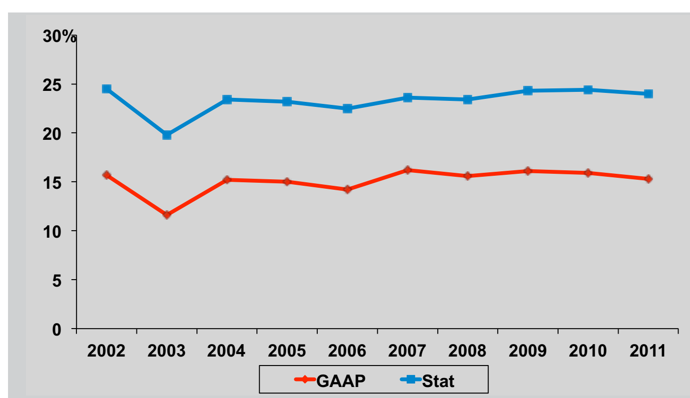
Since our reserving basis is different for GAAP, FSA and statutory, the expected future profit emergence will be different for each basis. Statutory and FSA results were fairly similar in the early 2000s, with projected net margins of 14.2% and 15.7%, respectively, compared with a GAAP result of 10.8%. Since that time, the conservatism of FSA reserves has grown, which results in the FSA net margin diverging from statutory. Our net margin in Japan peaked in 2009 at 24.6% on a FSA basis, 20.8% on a U.S. statutory basis, and 17.8% on a GAAP basis. Since that time, our net margin has declined to 23.7%, 18.9% and 15.5%, respectively.

The Impact of Mix Change and Rates on Aflac Japan Gross Premium Valuation
(GAAP Basis, % of Present Value of Premium)



This decline is largely the result of low portfolio rates and low new money assumptions in the future. In fact, our 2011 net margin on a GAAP basis would be 4.5% higher if we discounted our future cash flows using our 2008 portfolio rates and 2008 new money assumption. In 2008, the year started with the portfolio at 3.64% and new money was at 2.95%. In 2011, the year started with the portfolio at 3.08% and new money was at 2.25%. Had the product mix stayed constant from 2008 to 2011, the net margin would have been an additional 0.4% higher. However, it should be noted that the 2011 net margin benefited by 1.4% due to downward claim trend on our cancer product line versus 2008. I would also point out that we have not assumed continued improvement in cancer claims in our projection of future cancer claims.

Aflac U.S. Gross Premium Valuation
(% of Present Value of Premium)



Aflac U.S. gross premium valuation results have been very stable at 15% to 16% for most years on a GAAP basis.

I hope that this information provides a strong foundation for understanding how our products are priced as well as how the profit from those products emerges.

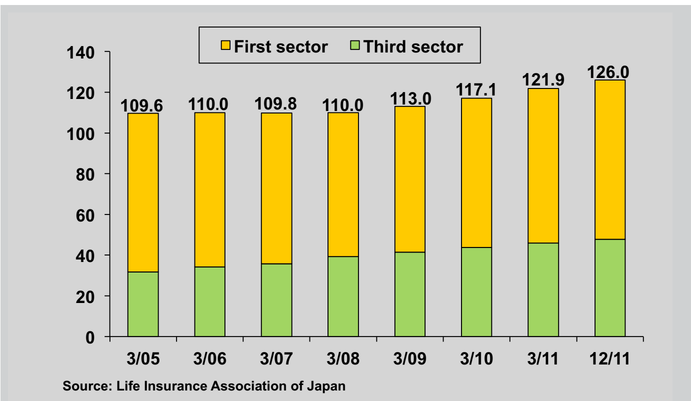
Section II
Aflac Japan

Overview of Aflac Japan

Tohru Tonoike
President and Chief Operating Officer, Aflac Japan

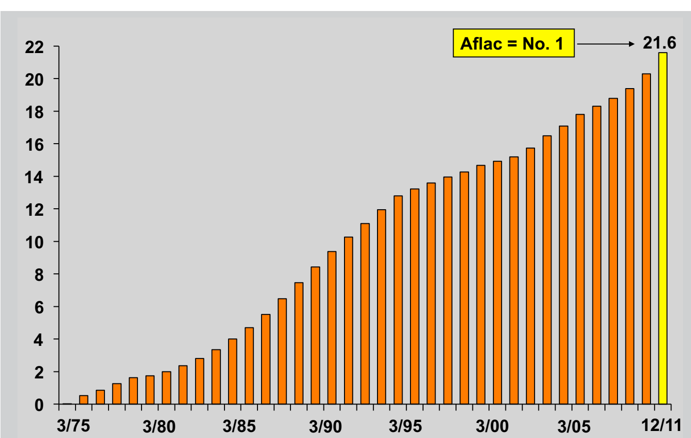
I would like to outline the insurance market in Japan and Aflac Japan's business management.

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



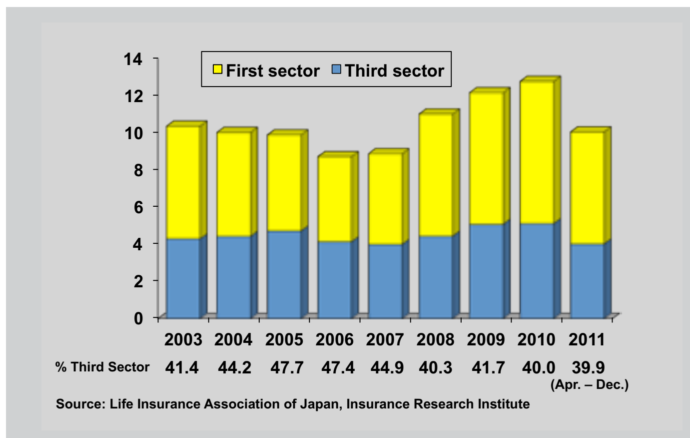
The number of life insurance policies in force in Japan increased last year due to strong bank sales and the growth in the policy count of third sector products, including cancer and medical insurance. The total number of policies in force for all life insurers at the end of December 2011 was 126 million, up about 4.1 million from the end of March 2011. I want to mention that many of the numbers we use in our presentations refer to numbers on an FSA basis. Let me remind you that the FSA operates on a fiscal year of April 1 through March 31.

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



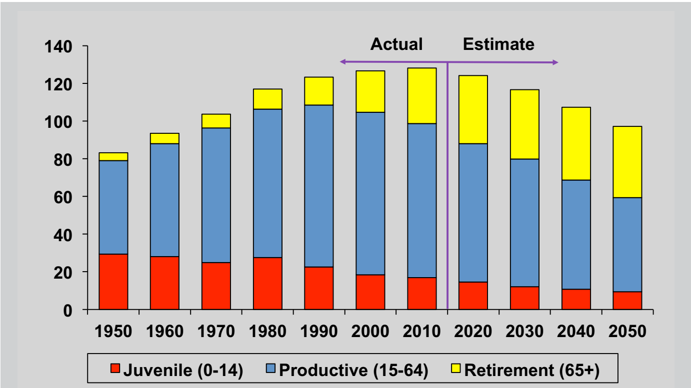
Aflac Japan's number of policies in force has been steadily increasing over the past 37 years, as a result of growth in new business and the high persistency of our in-force business. We established a solid position as Japan's number one life insurance company in terms of the number of individual policies in force in fiscal year 2003 and have remained number one since then. Aflac's number of policies in force at the end of December 2011 exceeded 21.6 million and accounted for 17% of the total number of individual policies in force of all life insurers in Japan.

Third Sector Contribution to Life Insurance Industry New Policy Sales
(FSA Basis, In Millions)



The total number of new stand-alone life insurance policies in Japan, including first sector and third sector products, declined from fiscal year 2003 through fiscal year 2006. However, this number turned upward in fiscal year 2007. This increase reflects the fact that life insurance statistics began including new policies sold by Kampo, previously known as Japan Post Insurance. Kampo, a company that exclusively sells first sector base policies, took over the postal life insurance operation following the start of the privatization process in October 2007. Although the inclusion of Kampo in the total life insurance new business increased the overall first sector contribution, thereby reducing the overall third sector contribution, the third sector still accounts for about 40% of combined sales. We believe consumers continue to find value in products that provide living benefits, such as cancer and medical.

Japan's Aging Population and Declining Birthrate
(In Millions)

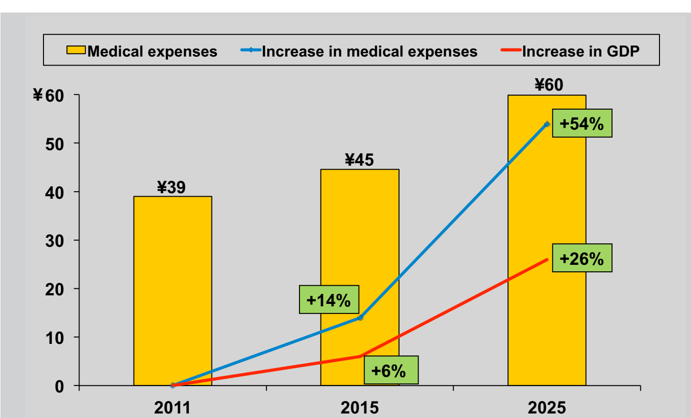


Source: National Institute of Population and Social Security Research, Future Estimated Population of Japan, 1/12

One major reason consumers choose living benefits centers around Japan's rapidly aging society. According to the latest results of the national census, which is carried out every five years, it was in 2010 that Japan's population peaked. Currently, the number of deaths has been exceeding the number of births, resulting in a population decline. Japan's population was 127.8 million as of October 2011 and is anticipated to drop below 100 million by 2050. To support this forecast, let me share with you some results of population estimate conducted by Japan's Ministry of Internal Affairs and Communications at the end of March 2011. According to this estimate, 40 out of Japan's 47 prefectures saw a decline in population. As a large portion of the baby boomers are now starting to reach retirement age, the population aged 65 and older will surpass 30 million, accounting for more than 23% of the Japanese population by the end of 2012.

What's more, the primary reason for Japan's shrinking population is its low birth rate. The birth rate was 1.39 in 2011, far below the estimated level of 2.08 that is required to maintain a stable population size. The population in Japan is expected to continue to decline because young people represent a declining percentage of the total population, as the birth rate remains very low.

National Medical Expenses
(In Trillions)

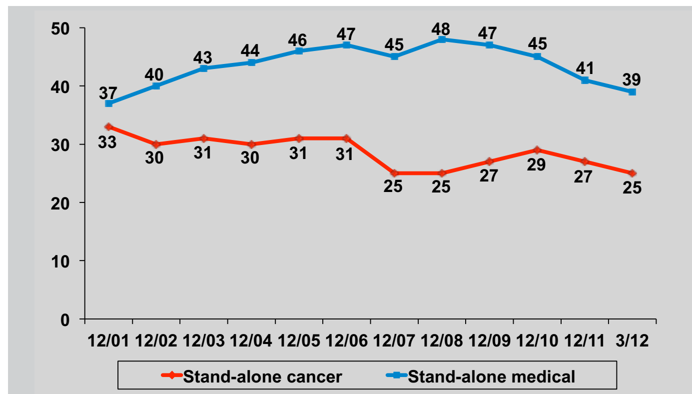


Source: Ministry of Health, Labor and Welfare, 12/11

Japan has a national health care system that covers all Japanese citizens. However, as fiscal resources are tight in all areas, including medical, nursing care and pension benefits, it is clear that the difficult fiscal situation will persist going forward. According to the government's estimates, the nation's medical expenses will increase by ¥6 trillion by 2015 and ¥21 trillion by 2025. As you can see, the growth of medical expenses is significantly outpacing GDP growth.

Because of the rapidly aging population and higher copayments for medical expenses, the market for third sector products has been steadily expanding, and this trend is expected to continue. As a natural consequence, the competition among private insurers in the third sector market has intensified. However, we believe we can expand our leading position as the third sector market continues its growth in the future.

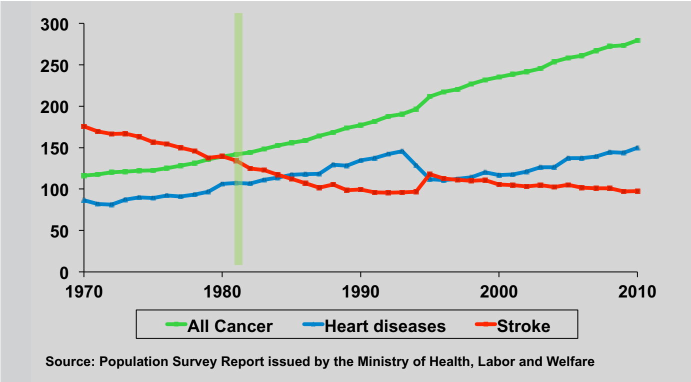
Competitors in the Third Sector
(Number of Life and Non-life Insurance Companies)



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

When Aflac began its operations in Japan in 1974, we were the first life insurance company to sell cancer insurance in Japan. However, mid-sized insurers and other foreign insurers followed suit and entered the market in the early 1980s. This market was opened to all life and non-life insurers in 2001. As of April 2012, Japan had a total of 39 competitors selling stand-alone medical products and 25 selling stand-alone cancer products, including both life and non-life companies. While this represents slight declines from previous years in the actual number of competitors, it doesn't mean the threat from competitors is lessening. The merger of some non-life insurers resulted in the merger of their subsidiary life insurers, thereby reducing the total number of competitors. Given a series of new product launches and product revisions in the pipeline from our competitors, we believe the market for third sector products will remain very competitive.

Leading Causes of Death 1970 - 2010
(Number of Deaths per 100,000 People)

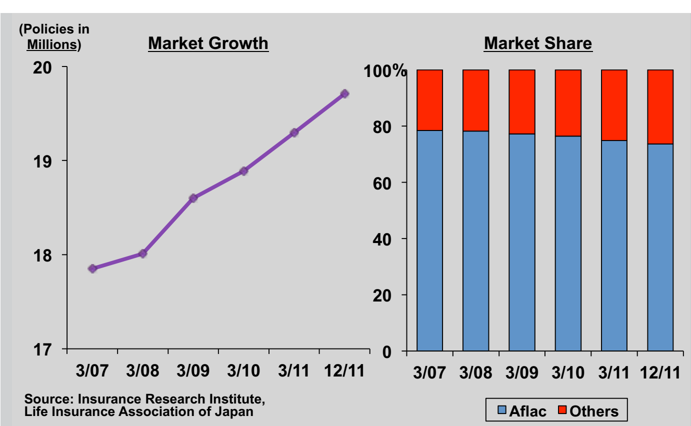


The number of Japanese who are diagnosed with cancer has been increasing since cancer became the leading cause of death in 1981. In 2010, one out of every three deaths in Japan was related to cancer. Cancer-related deaths exceeded the number of deaths from heart attacks and strokes combined, which are the second and third cause of death.

In addition, 2005 statistics from the Foundation for Promotion of Cancer Research indicate that approximately 54% of men and 41% of women will be diagnosed with cancer in their lifetime. Because cancer has become such a relatively common disease in Japan, the government enacted the Cancer Control Act in 2006. In the following years, governments' efforts to educate the public about cancer and the importance of early detection have heightened cancer awareness among the Japanese population.

In addition, cancer treatments are going through significant advancements and becoming increasingly diverse. For example, more patients are receiving anticancer drug treatments and radiation therapy. Cancer remains the most expensive illness to treat in Japan. Consequently, I believe it is natural for the public to have higher expectations from cancer insurance to assist with the fight against cancer.

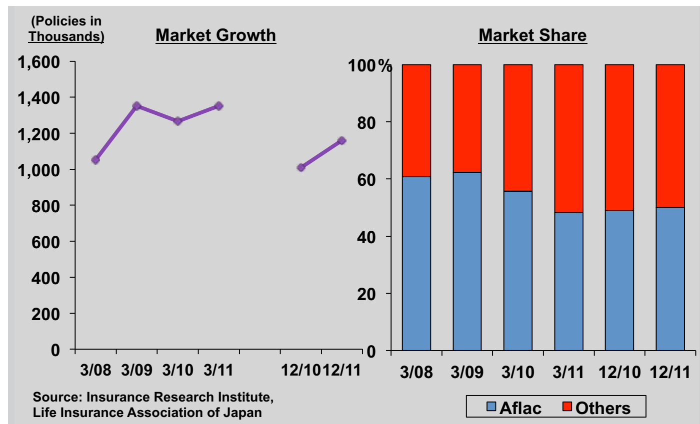
Aflac's Share of In-Force Business: Cancer
(FSA Basis, Stand-alone, Life Industry Only)



Next, I would like to show you some data related to Aflac Japan's core lines of business: cancer and medical products. These slides reflect FSA-based fiscal year data and include products sold only by life insurers. The data reflects the latest figures based on each life insurer's financial statements for the third quarter of fiscal year 2011 and December 2011. Additionally, some non-life insurers also sell medical insurance products. Because third sector sales data is not disclosed by non-life companies, we were not able to include it in the statistics shown on these slides.

The graph on the left side shows that the number of policies in force for stand-alone cancer products in the life insurance industry is growing each year. The graph on the right side illustrates Aflac Japan's share of in-force business for cancer insurance. Aflac Japan remains the market leader, with a year-end 2011 market share of 74% of in-force cancer business.

Aflac's Share of New Business: Cancer
(FSA Basis, Stand-alone, Life Industry Only)



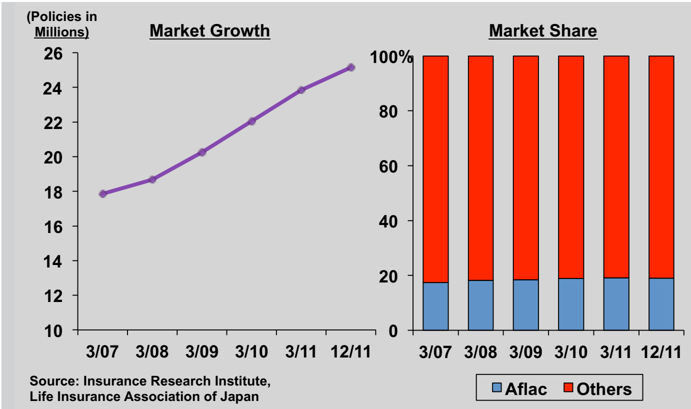
As shown in the graph on the right side, Aflac's share of new business for cancer insurance remains high at 50% for the April to December 2011 period. Aflac's share rose in 2011 thanks to the strong sales of cancer DAYS released in March 2011. This enhanced product has benefits that provide extensive coverage for outpatient treatments in light of the changing landscape in cancer treatment. This feature attracted a lot of consumers, further reinforcing our market position.

At the same time, as I mentioned, we vigorously promoted partnerships with local governments in cancer prevention and education and we have partnership agreements with all of the 47 prefectures in Japan. Following the enactment of the Cancer Control Act, local governments and consumers are increasingly aware of the necessity for cancer prevention and insurance. Because Aflac is the pioneer of cancer insurance coverage, consumers have placed their trust in our company and our products.

We work hard each day to be good stewards of that trust. A big part of that means continuing our never-ending efforts to create superior products that remain relevant to diverse consumer needs while also providing valuable information to consumers about cancer prevention, coverage, and cutting-edge treatments.

Aflac's Share of In-Force Business: Medical

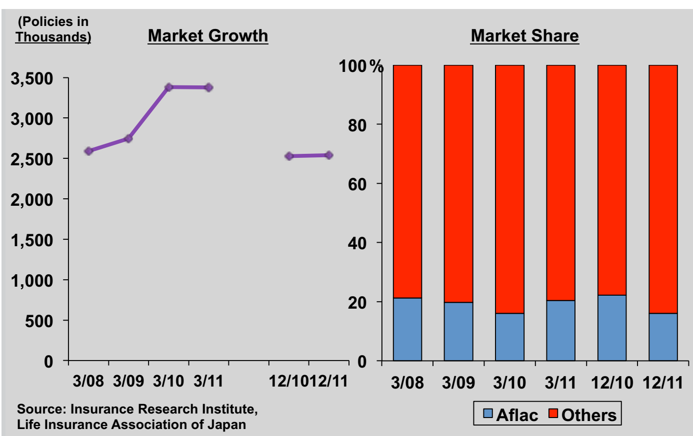
(FSA Basis, Stand-alone, Life Industry Only)



This slide illustrates the growth of policies in force for stand-alone medical insurance and Aflac Japan's share of that market. Aflac had a 19% share of in-force business at the end of December 2011. Although we were not the first insurer to enter the medical insurance market in Japan, we quickly became the leader in that market when we launched EVER in 2002. And we are committed to remaining in that position.

Aflac's Share of New Business: Medical

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



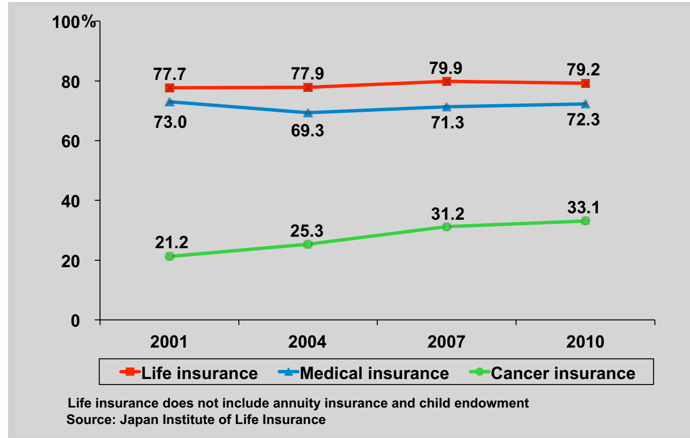
Aflac Japan's share of new business for stand-alone medical insurance was 16% for the April to December 2011 period. As we have previously discussed, competition in this market remains high.

In 2009, we revised our EVER medical product to include enhanced surgical benefits and gender-specific premium rates. Most recently, in January 2012, we further strengthened our medical portfolio with an upgrade to our New EVER product, improving it to include even more advanced medical treatment options than its predecessor. Mr. Ariyoshi will cover the benefits of this product later.

In line with the product revision, we created a more powerful version of the Maneki Neko Duck, called Maneki Neko Duck X. We will vigorously promote this revised New EVER using the new character.

Insurance Product Penetration

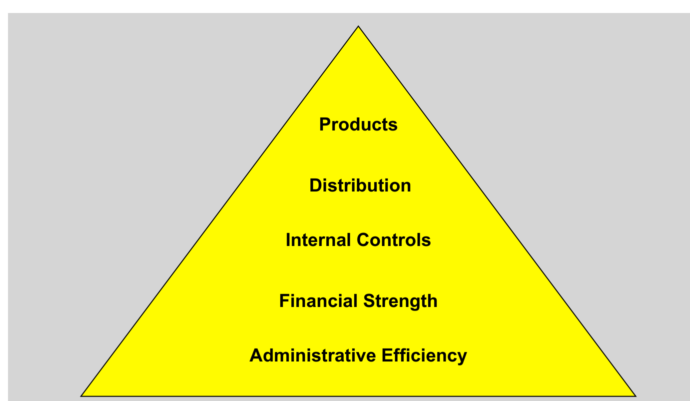
(Individual Basis)



This slide illustrates market penetration rates for various insurance products in Japan. In 2010, 79.2% of Japanese citizens were covered by some type of life insurance. Although the market penetration for cancer insurance has increased over the last 10 years, it is still only 33%. With cancer being the leading cause of death, combined with the fact that cancer is a disease of age and Japan's population is aging, the need for cancer insurance will intensify. Additionally, we believe the recent efforts by the government at both the national and local level to promote cancer awareness will further drive consumer demand for cancer insurance.

Meanwhile, medical insurance penetration stands at 72.3%. Although this number is much higher than cancer, we see opportunity for further growth. While the national health care system provides some level of coverage for citizens, it does not cover all expenses. Over the last three decades, Japanese consumers have been required to pay more out of their own pockets toward their health care. As I stated earlier, because of Japan's rapidly aging population, low birth rate and the likely increase in national health care expenses, I believe there is opportunity for expansion in the medical insurance market.

Aflac Japan's Competitive Strengths



Aflac Japan has five key competitive strengths that help us stand out within the industry. These competitive strengths include: products, distribution, internal controls, financial strength and administrative efficiency. We have consistently maintained our competitive edge in these areas and anticipate that strength to continue.

Mr. Ariyoshi and Mr. Shinkai will offer some information about products and distribution later in their presentations. But I want to emphasize that we are focused on remaining the leading provider in the third sector market and are committed to providing competitive products that match the needs of our consumers. In addition, we will further reinforce our existing channels such as traditional channels and bank channels. At the same time, we plan to integrate all these channels effectively to further increase the productivity.

Let me move on to internal controls and financial strength. In recent years, financial institutions around the globe have come under increasingly intense scrutiny of their risk management procedures. Aflac Japan has implemented an internal control assessment based on the J-SOX Act, which is the Japanese version of the U.S. Sarbanes-Oxley Act. In addition, we continue to focus on enhancing our robust corporate governance system by further strengthening compliance and internal audit systems and by adopting comprehensive integrated risk management processes.

At the same time, as we strive to improve our administrative efficiency, we will aggressively pursue business process improvements and IT infrastructure enhancements to reinforce efficient and accurate policy administration. I believe this will enable us to continue to provide customers with quality services and build upon our strengths in this increasingly competitive third sector market.

Japan's Public Policy and Regulatory Environment

Charles D. Lake II
Chairman, Aflac Japan

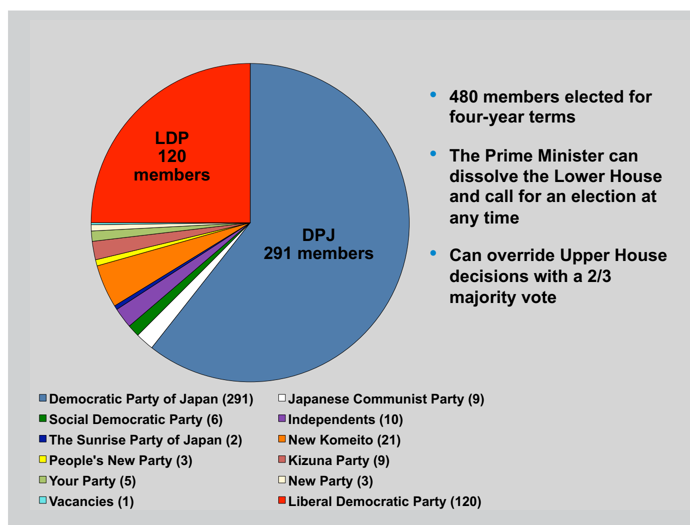
Before I delve into recent political developments and the policy environment, please allow me to take a moment to give a quick overview of the Japanese political system and how it works. I realize this may be familiar ground for many of you, but I hope you will find it useful.

The Japanese Government

- **Constitutional monarchy with parliamentary government**
- **Bicameral parliament**
  - » **House of Representatives (Lower House)**
  - » **House of Councillors (Upper House)**
- **Executive power vested in a cabinet composed of a prime minister and ministers of state (all civilians)**
- **Prime minister must be member of parliament and is chosen by peers**

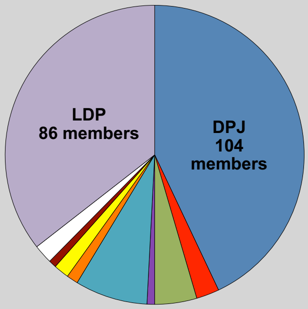
Japan is a constitutional monarchy with a parliamentary government. Sovereignty is vested in the Japanese people, with the Emperor defined as the symbol of the state. Japan's government is a parliamentary democracy, with a House of Representatives, or "Lower House," and a House of Councillors, or "Upper House." Executive power is vested in a cabinet composed of a prime minister and ministers of state, all of whom must be civilians. The prime minister must be a member of parliament, which is known as the "National Diet" in Japan, and is chosen by his or her colleagues. The prime minister has the power to appoint and remove ministers, a majority of whom must be Diet members.

House of Representatives
(Lower House)



The Lower House has 480 members elected for four-year terms. The Lower House can be dissolved and an election called at anytime by the Prime Minister, which means that its election schedule is not fixed. The last Lower House election was held in August 2009 and resulted in a landslide victory for the Democratic Party of Japan, or DPJ. The next Lower House election must be held no later than summer 2013.

House of Councillors
(Upper House)



- **242 members elected for six-year terms**
- **Elections held every three years, for 1/2 of seats**

The Upper House has 242 members elected for six-year terms. Upper House elections are held every three years, during which one-half, or 121, of the Upper House seats are contested. The last Upper House election was held on July 11, 2010, and resulted in significant losses for the DPJ and its coalition partners. The next Upper House election will be held in the summer of 2013.

Control of the Government

- **The Lower House is the key to gaining control of Japan's government.**
- **A bill passed by the Lower House, but voted down by the Upper House, can be overridden by the Lower House with a two-thirds vote.**
- **In the case of disagreements over treaties, the budget, and the selection of the prime minister, the Lower House decision becomes the will of the Diet.**
- **The president of the majority party generally serves as prime minister.**

The Lower House has several powers not given to the Upper House, making it the key to gaining control of Japan's government. For example, if a bill is passed by the Lower House, but voted down by the Upper House, the Lower House can override the decision by a two-thirds vote. In the case of treaties, the budget, and the selection of the prime minister, however, if the two houses reach different decisions that cannot be resolved, the decision of the Lower House becomes the will of the Diet. As a result, the party that controls a majority of seats in the Lower House holds the reins of power. And the president of that party generally serves as prime minister.

Political Parties and Coalitions

- **Japan's political parties often form partnerships, or coalitions, with other parties.**
- **The Democratic Party of Japan (DPJ) currently has a coalition with the People's New Party.**

Japan's political parties include:

- **Democratic Party of Japan**
- **Japan Communist Party**
- **Liberal Democratic Party**
- **New Komeito**
- **New Reform Party**
- **People's New Party**
- **Kizuna Party**
- **Social Democratic Party**
- **Sunrise Party**
- **Your Party**

Japan has two major political parties, the Democratic Party of Japan, which is now in power, and the Liberal Democratic Party, or LDP, which held power nearly uninterrupted from 1955 to 2009. There are a number of other political parties that vary in size and influence, including New Komeito, Your Party, the Japan Communist Party, the Social Democratic Party, and the People's New Party.

Political parties in Japan's parliamentary system often form partnerships, or coalitions, including in cases when they need to gain a majority in one or both houses of the Diet for the purposes of passing legislation. The ruling DPJ currently has a coalition with the People's New Party.

Japanese Government in Transition

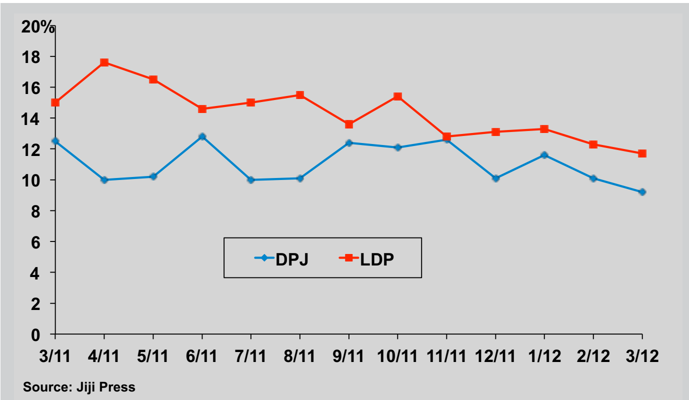
- **The DPJ wins historic election in September 2009 and establishes first real non-Liberal Democratic Party (LDP) administration in post-war period.**
- **The DPJ attempts to consolidate policymaking and governmental control within the Cabinet, contributing to disarray in policymaking process.**
- **Major DPJ defeat in July 2010 election leads to "twisted," or divided, Diet, where the DPJ controls the Lower House, but not the Upper House.**
- **Defeats in nationwide local elections in April 2011 followed by a small number of defections further undermine DPJ leadership.**

In the August 2009 general election, the DPJ won an overwhelming majority of seats in the Lower House, resulting in a historic change of government from the LDP's more than five decades as the ruling party. The people of Japan voted for change with high expectation for results. In the months that followed, funding scandals and weak leadership related to making an uncharted transition from being in opposition to actually governing contributed to a decline in public support and ultimately a major defeat in the July 2010 Upper House election. This defeat created difficult political circumstances, including a divided parliament, or so-called "twisted Diet," whereby the DPJ has a majority in the Lower House, but not in the Upper House. Following the Great East Japan Earthquake, the people of Japan expected the two major political parties to overcome their differences and the problems associated with the twisted Diet. But both the DPJ and

LDP failed to come together to execute the broad reforms and policy initiatives that would provide breakthrough changes to address long-standing structural problems. Prime Minister Naoto Kan, the second prime minister under DPJ administration resigned taking responsibility for his handling of the March 11 crisis hoping to reenergize support for the ruling party.

Major Political Party Approval Ratings

(March 2011 to Present)



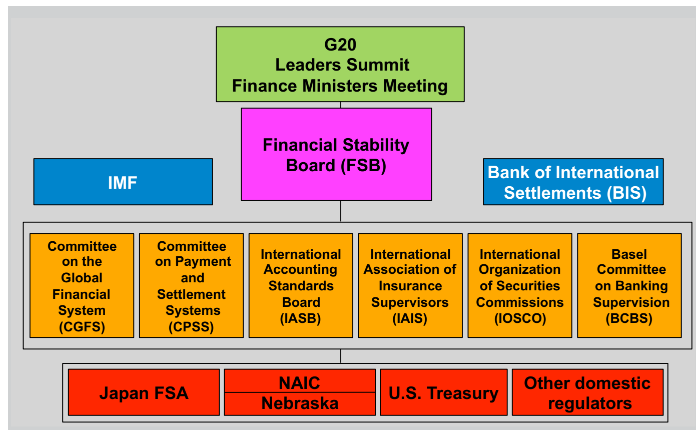
Since taking office in August 2011, Prime Minister Yoshihiko Noda has laid out his Administration's highest policy priorities for the near term. As a former Finance Minister and fiscal hawk, Mr. Noda is trying to balance the need for fiscal austerity with economic revitalization, which is one of his Administration's top priorities. However, implementation has not been easy, given the twisted Diet where the ruling DPJ no longer holds a majority in the Upper House. This situation makes it necessary for the DPJ to gain the cooperation of the largest opposition party, LDP in order to have legislation pass the Diet. Until now, except with regard to measures specifically related to post-March 11 disaster recovery, the opposition has taken a largely obstructionist stance, refusing to cooperate in the policy process and, at the same time, calling for the Prime Minister to dissolve the Lower House and call a general election. The resulting policy paralysis has driven down public support ratings, as will be discussed shortly, and could spur a general election in the coming months. Furthermore, in September of this year both the DPJ and LDP will hold presidential elections increasing the likelihood of a new Prime Minister for Japan in the short to mid-term.

A recent Jiji Press opinion poll shows a large majority, or 70%, of voters do not support any of Japan's political parties, a statistic which for the most part, has been consistently rising over the past year. Consequently, support for both major parties has decreased in the last year. The ruling DPJ has seen support hover between 10% and 12% for the most part of the year, dropping to 9.2% in the most recent poll. Meanwhile, support for the opposition LDP remains low as well, albeit slightly higher than that for the DPJ at 11.7%. However, support for the LDP has dropped more than 5% over the past year, due in part to its refusal to cooperate with the government to pass needed policies. In light of these poll results, moving forward it seems likely the LDP and DPJ will make greater efforts to cooperate in a bid to lessen the public dissatisfaction with both parties that the political stalemate has brought on.

In the next two years, even if a general election is not held in the coming months, given that the terms of office for both the Lower House (all 480 seats) and Upper House (one-half, or 121 of the 242 seats) will expire next year as discussed above, a so-called "double election" may be held in the summer of 2013. A double election often gives the winning government a majority in both houses. This in turn enhances the ability of a government to pass legislation to implement its policy agenda. All in all, elections are coming again and this fact is driving the short-term oriented behavior of the members of the Diet.

Before giving an explanation of how this phenomenon shapes the current domestic political situation, and in turn Japan's business and regulatory environments going forward, I would like to first discuss other factors, including the global financial regulatory environment, that also play a role.

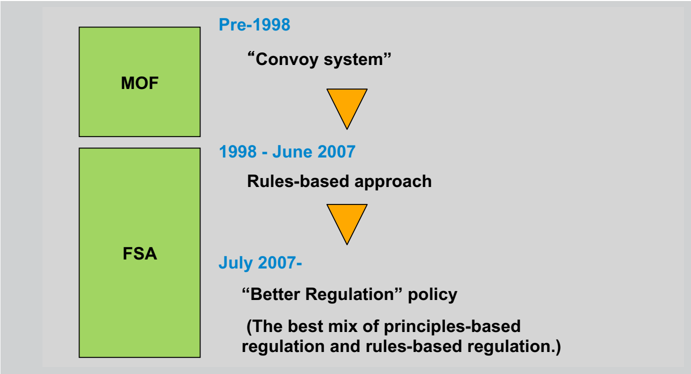
Newly Emerging Regime for the Development of International Financial Standards



In light of lessons learned from the global financial crisis, countries are working in international settings to develop financial standards with the aim of strengthening the global financial system and ensuring financial stability. In this context, Japan is working to make sure that its domestic financial regulation is in line with current international standards, and to play a constructive role in the development of the global financial regulatory regime. Developments on the international stage are being led by the G20 and the Financial Stability Board.

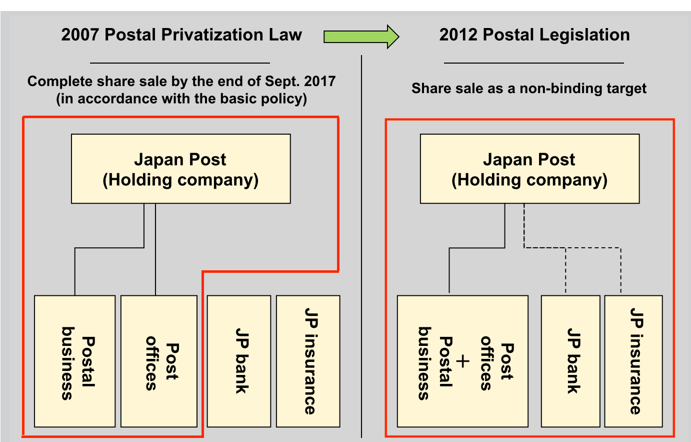
The International Association of Insurance Supervisors (IAIS) is tasked with setting, implementing, and assessing international standards in the insurance industry and promoting coordination among supervisors. The IAIS recently revised its Insurance Core Principles and is currently in the process of formulating a common framework for the supervision of internationally active insurance groups, or ComFrame as it is known. Aflac is watching global financial regulatory developments closely. The Company is an observer at the IAIS and I currently serve as chair of the American Council of Life Insurers' International Committee, which also monitors developments.

Progress in Financial Regulatory Reform



Japan's financial system has changed dramatically in the past two decades. The old Ministry of Finance emphasized maximum control, industry protection, and the use of informal administrative guidance based on its "convoy system" philosophy. The FSA replaced this philosophy with a rules-based regulatory approach, which relies on transparency and the notion of self-responsibility by financial institutions. In recent years, the FSA has taken further steps to achieve the best mix of principles- and rules-based regulation, calling this the "Better Regulation" initiative. Along with the Better Regulation initiative, the FSA maintains a proactive approach and continues its role in helping to maintain financial system stability, improve consumer protection and convenience, and establish fair, transparent, and vibrant markets. In light of the lessons learned from the global financial crisis, while the FSA has maintained its Better Regulation initiative, it has become more proactive, especially in enterprise risk management for instance, which includes investments. Also, in light of the ruling DPJ's policy priorities, the FSA has been paying particularly close attention to such issues as protection of personal information, claims payments, and management of customer complaints.

Postal Reform Developments



In 2005, legislation aimed at privatizing Japan's postal system (Japan Post) was enacted into law. The privatization laws split Japan Post into four operating entities that began operations in October 2007. In March 2012, the DPJ, LDP, and New Komeito (Komeito) reached agreement on legislation that would amend the Postal Privatization Law. The new legislation will, for example, merge two of the postal operating entities (the one that delivers the mail and the one that runs the post offices); remove the requirement to fully privatize the postal financial institutions (Japan Post Insurance (JPI) and Japan Post Bank); and mandate the "universal" and "integrated" provision of postal delivery, banking, and insurance businesses through the Japan Post network.

In regards to business expansion, until 50% of the shares of JPI are disposed of or sold, the exact same approval procedures that we've lived under since October 2007 will remain intact. That is, in addition to product approval procedures that all companies, including ours, have to follow, JPI must seek additional approval from the Prime Minister (delegated to the FSA Commissioner) and Minister of Internal Affairs and Communications (in charge of the post office). Those ministers, before granting any such approval, in turn would have to listen to the opinions of the Privatization Commission (which in the past has held hearings and public comment opportunities related to any changes to Japan Post business). In other words, in terms of the scope of Japan Post business, the new legislation, will not immediately or definitively change the scope of Japan Post's presence in the market.

Once 50% of JPI's shares are disposed of or sold, however, the product approval procedures would become simpler – the FSA Commissioner and Minister of Internal Affairs and Communications would have to be notified, but the other extra pre-approval requirements would be eliminated. It is unclear if or when that 50% threshold will be passed, particularly since the new legislation will eliminate the deadline for selling shares and some experts believe that the shares will never be sold. Moreover, as a practical matter, before it could sell a single share, the Japan Post Holding Company would have to first go through an initial public offering (IPO) process which will require significant work to prepare with an uncertain timeline given the regulatory approval process and listing requirements.

Thus, we do not expect that the Japan Post Insurance will be permitted to expand its business in near term given the numerous steps required to obtain the approval of the government.

As you likely know, Aflac's cancer products are sold through 1,000 post offices around Japan. Japan Post has historically been a popular place for consumers to purchase insurance products. At the current time, it is not possible to predict with any degree of certainty what impact, if any, the new legislation will have on Aflac Japan's operations. Regardless, we believe that postal reform is unlikely to change Aflac Japan's good relationship with the post office company.

At the same time, the legislation has met with widespread opposition by domestic industry groups. For example, the Life Insurance Association of Japan as well as the Japan Bankers Association, Regional Bankers and other domestic groups have all released statements in opposition to the new legislation. International industry groups have also expressed opposition to the legislation, including a coalition of seventeen organizations from Europe and the Americas which released a statement expressing concern. The European Union and United

States government have also urged Japan to address their shared level playing field concerns and to live up to its World Trade Organization (WTO) obligations in relation to postal reform.

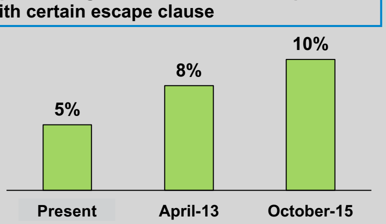
In a report released in March 2012 by the Government's Postal Privatization Commission, the Commission pointed out a number of problems with Japan Post's compliance and internal controls and stated the opinion that as long as there is direct or indirect government ownership or involvement in the business of the two postal financial institutions that they should be limited in scope of operation. This opinion is consistent with those expressed by newspaper editorial boards and other opinion leaders in Japan. Finally, Japan has expressed an interest in joining the negotiations for the Trans-Pacific Partnership (TPP) trade agreement. The TPP negotiations include efforts to develop strong disciplines on state-owned-enterprises to build a 21st Century trade and investment architecture in the Asia-Pacific region. The direction that the Diet took in amending the postal legislation and the controversy surrounding it suggest that the domestic and international politics affecting postal reform are even more complicated than before.

Next, I would like to discuss one of the key policies of the Noda Administration, a comprehensive and integrated reform of the social security and tax systems.

Integrated Social Security and Tax Reform

- **Noda Administration's top policy priority**
- **Details of the reform still being decided**
- **Consumption tax hike to be one funding mechanism**

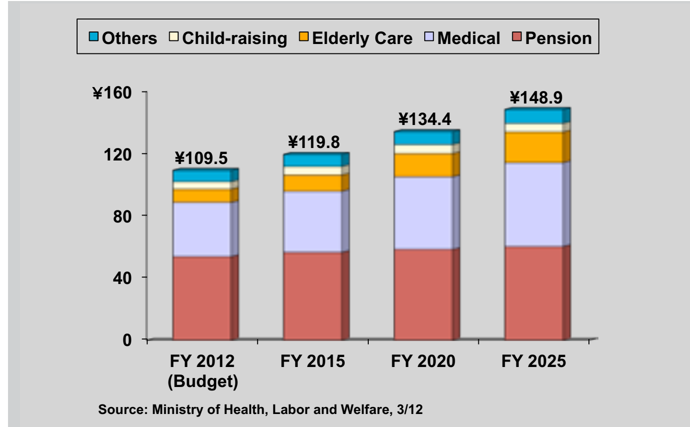
Proposed staged increase of consumption tax – with certain escape clause



- **Submission of bills to Diet by end of current Diet session**

The government plans an overhaul of the social security system and proposes an increase to the consumption tax as one of the primary funding mechanisms. According to the government's blueprints, the consumption tax will be raised from 5% to 8% by April 2014 and to 10% in October 2015, with a certain escape clause if the macroeconomic situation is not conducive to an increase. Although this component of the plan has been decided and is for the most part non-negotiable, the final reform will likely be a compromise between the two major parties as there is consensus that the current system cannot be sustained without significant changes. Even if the current government was not to succeed in implementing its proposed integrated social security and tax reform or a compromise plan, subsequent governments will likely pursue a comparable policy.

Rapidly Increasing Social Security Benefits
(In Trillions)



As I have noted in previous briefings, a declining fertility rate and aging population are among the most difficult challenges that Japan faces on the path to sustained growth and prosperity. As these trends progress, Japan's publicly-funded social insurance programs will continue to come under ever-increasing financial pressure.

Against this backdrop, the DPJ-led government established a "study team" that began a full-scale discussion on introducing a system to more accurately link tax, pension, and medical information for each Japanese citizen. Based on these discussions, the DPJ has formulated their plan for enhancing the efficiency and effectiveness of Japan's tax and social welfare systems and has formed a special committee to consider legislation to this end.

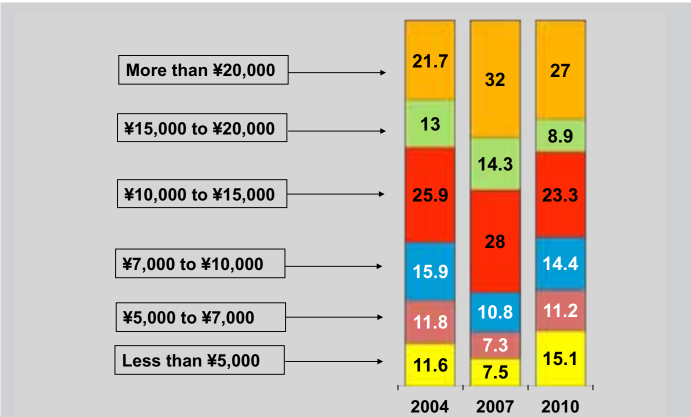
Major Changes in Copayments for the Employed and Elderly

- **Japan's health care system is under great financial strain**
  - **Copayments are now 30% for salaried workers under 70 and high-income seniors**
- **Advanced Elderly Health system was introduced in 2008 to try to separate fees for advanced elderly from that of the younger population, but the DPJ is currently designing a replacement system.**
- **Details of the new system are unknown, but the reforms should lead to enhanced consumer interest in Aflac's core products.**

Japan has a compulsory and universal public health care insurance system. The system's costs are covered by premiums paid by the insured and their employers, as well as by taxes and copayments paid by patients. Given Japan's aging population and declining birthrate, however, the system has been under great financial strain, and copayments for salaried workers under 70 are 30%.

In April 2008, recognizing that the national health care system will be unsustainable as the costs of providing medical care for the elderly swell, the government introduced "Advanced Elderly Health," a system that separates medical treatment fees for advanced elderly from that of the younger population. The DPJ-led government, however, began designing a replacement system in November 2009 and aims to introduce legislation to the Diet in 2012. Although details of the new system are unknown at this point, we believe the reforms will lead to enhanced consumer interest in the health care sector, including supplemental medical and cancer insurance products.

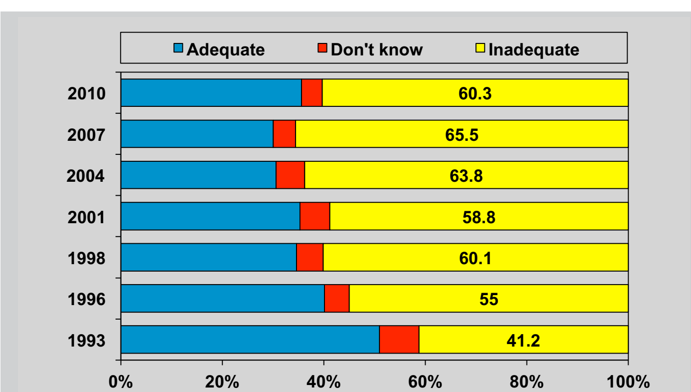
Daily Out-of-Pocket Hospitalization Expenses



Source: Japan Institute of Life Insurance, 12/10

The government is in the process of conducting a comprehensive review of the social security system, including pensions, health care, and nursing care. However, because Japan's declining birthrate, aging population, and related need for fiscal discipline will not change, it is unlikely that the government's final social security reform plan will bring about, for example, an expansion of national health care insurance coverage. Related to this, much of the need for our products will continue to arise because of the many expenses that are not covered by Japan's health care system. Patients will have to continue to bear significant expenses while in the hospital, including extra charges for private or semi-private rooms, special treatments or medicines not covered by the national health care system, transportation costs for family members, and daily necessities. According to the most recent survey by the Japan Institute of Life Insurance, roughly one quarter of patients had more than ¥20,000 of daily out-of-pocket hospitalization expenses.

The Public's View on the National Health Care System



Source: Japan Institute of Life Insurance, 12/10

Given Japan's aging population and declining birthrate, the government of Japan faces tight financial conditions, and many people worry that additional increases in out-of-pocket expenses will be necessary. Some worry not only that their burden will increase, but that the scope of government coverage may be reduced as well. In this environment Aflac's products are well-positioned to meet changing customer needs.

Moving on to the sale of insurance through banks, as I conveyed in the previous briefing, the FSA had been reviewing market conduct rules governing bank sales of insurance from the perspective of consumer convenience and protection and recently implemented changes. The FSA has decided to focus its further opening of the bank sales channel to removing the restrictions on sales of single payment ordinary (death benefit) and single payment endowment insurance to corporations, representatives (i.e., chief executives) and employees of corporate borrowers with 50 or fewer employees. Given consumer preferences and Aflac Japan's product mix, this change will have little to no impact on our or other companies' ability to sell in the bank channel.

Additionally, the FSA has also decided to lift the ban on sales by banks to individual borrowers (i.e., individuals who have home, automobile, or other individual loans with the bank that is selling insurance). Since the bulk of banks' loan portfolios are comprised of corporate – not individual – loans, the impact of this measure on Aflac, while positive, is expected to be limited.

With regard to government payments to families with children, in March 2012, legislation making the "Child Benefit Program" permanent passed the Diet. As expected, due to fiscal austerity measures after the March 11, 2011 disaster, the monthly allowance program is slightly less generous than the original DPJ plan and will be means tested as was the policy under the former LDP government. Under the new law, a monthly allowance of ¥15,000 ($180) will be given for each child under 3 years old; ¥10,000 ($120) each for the first and second child aged from 3 up to their last year of elementary school; ¥15,000 each for the third and subsequent children in the same category; and ¥10,000 for each middle school student.

Any family with two children, in which the combined household income is ¥9.6 million or more annually, will lose eligibility. However, as a temporary measure they will receive ¥5,000 ($60) per month for each child. For families with one child, the income cap will be ¥9.18 million. The government began making these child benefit payments last October under a special measures law so families will not notice a change in the current practice. However, the income cap will start from June of this year.

In closing, I firmly believe that in the current public policy environment the companies that prevail will be those that are customer-centric, agile, and proactive. Aflac is such a company. We will comprehensively prepare for any environmental changes and continue to closely interact with our public policy stakeholders as we always have, to anticipate change and advocate for constructive solutions. Aflac is well-positioned to take advantage of the opportunities presented, and we believe that we will continue to be a successful company in the Japanese market.

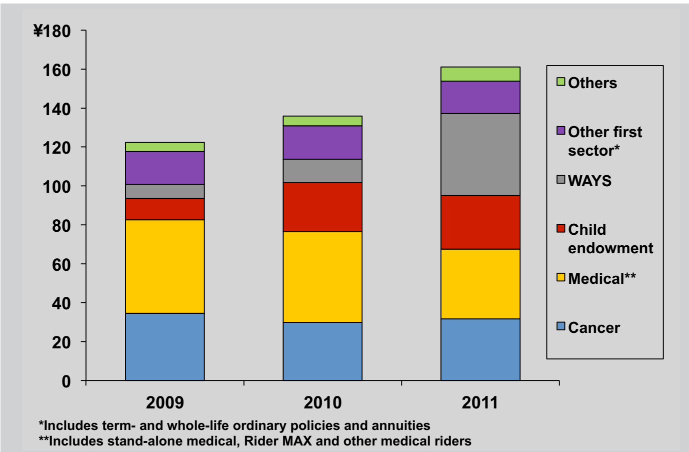
Aflac Japan Marketing and Sales

Koji Ariyoshi
Executive Vice President; Director of Marketing and Sales, Aflac Japan

This presentation will cover our marketing and sales strategy and supporting activities, beginning with Aflac Japan's product mix.

Aflac Japan's Product Mix

(New Annualized Premium, In Billions)

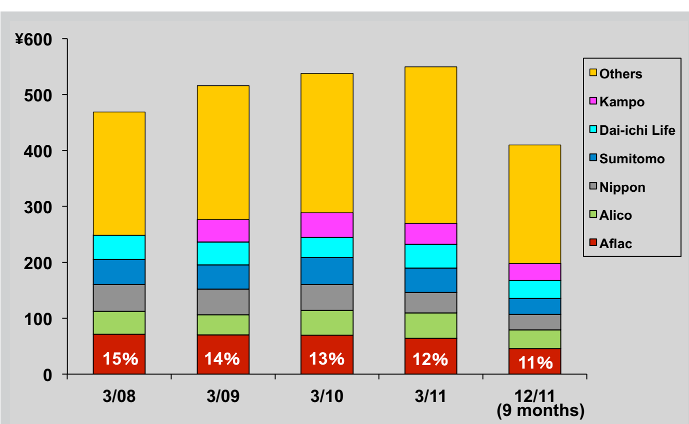


This slide shows new annualized premium by product over the last three years. Due to the significant contribution from WAYS and our child endowment product, total new annualized premium sales showed significant growth in 2011. Our WAYS product sold particularly well in the bank channel, which Mr. Shinkai will cover.

With regard to the sales of third sector products, following the rollout of cancer DAYS in March 2011, we saw a 5.7% increase in the cancer line of business compared with 2010.

Shares of Third Sector New Sales

(FSA Premium Basis, Stand-alone and Riders, Life Industry Only, In Billions)

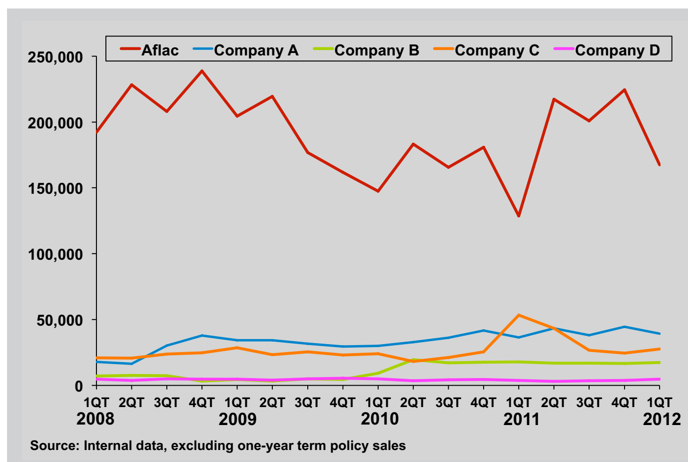


This slide shows the FSA-based shares of new annualized premium in the third sector market. The foundation of our product portfolio has been, and continues to be, our cancer and medical products. We believe our competitive advantages, such as branding and our number one position in policies in-force in the industry, allow us to grow our product offerings and meet the evolving needs of consumers. Aflac Japan remains the number one provider in the third sector market by revising current product offerings and developing new products. We are proud to be the number one provider of cancer and medical products in Japan.

We believe Japanese consumers will continue to face an ongoing burden of rising health-related expenses. This is largely due to Japan's aging population, declining birthrate, and expensive state-of-the-art medical advances that are not covered by the national health care insurance system. As such, we anticipate the need for third sector products will only continue to grow in the future. As the leader in the third sector, we are focused on maintaining our number one position.

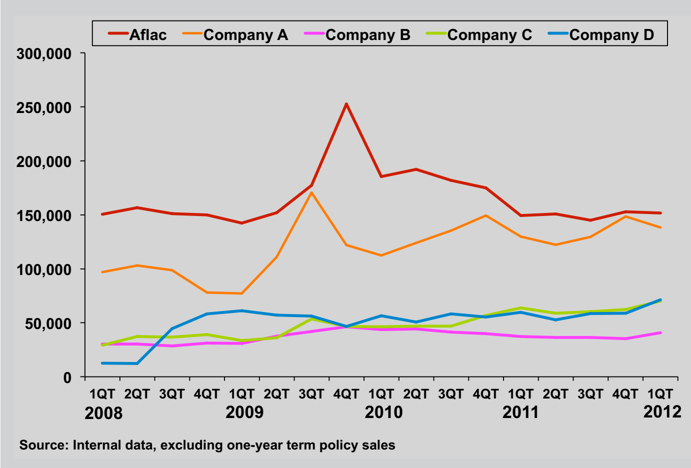
Comparative Cancer Policy Sales

(Stand-alone Basis)



Let me now discuss the current competitive environment for cancer insurance sales. Public interest in cancer has heightened as a result of the Japanese government's national cancer awareness and prevention programs that began in 2007. Aflac is partnering with all of the local governments in Japan to provide assistance in promoting their programs. As the pioneer of cancer insurance, we believe this partnership benefits the government, Aflac, and especially Japanese citizens. The sales increase in 2011 reflects the success of the revised cancer product DAYS, introduced in March 2011. Leveraging its significant competitive advantages, Aflac Japan maintains a dominant position in the cancer insurance market.

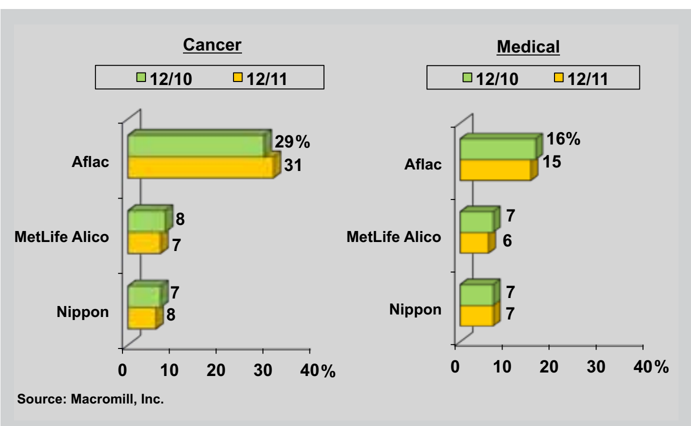
Comparative Medical Policy Sales
(Stand-alone Basis)



Source: Internal data, excluding one-year term policy sales

A large number of competitors continue to operate in the medical market and create new variations of medical product offerings. This is because they recognize that the need for medical insurance among Japanese consumers continues to rise as a result of increases in medical expenses that must be shouldered by Japanese consumers. Even in this strong competitive market, Aflac Japan continues to maintain its number one position in the medical insurance market. In January 2012, we upgraded the New EVER product to make our medical products even more attractive in this competitive market.

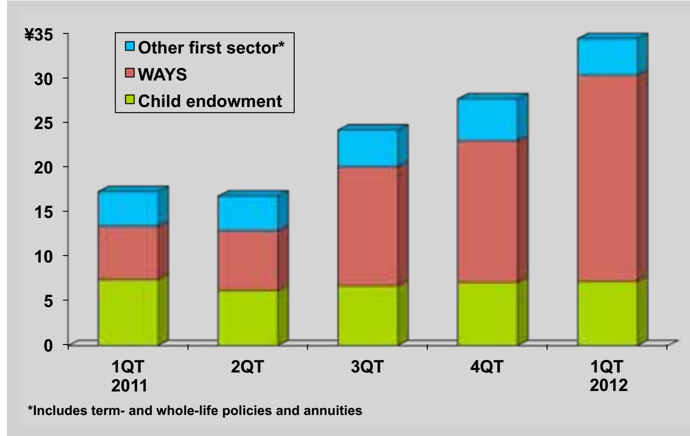
The Most Preferred Insurers for Cancer and Medical Insurance



Source: Macromill, Inc.

This slide shows the companies that are top of mind when consumers were asked which insurance company they would prefer to purchase cancer and medical insurance from. Aflac continues to be cited as the most preferred choice. This confirms that consumers' view of our strong brand and their recognition of the value of our products are factors that have bolstered consumer preference for Aflac products.

Aflac's First Sector New Sales
(New Annualized Premium, In Billions)



*Includes term- and whole-life policies and annuities

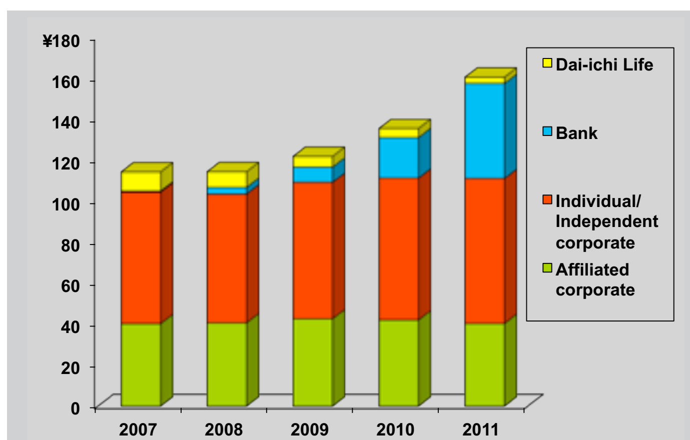
This graph shows our sales results for first sector products.

Sales of first sector products in 2011 increased a tremendous 58.2% over the previous year, in great part due to our child endowment and WAYS products, which sold particularly well through the growing bank channel.

While the profitability of our child endowment product is lower than that of other products we offer, it is an important avenue to new customers and importantly, is conducive to cross-selling. In 2011, our traditional associates channel succeeded in cross-selling third-sector products to about 40% of customers who had purchased a child endowment policy.

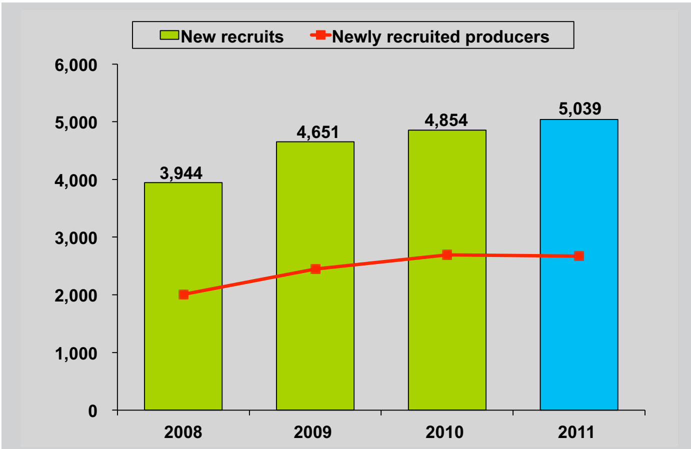
Mr. Shinkai will cover how our banking channel has become a greater contributor to our top-line growth.

Sales by Channel
(New Annualized Premium, In Billions)



Aflac Japan started with affiliated corporate agencies as its main distribution channel. Today, our sales channels have expanded to also include individual/independent agencies, Dai-ichi Life, post offices and banks. As you can see, our constant efforts to develop new sales channels have contributed to our growth. Today, we are taking on new challenges through the utilization of the Internet and the expansion of a new face-to-face direct sales channel known as Aflac Consultants. I will share some of the examples later on specifically how we are using the Internet and what kind of activities Aflac Consultants are engaged in.

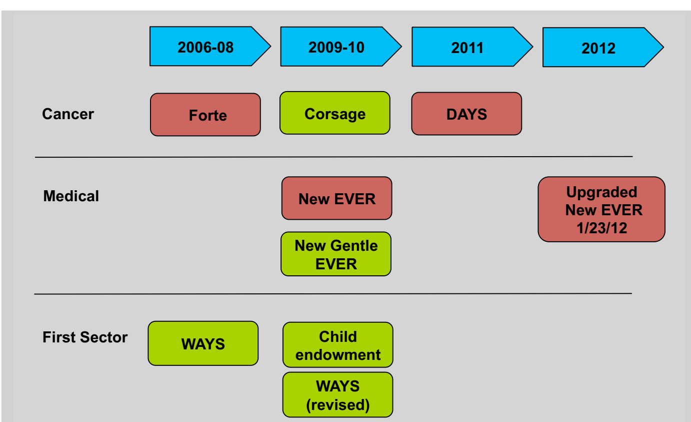
New Agency Recruiting



This slide shows the number of new recruits and newly recruited producers. As you can see, we have been successful in our recruiting efforts.

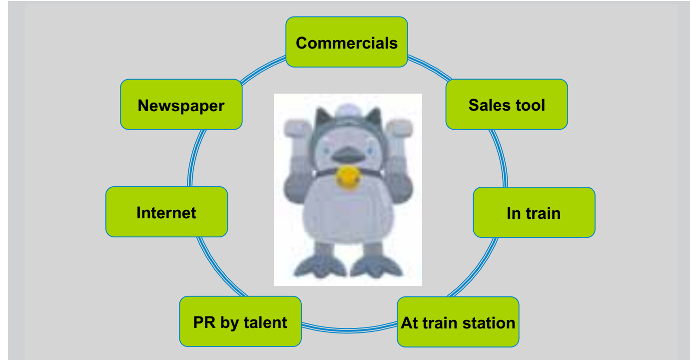
As we look ahead to our recruiting strategy, our primary focus is on enhancing the productivity of new agencies rather than recruiting a specific number. To help the newly recruited agencies get off to a good start, we provide intensive training programs. We also offer an advanced commission payment system, which is designed to aid new agents financially as they begin their career in the insurance business. We believe these support systems will only help us improve the number of producing agencies.

Product Strategy



This slide shows our product launches since 2006. As I indicated, our primary focus remains on being the leading provider of third sector products, including cancer and medical, and reviewing these product lines to ensure benefits remain relevant to consumers. These products also provide an opportunity for future sales. When we revise product offerings, we reach out to nearly 14 million existing policyholders with an upgraded policy to ensure their coverage remains relevant in today's environment. We utilized this process with the new cancer DAYS product that we introduced last year. Most recently, in January 2012, we upgraded our New EVER product, improving its advanced medical treatment coverage to be better tailored to consumer needs.

Promotion for Upgraded New EVER



Aflac has been using the Maneki Neko Duck, a popular promotional character for the EVER product since 2009. In connection with the launch of the upgraded New EVER product in January 2012, we have transformed the Maneki Neko Duck to Maneki Neko Duck X. This New EVER product provides coverage for advanced medical treatments and includes a survival bonus rider. We believe that the Maneki Neko Duck X helps convey the message that New EVER has become even more "powerful," or beneficial, to policyholders.

TV Commercial for the New Product

Additionally, we launched commercials that show the Maneki Neko Duck X as it promoted our upgraded New EVER product.

Social Contribution Activities

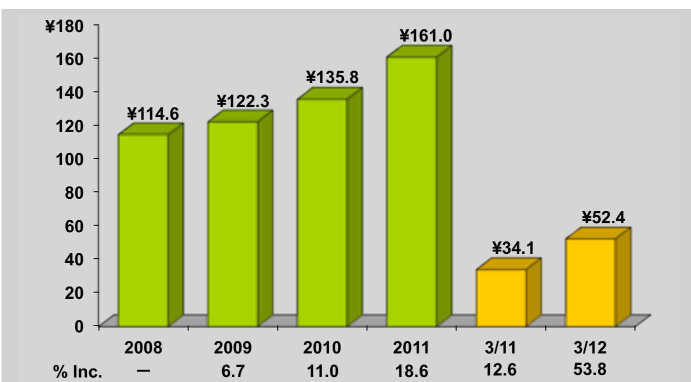
As I mentioned earlier, we have partnered with local governments to launch programs in support of cancer prevention and education. These programs have contributed to an increase in cancer screening rates. Aflac is the only insurer that has formed partnerships with all of the 47 prefectures in Japan. We have also partnered with the 12 largest cities in the nation. With a desire to share the knowledge we have gained through our cancer insurance business, we are partnering with local governments to help communities and citizens by providing information on many topics related to cancer, including cancer education and awareness, prevention, diagnosis and treatment options.

Also, we cannot avoid mentioning the Great East Japan Earthquake of March 11, 2011. Aflac has launched a campaign called "We Are One Family," through which part of the sale of each cancer or medical insurance policy is donated to the earthquake victims, and agencies who support our initiative also donate part of their commissions. More than 3,500 associates across the nation have supported the campaign. In 2011, with their cooperation, we donated about ¥155 million to help the more than 1,500 children who have lost their parents in the earthquake and tsunami. We will continue to reach out to these children in 2012, as they will need long-term assistance.

While it's important for us to make a contribution to society as a good corporate citizen in Japan, our ultimate promise is to be there for our policyholders when they need us most.

Aflac Japan New Annualized Premium Sales

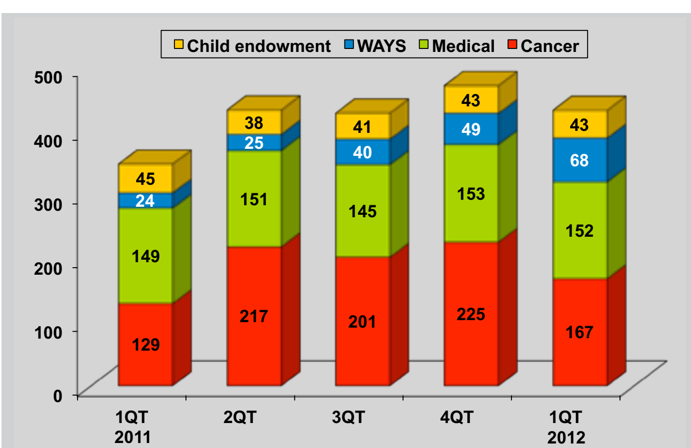
(In Billions)



In the first quarter, new annualized premiums increased 53.8% over first quarter last year. We are also pleased with how sales are going with our upgraded New EVER product. This year we will continue to focus much of our marketing efforts on enhancing sales of third sector products.

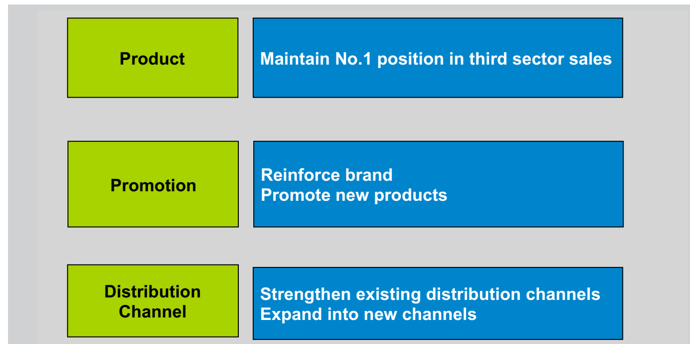
Number of Policies Sold

(In Thousands)



The number of new policies in cancer and medical also increased 30.2% and 1.5%, respectively, over first quarter 2011, which shows a significant improvement in our third sector product sales. As we've conveyed, the foundation of our product portfolio has been, and continues to be, our cancer and medical products. Regarding WAYS, excluding 5-year pay in the traditional channel, about 80% of customers purchasing the product also bought our cancer or medical insurance at the same time. Meanwhile, in the bank channel, we will put more emphasis on marketing third sector products to existing policyholders.

Sales Strategy in 2012 and Beyond



In the third sector market, we will continue to focus on our integrated marketing strategy, which brings together our channels, products and promotion. In light of the current operating environment, we will segment the market and tailor our sales approach, both product and distribution, to better meet the differing needs of consumers.

We recognize that as part of our future distribution strategy, we must identify the market segments that represent opportunity for growth and the most effective distribution channel to reach those segments. With that in mind, we created a new distribution channel called Aflac Consultants. Aflac Consultants are an internal distribution channel with the ability to offer insurance consulting to customers to determine plans that meet the specific needs of each individual. As a result of being able to offer comprehensive coverage proposal, including ordinary life and third sector products, the productivity of this channel is high. It is also an effective and controllable means for Aflac to create loyal customers and accumulate sales skills and knowledge that can ultimately be rolled out to other agencies.

Our analysis shows that we are currently underpenetrated in a market segment with consumers who are in their 20s to 40s. This age demographic prefers a face-to-face consultative meeting prior to making a purchase, while at the same time being more technologically savvy. In response, we plan to improve our website by allowing them to make an appointment online with an Aflac sales person. Especially in competitive urban areas, we believe we can better connect with these potential customers using this newly created channel, Aflac Consultants, and existing service shops whose strength is also consultative sales.

As we announced at the first quarter release, we have upwardly revised our sales target. We now expect 2012 sales to increase 10% over last year. I am confident that Aflac Japan will achieve this revised target in 2012 while maintaining profitability.

Aflac Japan Bank Channel Sales

Hisayuki Shinkai
First Senior Vice President, Aflac Japan

I would like to provide information about the sale of insurance products through the bank channel.

Financial Institutions in Japan
(March 31, 2012)

		No. of Branches		No. of Employees	
	No. of Institutions	Total	Avg. per Institution	Total	Avg. per Institution
Mega banks	4	2,201	550	85,690	21,423
Regional banks	106	10,659	101	181,329	1,711
Shinkin banks	271	7,584	28	115,964	428
Other banks	22	776	35	32,423	1,474
Total	403	21,220	53	415,406	1,031

As of March 2012, Japan had a total of 403 banks, including mega banks, regional banks and shinkin banks. These banks represent our target market and have a total of about 21,000 branches that employ more than 400,000 people in Japan. The mega banks include Mizuho, Tokyo-Mitsubishi UFJ and Sumitomo Mitsui. We have also included Resona as a mega bank due to its large and extensive nationwide sales network. With an average of 550 branches per mega bank, these four mega banks offer a wide range of banking services throughout Japan.

As of March 2012, there were 106 regional banks in Japan. Regional banks use the over-the-counter sales method as the primary means to sell insurance products to their customers, followed by door-to-door sales.

Shinkin banks are cooperative financial institutions specializing in services for small-to medium-sized 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.

Reasons for Banks' Compatibility with Insurance Sales

- **Consumers have strong comfort and confidence levels with banks**
- **Convenient one-stop shopping compatible with insurance sales**
- **Many regional and shinkin banks sell door-to-door**

Japan's banks have several characteristics that lend themselves to insurance sales. First, consumers are already very comfortable doing business at banks, and banks have already earned the confidence and trust of their customers. In fact, at the end of December 2011, 57% of Japanese household financial assets were in cash and deposits at banks. This is almost four times that of the United States. Second, when customers in Japan purchase a financial product, they often visit banks to transfer funds from their account. Hence, they effectively have the opportunity to complete the purchase of financial or insurance products in one convenient and streamlined process at the bank. Third, the door-to-door sales approach of both regional and shinkin banks has enabled them to build strong relationships with their customers.

Aflac's Extensive Reach within the Bank Channel
(March 31, 2012)

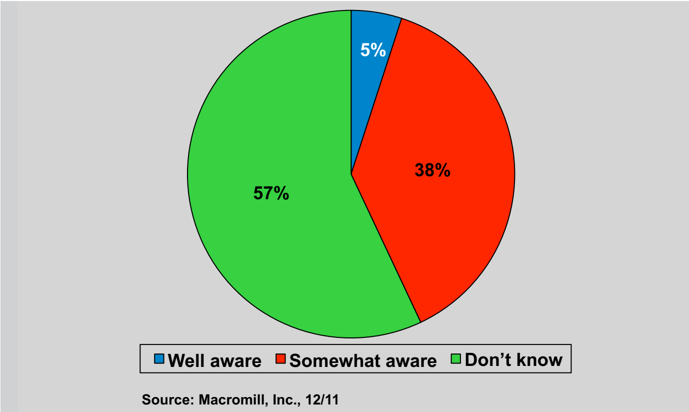
	No. of Banks		Coverage
	Total	Aflac Agencies	No. of Banks
Mega banks	4	4	100%
Regional banks	106	106	100
Shinkin banks	271	245	90
Other banks	22	17	77
Total	403	372	92%

In December 2007, restrictions on bank sales were removed and banks were permitted to sell all insurance products, including those in the third sector. Since then, we have secured agreements with 372 banks, which is more than 90% of all banks currently operating in Japan. We believe this number is significantly greater than any of our competitors.

Within this extensive reach, both the number of bank branches and salespeople selling our products has significantly increased.

At the same time, productivity within the bank branches has also improved as the confidence level of the salespeople has benefited from intensive training by Aflac staff. For example, in the first quarter of 2011, approximately 28% of all bank branches selling our products sold at least one policy per month. That number grew to approximately 40% in the first quarter of this year. Looking at our most productive mega bank, approximately 98% of this bank's branches sold at least one policy per month in 2011. For the most productive regional bank, 89% of this bank's branches sold at least one policy per month. These numbers show that there is great opportunity to grow bank sales by increasing branch level productivity.

Consumer Awareness of Bank Insurance Sales



Although it has been more than four years since full deregulation on the sale of insurance products through banks, consumer awareness of this availability remains low. In fact, only about 40% of consumers are aware that banks are selling insurance products. As consumer awareness increases, we believe we will have greater opportunity to grow sales through the bank channel.

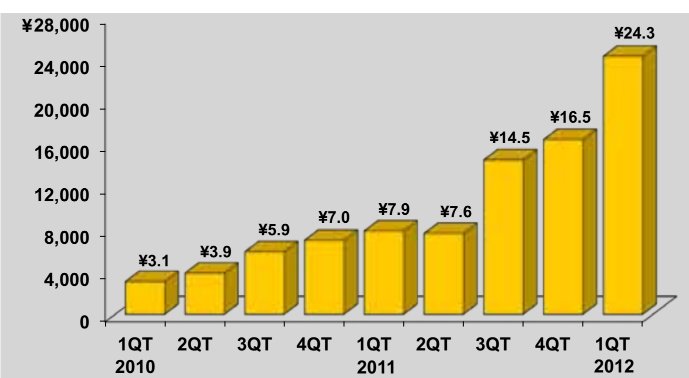
Increasing Number of Banks Selling Multiple Products

	3/08	3/09	3/10	3/11	3/12
Child endowment	—	—	133	245	269
WAYS	—	8	22	104	203
Cancer	48	236	271	275	284
Medical	47	181	216	228	241

More banks have been increasing the number of Aflac products they sell as they respond to the needs of consumers by using consultative sales methods. For example, in 2008 and 2009, most banks were selling cancer and medical products only. The number of banks selling child endowment rapidly increased in 2010, and the sales of WAYS dramatically increased in 2011. This trend has continued into the first quarter of this year.

Aflac Bank Channel Sales

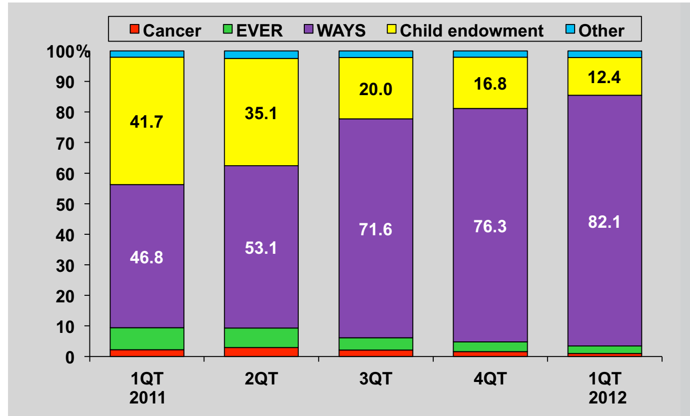
(Annualized Premium Basis, In Billions)



This slide shows quarterly bank sales growth going back to 2010. As you can see, sales in the second quarter of 2011 declined slightly due to the impact of the earthquake and tsunami, but sales have recovered and gained momentum since then. In the first quarter of this year, new annualized premium sales set a new record. This success is largely attributable to WAYS.

Bank Channel Sales by Product

(Annualized Premium Basis)



In looking at banks' new annualized premium sales contribution by product, WAYS is the primary driver of sales. In the first quarter of this year, WAYS accounted for 82% of new annualized premium sales. During the same period, child endowment represented 13% of new sales, which was a significant decline from a year ago.

WAYS has been a popular product with banks and their customers. One key reason is that many consumers keep a significant amount of money at banks to prepare for retirement and are looking to place their money in safe and dependable products sold through banks. WAYS provides the initial safety of life insurance, but also provides future protection through its conversion options.

Banks find selling WAYS appealing because its significantly higher premium generates attractive commissions. Additionally, the extensive and effective training we provide to bank employees, who are selling this product, provides a strong differentiator to our competitors.

Premium Payment Variations of WAYS

Payment Type	Payment Method
Age paid-up • Paid-up by 60 • Paid-up by 65 • Paid-up by 70 • Paid-up by 75 • Paid-up by 80 **Year paid-up** • 5-year Pay • 10-year Pay	Discounted advanced premium or Level payment

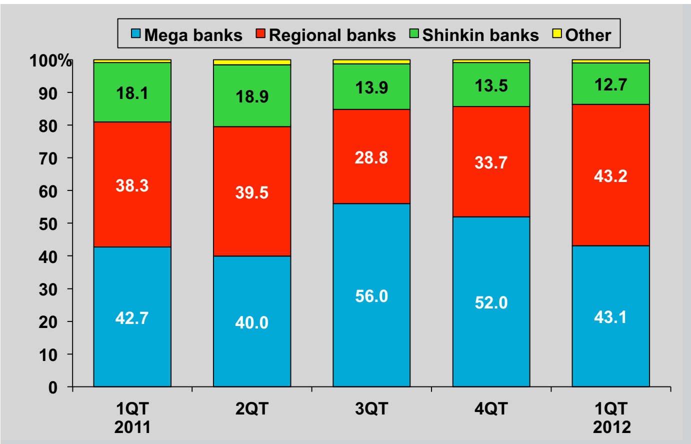
WAYS' conversion options include medical, nursing care or an annuity at a predetermined age. This slide shows different premium payment variations of the WAYS product.

There are two general premium payment types of WAYS, which are age paid-up and year paid-up. Age paid-up is to pay premiums until a predetermined age. For example, if a policyholder bought WAYS at the age of 50 and the predetermined age was 70, the policyholder will pay premiums for 20 years. Year paid-up is for consumer under 50 years of age. These consumers pay cumulative premiums over a 5 or 10-year period.

Each of these types of WAYS allows two payment methods. One is level payment which accepts monthly, semi-annual or annual premium payment, and the other is a discounted advanced premium payment which is a lump sum payment of cumulative premiums at a discount.

Sales Contribution by Bank Type

(Annualized Premium Basis)



In looking at Japan's total bank sales in the third and fourth quarters of 2011, mega banks were the largest contributors with significant sales growth of WAYS. In the first quarter of this year, sales of WAYS by regional banks rapidly increased; therefore, their contribution exceeded those of mega banks.

Average AP by Product for Bank Sales

(2011)

	Per Policy
EVER	¥ 44,000
Cancer	36,000
WAYS	442,000
Child endowment	166,000

This slide shows the average new annualized premium per policy sold at banks. As you can see, WAYS has the highest average annual premium among our products, accounting for more than 10 times the premium of our third sector products, such as cancer and medical. Although the commission percentage paid per yen premium on WAYS is less than that of our traditional third sector products, the higher premium on WAYS provides banks with very attractive commissions.

Premium Payment Method of Key Products

(Banks Only)

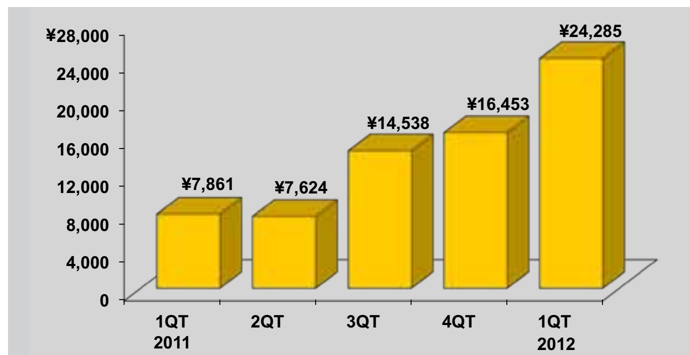
	% of New Business Using Discounted Advance Premium Payment Option	
	2011	1QT 2012
Child endowment	50.0%	50.5%
WAYS	91.2%	92.4%

Like WAYS, consumers purchasing child endowment products may opt for different payment options. Most customers choose the discounted advanced premium payment method for both products. This is primarily because many bank customers have a large amount of money available to make a lump-sum premium payment, and they receive a discount on the total premium paid. This provides value because the discount is more than what consumers can earn from most saving accounts at banks in Japan.

In the first quarter of this year, the discounted advanced premium payment option represented 50% of new annualized premium from sales of child endowment and more than 90% of WAYS. Our profit margins are significantly enhanced when policyholders elect to pay premiums upfront using discounted advanced premium.

Bank Sales Expectations for 2012

(Annualized Premium Basis, In Millions)



In the first quarter of this year, bank sales were up 208%, which is at the high end of our expectation. One of the reasons for this increase is that we doubled the number of banks selling WAYS from a year ago to 203. Also, our first quarter was the banks' fourth quarter and fiscal year end. Like most organizations, the banks typically push sales at year end.

In preparation for their 2012 fiscal year that started in April, banks set annual sales targets. Through an analysis of their sales target, we gained better visibility into what banks will do for the year. We believe much of the momentum we saw in our first quarter will continue during the second quarter. However, we still believe that the second half of the year will see a decline in bank sales as we have significant headwind with the third and fourth quarters of last year.

Additionally, as you are aware, we have shifted our focus away from the sales of child endowment at banks since last year, and in April of this year we introduced a cap on the sales of our child endowment and five-year pay WAYS. The cap on 5-pay WAYS is to mitigate potential disintermediation risks in the future. Once the cap on 5-pay WAYS is reached, we will stop selling the 5-pay product. This reflects our need to balance relationships with banks while also influencing product mix. With better understanding of banks' plans for their fiscal year 2012, we have successfully negotiated with banks on this cap setting.

Overall, our revised sales projection for the bank channel is to see a sales increase of 40% or more for the full year 2012.

Strategy for Bank Sales in 2012 and Beyond

- **Promote cross-selling**
- **Raise consumer awareness for bank sales**
- **Continue to improve breadth and depth of banks selling Aflac products**

In 2012 and beyond, we will strengthen measures to achieve more cross-selling with child endowment and WAYS, thereby increasing the sales of our more profitable third sector products. While we have shifted our focus away from child endowment, this product remains attractive to banks as it provides them with opportunities to gain new customers. We will train salespeople at banks to promote cross-selling using a packaged approach, including brochure and application forms that contain both child endowment and our third sector products together as a bundled product offering. We have also started sending direct mailings on cancer and medical products to existing policyholders of the child endowment product.

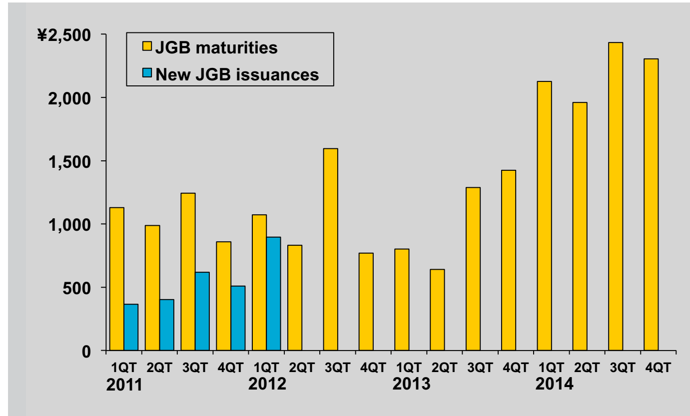
In addition, 80% of customers acquired through banks are brand new to Aflac. WAYS and child endowment products have been enabling us to build a new customer base by attracting customers whom we could not reach through existing channels.

Also, as I mentioned earlier, consumer awareness of insurance sales at banks is low. Therefore, we will use our strong brand and the Aflac Duck to raise consumer awareness to continue to enhance sales through this channel.

At the same time, we will endeavor to increase productivity at each bank branch. Currently only 40% of all bank branches sell at least one policy per month. Based on the success we have had at our most productive bank as I mentioned earlier, this number could be as high as 100%, providing significant potential for future growth. We will continue to work on improving the breadth and depth of the productivity at the branch level.

Maturities and New Issuances of Retail JGBs

(In Billions)



Additionally, as we look to the longer term, a flow of retail JGB redemptions presents further opportunities within the bank channel.

In this low-interest environment, we expect that most of the proceeds from maturing retail JGBs will be reinvested in assets other than JGBs. And these retail JGB holders typically want principal guaranteed, long-term, fixed-income instruments, and our WAYS products can meet their needs. These redemptions present great potential for many years to come and we are confident that our great relationship with banks will aid us in capitalizing on this opportunity.

We believe the bank channel still has potential for growth and it is a great channel for our products. While the speed of growth for this channel will decline as we have penetrated further into the bank sales force, we believe growth will continue through this channel in the coming months and years.

Aflac Japan Administration

Jun Isonaka
First Senior Vice President; Chief Administrative Officer, Aflac Japan

I would like to share information with you 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 a couple of statistical comparisons between Aflac Japan and our competitors.

Number of Policies per Administrative Employees

(FSA Basis, 03/11)

Rank by Assets		Administrative Employees	Policies in Force* (In Thousands)	Policies per Employee
1	Nippon	18,957	11,510	607
2	Dai-ichi	13,381	11,143	832
3	Meiji Yasuda	9,200	8,543	928
4	Sumitomo	9,790	8,506	868
6	Aflac	3,876	20,802	5,366
7	MetLife Alico	4,957	6,111	1,232
8	Taiyo	2,926	5,119	1,749
13	Sony	1,398	5,283	3,778
15	Tokio Anshin	1,595	3,029	1,899

* Excluding individual annuities
Source: Disclosure statement from each company

As you know, Aflac has sustained the number one position in the life insurance market in Japan in terms of the number of individual policies in force. As you can see, the "policy per employee" column shows that Aflac Japan produces five times larger productivity compared to other major life insurance companies. This means that we are operating in a considerably more cost-effective manner than these other companies.

Efficiency Improvement Measures by Leveraging IT

- **AANET**
- **Benefit and Claims Workflow System**

To further improve efficiency while maintaining quality service, Aflac Japan is actively employing IT solutions. One of the IT solutions is AANET, which is a sales support system that provides information and services to Aflac sales associates via the Internet. Aflac Japan developed and launched AANET in 2000, and since then this system has been actively used as a powerful supporting tool for our marketing activities, such as preparing premium quotations and sorting customer data using various search options for product, age, address and group attribute. This allows our associates to effectively suggest additional policies or riders to their customers. AANET also helps our sales associates verify policyholders' policy status and download policy maintenance documents, just to name a few functions. Previously, our sales associates had to process customers' address changes by paper. But now, they can directly register new addresses on AANET and complete all processes electronically. At present, 99% of our address change transactions are processed paperless.

With respect to another IT highlight: Our benefits and claims payment workflow system was implemented at the end of February last year. In this workflow system, written claims documents received from customers are internally scanned and then examined without physically transferring real documents. The system enables paperless administration; eliminates the risk of losing documents; and reduces the time for cross-departmental handover of documents. This has led to a more efficient claims operation. This workflow is also effective in improving customer service as transforming paper-based data into electronic records makes it possible for us to retrieve information easily and respond to inquiries from customers promptly.

Aflac's Inbound Call Centers

Aflac Call Center
(Inquiries from existing policyholders)
(Inquiries from prospective customers)

Associates Support Center
(Inquiries from sales agencies)

Alliance Support Center
(Inquiries from banks, Japan Post and Dai-ichi Life)

Next, let me discuss Aflac's Inbound Call Centers, which play an extremely important role in serving our customers and associates. Currently, we have three centers for inbound calls, and they are separated according to the type of callers. One is the Aflac Call Center, which receives inquiries from existing and prospective policyholders. Another is the Associates Support Center, which takes calls from our sales associates. The third one is the Alliance Support Center, which takes calls from our large sales channels such as banks, the Japan Post Network and Dai-ichi Life.

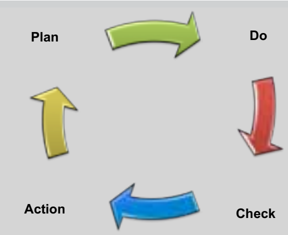
Aflac Call Center operators not only respond quickly and accurately to customers' inquiries, but they also provide our sales associates with information about changes in our customers' lifestyles. This allows the sales associate to make appropriate follow-up contact with customers, which is increasing the opportunities to win new sales.

We believe offering high-quality service through the call centers is very important in contributing to improving customer service as well as to building strong relationships with all stakeholders, including our customers, sales associates as well as banks, Dai-ichi Life, and Japan Post.

Quality of Operations

In September 2011, Aflac Japan's Alliance Support Center, won the most outstanding Contact Center Award in the Strategy Category. This is the only award of its kind, targeting all contact centers in Japan. The Strategy Category rewards a call center's strategic plans and results with respect to contributions to the company's operation and improvement of values of customers' assets. Winning the first prize in this category means that Aflac Japan's quality in the operation of the Alliance Support Center developed over the past four years, has reached a level of excellence recognized by the industry. I believe winning this award has helped to deepen the trust of our clients.

ISO10002: Customer Complaints Management System



The Aflac Call Center receives about 1.7 million inquiries from customers and sales associates each year. Customer requests and complaints received by our sales offices and associates and those received at the Aflac Call Center are systematically compiled and analyzed to give us an opportunity to improve our services companywide. As for the specific measure, we have established the commonly known "PDCA Cycle" for the purpose of our customer service. As you know, "PDCA" stands for "Plan," "Do," "Check" and "Action." More specifically, for "Plan," we are consciously planning specific actions and targets pertaining to our customer complaints management system. For "Do," in addition to resolving customer service issues, we are doing a detailed analysis on the customer complaints and requests we receive to highlight areas we can improve upon. For "Check," we are checking complaint trends and customer satisfaction survey results to precisely understand this feedback and determine what challenges we are facing. And for "Action," we are putting these efforts into action so we can continually improve the customer complaints management system. After our PDCA Cycle gained a third-party certification, we issued a declaration on July 1, 2010, that confirms our system conforms to the international standard for customer complaints management, known as ISO10002. In 2011, we were again granted this certification as we continued to meet the standards. Aflac Japan's ISO10002 certification plays an active role in our appeal to external parties by tangibly demonstrating our sincere commitment to customer service and we are very proud of this achievement as a company that is committed to backing up our promise to more than 20 million policies in force.

Lapse/Surrender Rates
(Individual Insurance Only, FSA Policy Basis, 3/11)

Industry average	**5.5%**
Aflac	**4.2%**

Source: Japan Institute of Life Insurance

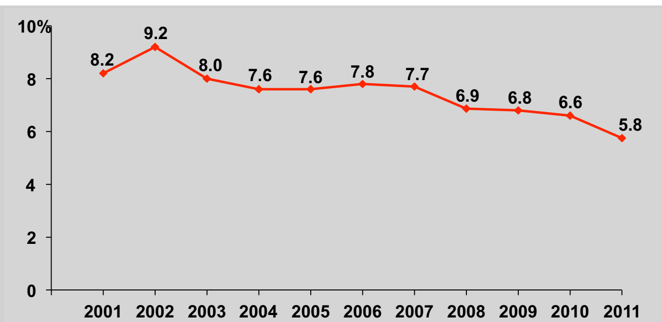
This slide exemplifies our continuing efforts to preserve in-force business. As an index to measure our performance in preserving in-force business, Aflac Japan places particular importance on the surrender and lapse rate. As shown on this slide, Aflac Japan's surrender and lapse rate for fiscal year 2010, which ended March 2011, was 1.3 percentage points lower than the industry average, which shows our competitive edge with respect to persistency.

Key Points for Maintaining In-Force Business

- **Sales agencies take follow-up action**
- **Communicate the importance and financial impact of maintaining persistency rates to sales agencies**

To grow our business, it is certainly important to encourage our policyholders to keep their policies for a long period. As the primary point of contact between Aflac Japan and our customers, it is equally important that our sales associates conduct timely and appropriate follow-up actions. To support our sales associates in taking such actions, we have been emphasizing the importance of maintaining in-force policies. We do this by educating our sales associates and providing them with information, including surrender and lapse rates as well as successful initiatives executed by other sales associates. By doing so, we can create an environment where sales associates are in tune with how their follow-up activities directly impact policy persistency. Ultimately, not only does our policy persistency benefit, but the sales associates benefit because preserved policies generate a continuation of commission payments for them.

Policies Not Issued
(Percentage of All New Applications)

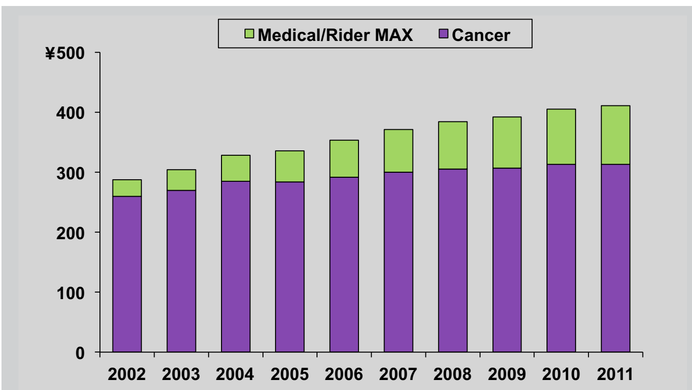


Source: Internal Aflac data

In addition to the efforts to maintain our in-force business, we have been making an effort to reduce the number of policies that were not issued primarily because the applications were incomplete. We have been providing sales associates with reference materials on estimated profit losses on the policies that we were not able to issue due to incomplete applications. This information has helped them understand the importance of reducing errors and omissions in the application process. The percentage of applications with errors and omissions has trended down over the last several years as the result of our sales associates' improved awareness.

Claims Payments

(In Billions)



Source: Internal Aflac data

This chart shows the actual claims payments in yen made during 2002 through 2011. As you can see, the actual payment amount has been growing steadily. In 2011, we paid about ¥313.1 billion on about 300,000 cancer claims. The total amount paid on medical policies in 2011 was about ¥97.4 billion, but we made approximately 530,000 payments, which were greater than the number of cancer insurance payments.

The most important service an insurance company can provide is to live up to its promise of paying benefits promptly when policyholders need them the most. Aflac Japan remains dedicated to providing quick and accurate claims payments. We are taking measures to further enhance the accuracy in our claims payments, precisely, through further enhancing our quality management system and stepping up our employee training efforts. As for our claims turnaround time, Aflac Japan is now able to pay most claims within three business days. In fact, there are many customers who voice their amazement and appreciation about how quickly Aflac pays their claims.

Disaster Readiness

- **Two operation centers in Japan**
- **Continuity of call centers and payments**
- **Strengthening operational structure**

I would like to explain our disaster readiness plan. Aflac Japan has maintained two administration bases since 1996: Tokyo in eastern Japan, and Osaka in western Japan. This dual-site administration structure has been built as part of our disaster readiness plan which enables Osaka to undertake the overall operations in the event Tokyo is affected by a disaster.

Through experiencing the earthquake and tsunami disaster last year, we have learned many lessons and have further deepened our awareness that in no event should we, nor did we ever stop our operations in order to be there for our customers in their greatest time of need. In other words, we must achieve our mission of paying claims and benefits accurately and speedily; and we must secure a reliable customer-servicing system where our customers can always reach us when they need us the most.

When the earthquake hit Japan last year, we continued our operations without interruptions. However, due to the damage to the power plants, our administrative operation in Tokyo was significantly constrained in terms of business hours by energy conservation efforts by the community as a whole. To overcome the constraints, we took several measures such as sending staff to Osaka and setting up a temporary call center in a location unaffected by the power-saving plan.

To ensure a seamless operation between Tokyo and Osaka in the event of a disaster that may occur in the future, we will focus on enhancing the call center operation and claims payment operation. As part of this initiative, in February of this year we enhanced our call center in Osaka by creating a team dedicated to addressing inquiries from financial institutions. This enables us to respond to inquiries from financial institutions across the nation even when Tokyo is affected by a disaster. As for the claims payment operation, since April we have shifted our staff from Tokyo to expand the volume of processing in Osaka in the event of disasters in Tokyo. These enhancements strengthen operational structure in case Tokyo is affected by a disaster,

Aflac Japan has a corporate culture where operational efficiency is always pursued with a motivation towards improvement and innovation. This corporate culture has been fostered through the effective implementation of business process improvement activities promoted by the company since 1983. We believe our low-cost operation is one of Aflac Japan's greatest competitive strengths. This efficiency is a source of pride for our employees at Aflac Japan, who are all dedicated to pursuing ways to improve our business operation and better serve our customers. Aflac Japan will continually make efforts towards maintaining its low-cost operations while also enhancing services to customers to strike the balance that benefits everyone with whom we do business.

Aflac Japan’s Product Line

(as of 4/30/12)

DAYS Cancer (No CSV)

Benefits:		
First occurrence	¥ 1,000,000	$ 12,500
Hospitalization/day	10,000	125
Surgical	200,000	2,500
Outpatient/day	10,000	125
Radiation Therapy	200,000	2,500
Anticancer drug treatment per month	50,000 to 100,000	625 to 1,250

Sample Premium (Monthly Group Rate):		
30-year-old male	¥ 3,004	$ 37.55
40-year-old male	4,444	55.55
50-year-old male	7,244	90.55

New EVER (Stand-alone whole-life medical)

Benefits:		
Sickness or accident hospitalization/day	¥ 10,000*	$ 125
Surgical	50,000 to 400,000	625 to 5,000
Radiation therapy	100,000	1,250
Lump-sum advanced medical treatment	100,000	1,250

*Covers overnight hospital stay. Maximum days per hospital stay is 60. Maximum lifetime days is 1,095.

Sample Premium (Monthly Group Rate):		
30-year-old male	¥ 3,220	$ 40.25
40-year-old male	4,300	53.75
50-year-old male	6,080	76.00

New Gentle EVER

Benefits*:		
Sickness or accident hospitalization/day	¥ 10,000**	$ 125
Surgical	50,000 to 100,000	625 to 1,250
Radiation Therapy	100,000	1,250
Lump-sum advanced medical treatment	100,000	1,250

*Cut in half for occurrences within one year after issue date.
**Covers overnight hospital stay. Maximum days per hospital stay is 60. Maximum lifetime days is 1,095.

Sample Premium (Monthly Group Rate):		
30-year-old male	¥ 7,850	$ 98.13
40-year-old male	8,980	112.25
50-year-old male	10,520	131.50

Care Master

(One Unit, Individual Coverage)

Benefits:		
Care annuity/year	¥ 240,000	$ 3,000
Lump-sum care benefit*	50,000	625

*First year only

Sample Premium (Monthly Group Rate):		
30-year-old male	¥ 1,248	$ 15.60
40-year-old male	1,728	21.60
50-year-old male	2,424	30.30

WAYS

Benefits:		
Payment through age 60	¥ 5,000,000	$ 62,500
Whole-life policy that can be converted to:		
Fixed annuity		
Medical coverage		
Nursing care		

Sample Premium (Monthly Direct Rate):		
30-year-old male	¥ 8,715	$108.94
40-year-old male	14,105	176.31
50-year-old male	29,995	374.94

Ordinary Life (Basic Plan)

	<u>Whole-Life</u>	
Payment through age 60	¥ 5,000,000	$ 62,500

Sample Premium (Monthly Direct Rate):		
30-year-old male	¥ 9,575	$119.69
40-year-old male	15,125	189.06
50-year-old male	31,210	390.13

Child Endowment

Benefits:		
Lump-sum education	¥ 500,000	$ 6,250
Education annuities*	2,500,000	31,250

Sample Premium** (Monthly Direct Rate):		
30-year-old male	¥12,470	$155.88
40-year-old male	12,630	157.88
50-year-old male	13,010	162.63

*Paid over four years
**Payment through age 18 of the child

Note: Premiums in dollars reflect exchange rate of ¥80=$1.

Corporations Supporting Aflac Japan

(as of 4/30/12)

Construction

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

Foods

- # Sapporo Holdings, Ltd.
- # Kirin Holdings Co., Ltd.
- ▶ * Coca-Cola Japan Company, Ltd.
- # Ajinomoto Co., Inc.
- # Nissin Food Holdings Co., Ltd.
- # Megmilk Snow Brand Co., Ltd.
- # Asahi Group Holdings, Ltd.
- # Nichirei Corp.
- # Yamazaki Baking Co., Ltd.
- # Fujiya Co., Ltd.
- * Kikkoman Corp.

Textiles

- * Toyobo Co., 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 Holdings Co., Ltd.
- # Mitsubishi Chemical Holdings Corp.
- # Daicel Chemical Industries, Ltd.
- # Sekisui Chemical Co., Ltd.
- # Asahi Kasei Corp.

Oil & Coal Products

- # Cosmo Oil Co., Ltd.
- # JX Holdings, Inc.
- # Showa Shell 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 Industries, Ltd.

Electric Appliances

- # Hitachi, Ltd.
- # Toshiba Corporation
- # Mitsubishi Electric Corporation
- # Fuji Electric Co., Ltd.
- # Fujitsu, Ltd.
- # Panasonic Corporation
- # Sharp Corporation
- # Sony Corporation
- # Pioneer Corporation
- # JVC KENWOOD Corporation
- # 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.
- # IHI Corporation
- # 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 Holdings Co., Ltd.
- * Seiko Holdings 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
- # Sojitz Corporation
- # Isetan Mitsukoshi Holdings
- # J. Front Retailing Co., Ltd.
- # The Daiei, Inc.
- # AEON Co., Ltd.
- # Takashimaya Co., Ltd.
- ▶ # Tokyu Department Store Co., Ltd.

Long-Term Credit Banks, City Banks

- * 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.
- ▶ # SMBC Nikko Securities, Inc.
- # Nomura Holdings, Inc.
- # MS & AD Insurance Group Holdings, Inc.
- * Tokio Marine Holdings, Inc.
- # NKSJ Holdings, Inc.

Transportation

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

Communications

- ▶ # Nikkei, Inc.
- ▶ # The Asahi Shimbun Co.
- # Dentsu Incorporated
- # Hakuhodo Incorporated
- ▶ # The Yomiuri Shimbun Holdings
- ▶ # The Mainichi Newspapers Co., Ltd.
- # 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 Life Insurance Co., Ltd.
- ▶ # Nippon Life Insurance Co.
- ▶ * Asahi Mutual Life Insurance Co.

Legend

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

Section III
Aflac U.S.

Overview of Aflac U.S.

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

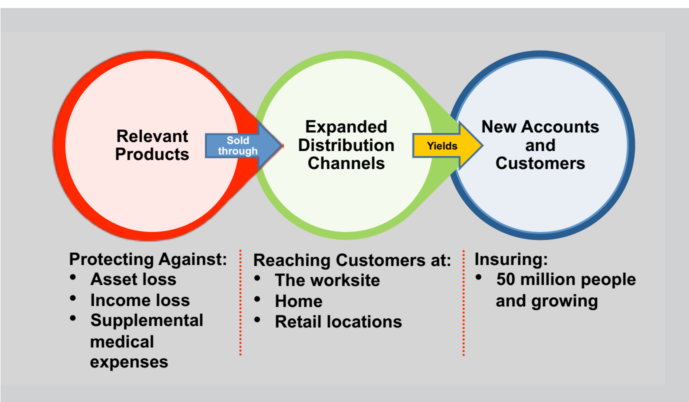
My presentation and the one that follows will provide you with an overall picture of our business operations in the United States. I will provide an update on the voluntary insurance market.

Our Vision

To be the leading provider of voluntary insurance in the United States

It has been Aflac's longstanding goal, and its vision, to be the leading provider of voluntary insurance in the United States.

Strategy for Growth



As we pursue that vision, we do so by using the strategy for growth we've used for years for both Aflac Japan and Aflac U.S.: We develop relevant products and sell them through expanded distribution channels, yielding new accounts and customers. By remaining focused and committed to this simple, consistent and effective strategy, we gain greater access to potential customers.

Michael Zuna, Aflac U.S. senior vice president and chief marketing officer, will cover specifics about the products we offer, and I'll focus on the distribution side of our strategy. But first, let me briefly cover the concept of our voluntary products, because the evolution of our voluntary product offerings is directly tied to the evolution of our distribution channels.

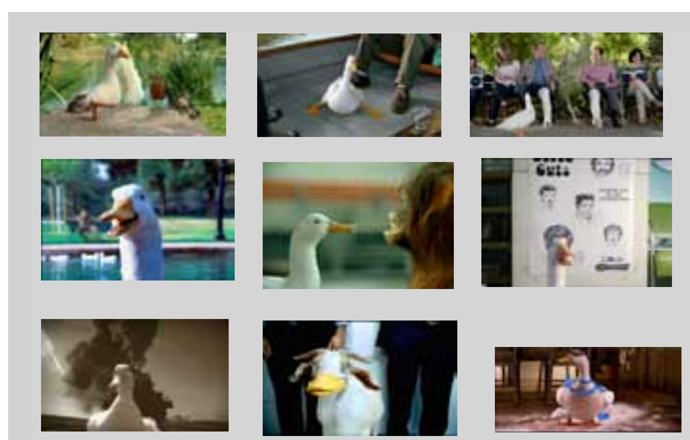
Aflac Sales Distribution Channels – Traditional

Distribution Channel	Product Focus	Business Focus
Traditional Associates	Individual	<100 employees

Since 1955, Aflac has sold individually issued products primarily to smaller businesses through what we call our "traditional sales channel." This historically has included an extensive network of commission-based, independent sales associates who are the foundation of our distribution system.

Aflac's traditional sales channel comprises a team of more than 78,000 sales associates. This channel continues to be the driving force behind the relationships we've developed with hundreds of thousands of the nation's small businesses. For years, other companies have tried to replicate and, in some cases, even "buy" a sales distribution channel like ours. We regard our success in this market as essential to our operating model, and we're going to continue to protect, enhance and empower our traditional sales channel.

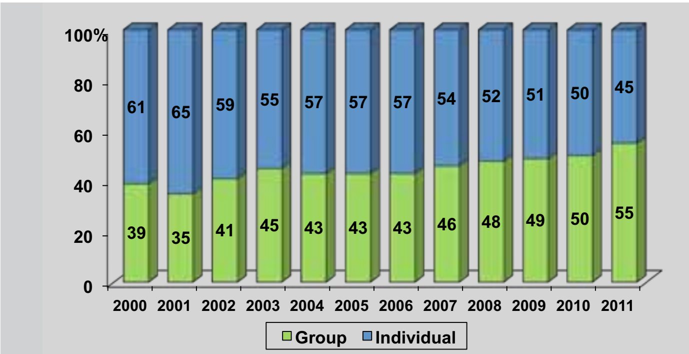
Early 2000s: Tremendous Growth



For 45 years, Aflac was a company most people had never heard of. But that changed in 2000 when the Aflac Duck came onto the scene and a new era was born. By 2002, the bold Aflac Duck campaign had become an advertising sensation, and it catapulted Aflac's brand recognition to a point where more than 9 out of 10 people recognized the Aflac brand.

From 2000 to 2002, the Duck – and our resulting brand recognition – drove an incredible demand for Aflac products. The number of small-business leaders who sought to offer our benefits to employees increased exponentially. Just as noteworthy was the way that our popularity expanded the size of our traditional distribution channel of individual sales associates. Suddenly, it seemed that everyone wanted to be affiliated with Aflac.

Changes in the Voluntary Worksite Market – Product Mix



Source: U.S. Worksite Sales Report Carrier Results, Eastbridge Consulting Group

As the 2000s progressed, the voluntary worksite insurance market evolved in terms of the types of products employees were buying. Sales of individual voluntary products were stagnant or declining, while group sales were increasing.

By 2007, the broader insurance market showed that contributions to voluntary insurance sales by individual agents were decreasing as contributions by insurance brokers increased. We did not have significant access to or relationships with the brokers that dominated voluntary sales to the large-case market, meaning businesses with more than 500 employees.

Aflac Sales Distribution Channels – Small/Medium Brokers

Distribution Channel	Product Focus	Business Focus
Traditional Associates	Individual	<100 employees
Brokers-Small/Medium	Individual/Group	<500 employees

For that reason, we reached out to regional and large insurance brokers to determine how we could enhance our appeal to brokers. They told us that our lack of group products was a major reason they could not offer Aflac products to their accounts.

Armed with this knowledge, we realized the question wasn't whether we wanted to add group products to our portfolio – the question was what would be the best way to add group products. Our options included building an internal group-product platform, seeking out a joint venture and acquiring a company that already offered group products. After considering product time to market, costs, risk and reward, and experience, we concluded that an acquisition would be our best course of action. This option would give us immediate access to a portfolio of ready-to-sell products and the expertise of management with a proven track record in underwriting and administrative capabilities with group products.

As you'll recall, in October 2009, we acquired CAIC, now branded as Aflac Group Insurance. This acquisition was a critical step toward competing in the group-product arena. It gave us instant access to the group products we lacked, proving to insurance brokers that we were serious about doing business with them. This was a major step in expanding our presence within medium and larger businesses. And there is no doubt it was the right decision for us: As the growth engine at Aflac U.S., group products are transforming our business. Having a portfolio of individual and group products has allowed us to go to the marketplace with the best of both worlds, while also providing our customers with more options.

While Aflac remains the leading provider of individual voluntary insurance in the United States, we've seen the demand for group products rising year after year. For example, in 2001, individual products represented 61% of worksite sales, with group insurance lagging behind at 39%. The most recent data shows that in 2011, sales of group policies eclipsed those of their individual counterparts to comprise 55% of total worksite sales in the industry. This affirms our decision to expand into the group insurance arena – and we're confident that our strong brand, superior service and comprehensive product portfolio will make us No. 1 in sales of voluntary group insurance too.

Our entrance into the group insurance market has also opened opportunities for some of our more seasoned associates, who for many years focused only on sales of individual products. Many have surpassed our initial expectations in terms of group sales, thanks to a consultative sales model that positions group products as the best fit for certain accounts. At the same time, our veteran agents are driving growth within our existing book of business. Through a combination of individual and group sales, they're doing an outstanding job of increasing penetration in existing accounts, while securing new accounts also.

We are also seeing tremendous growth at our Aflac Group Insurance operations. We plan to add 375 jobs at Aflac Group this year, which will bring its total workforce to more than 800 employees. This far exceeds our previous expectation of growing Aflac Group to 400 employees by 2015.

The Business Market

Size of Firm	Number of Firms (000)	Number of Employees (Millions)	% of Total Employees
0 - 19 Workers	5,171	20.7	18.1%
20 - 99 Workers	495	19.4	16.9
100 - 499 Workers	83	16.2	14.1
Subtotal	5,749	56.3	49.2%

Source: U.S. Census Bureau Tabulations by Enterprise Size, 2009

Let's look at the potential market for Aflac by business size. The most recent data from the U.S. Small Business Administration shows the United States has more than 5.7 million businesses with fewer than 500 workers, and that these small businesses employ more than 56 million people. That's nearly half of the total workforce and is a large universe of potential customers.

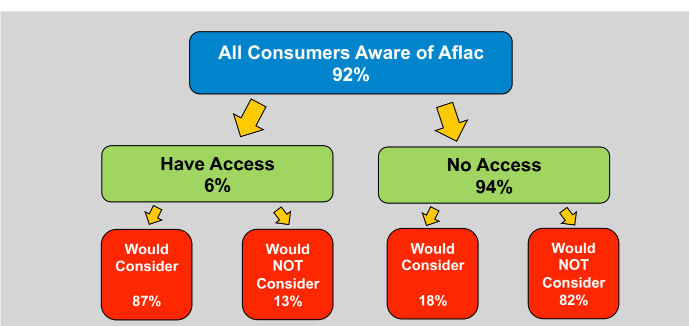
The Business Market

Size of Firm	Number of Firms (000)	Number of Employees (Millions)	% of Total Employees
0 - 19 Workers	5,171	20.7	18.1%
20 - 99 Workers	495	19.4	16.9
100 - 499 Workers	83	16.2	14.1
Subtotal	5,749	56.3	49.2%
500+ Workers	18	58.3	50.8
Total	5,767	114.5	100.0%

Source: U.S. Census Bureau Tabulations by Enterprise Size, 2009

When you look at the potential market for Aflac after the addition of group products, you'll see that there are 18,000 businesses with 500 or more workers, employing 58 million additional employees. The key word is additional because, as I mentioned, our efforts are designed to expand our reach, not shift our focus. In other words, we are expanding our target market from just small businesses to businesses of all sizes. Our portfolio of group and individual products provides consumers with outstanding value, while giving employers the choices they demand. As a result, the Aflac brand outshines those of its competitors in both the individual and group voluntary markets.

Potential for Growth



To put the growth potential in perspective, the U.S. Census Bureau data shows there are 114 million full-time employees in the United States. Ninety-two percent of Americans are aware of the Aflac brand, which translates into 105 million U.S. workers. Based on a study from Hall and Partners, 94% of those 105 million workers, or 99 million people, do not currently have access to our products at their worksites. With health care in the forefront of so many consumers' minds, our strong brand is accelerating our potential to grow the business.

Aflac for Brokers

Aflac will compete for broker business with value-added:

- » **Services**
- » **Technology**
- » **Compensation**
- » **Products**

Referring back to our strategy for growth, once we added group products to our portfolio it was time to further build out our distribution system to reach larger accounts. Even before acquiring CAIC, we officially launched a broker initiative called Aflac for Brokers. This initiative was managed through a distribution system more closely aligned with our traditional sales associates. Despite our initial concerns about potential channel conflict, Aflac's sales associates are effectively partnering with small and medium brokers. These partnerships are providing increased access to existing accounts and generating broker referrals to new accounts.

While we saw some success in the broker market early on, there were limitations around simultaneously managing the various needs of the traditional associates and the broker community – more specifically, the large brokers.

Aflac Sales Distribution Channels-Large Brokers

Distribution Channel	Product Focus	Business Focus
Traditional Associates	Individual	<100 employees
Brokers-Small/Medium	Individual/Group	<500 employees
Brokers-Large	Group	>500 employees

It became clear that the infrastructure that we built out and nurtured at Aflac U.S. over five decades was better at serving the needs of our traditional channel. We needed a separate and distinct channel devoted to large brokers. As many of you know, Aflac Japan has experienced great success in developing diverse distribution sales channels and supporting the unique needs of these channels through separate, specialized infrastructures. So we identified the need to carve out a distribution channel particularly geared for large brokers, and we knew it would have to be managed separately by experienced individuals.

Aflac® | Benefits Solutions

- **ABS addresses large national brokers**
- **Expanding our reach, not shifting our focus**

With that in mind, I want to share with you how we've segmented our approach to improve our reach into the large-case market. To cater to the unique needs of the top 50 national insurance brokerage houses, we've created an entirely new and separate infrastructure called Aflac Benefits Solutions, or ABS.

ABS, a subsidiary of Aflac Incorporated, is a separate, independent insurance agency. We established our ABS office in metro Atlanta to ensure the operation is accessible to our business partners. The head of ABS, Chris Covill, has decades of experience with large insurance brokerage houses. He knows the importance of staffing ABS with experienced professionals who understand the business from top to bottom – individuals with industry experience who have first-hand knowledge of the unique needs of larger brokers. I believe we're expanding our reach in a much better way through ABS.

Carving out ABS as a distinct sales channel dedicated to the needs of large national brokers is not only beneficial to our broker channel, but it also helps our traditional sales channel because each distribution avenue receives focus and attention that will drive sales.

Aflac Benefits Solutions (ABS): Vision, Mission and Strategy

- **Vision**
  - » **To be the preferred and trusted partner of the top 50 national brokers**
- **Mission**
  - » **Ensure the top 50 national brokers have a formal voluntary benefits strategy**
- **Strategy**
  - » **Deploy dedicated seasoned sales professionals to deliver customized solutions**

The vision of ABS is simple and targeted: To be the preferred and trusted partner among the top 50 brokers in the United States and to make Aflac the number one provider of voluntary benefits in the larger-case market.

We are pursuing our mission to ensure that each of the top 50 national insurance brokers has a formal voluntary benefits strategy by effectively using voluntary benefits to grow their client bases and improve their clients' overall benefits offerings.

Following through on our promise to provide products and services that add value will help us solidify long-term relationships with the top insurance brokers. However, building those long-term relationships is not an overnight process. We believe that, over time, the strides we are making in pursuing larger businesses will help Aflac achieve its goal of being the number one provider of voluntary benefits to employers with more than 500 employees. I can tell you that we are already making tremendous inroads in establishing critical relationships with our focused and dedicated approach. We believe our value proposition for large brokers is now in place, and we expect our progress in building these relationships will benefit brokers and Aflac for many years to come. Keep in mind, that while we are in the early stages of building a meaningful presence in the larger-case market, the potential for Aflac is huge.

Health Care Environment

- **Companies selling major medical entering the voluntary insurance business**
- **Aflac's primary focus is voluntary insurance sold at the worksite**
- **Large businesses and brokers may focus more on voluntary products due to:**
  - » **Cost-shifting and reduction of benefits at larger businesses**
  - » **Downward pressure on major medical commissions**

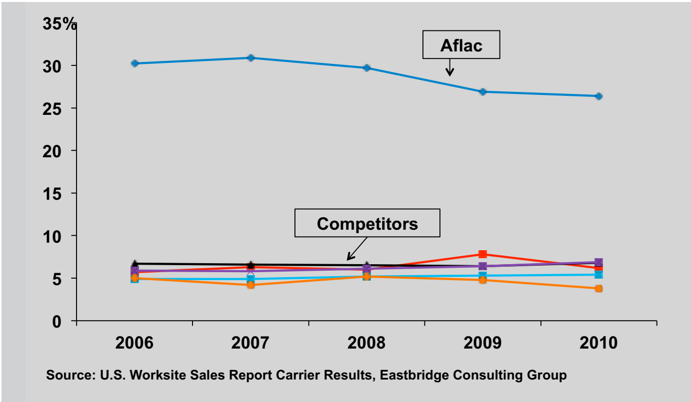
We are often asked how the evolving health care environment affects our business. Actually, as I mentioned, we believe it presents Aflac with opportunities. Just take a look at Japan's health care environment. Its citizens are covered by a nationally sponsored healthcare plan, yet still greatly benefit from the financial protection Aflac products help provide. While a large number of people here in the United States are covered by comprehensive insurance through their employers, these individuals still have to pay out-of-pocket expenses. The affordable and relevant benefits of Aflac products can lighten this financial burden, regardless of where the comprehensive coverage is obtained.

This clear need for voluntary products, combined with the evolving health care landscape, has resulted in many new companies entering the voluntary insurance market. Because the voluntary market is not directly subject to reforms mandated by the Affordable Care Act, or ACA, many comprehensive insurance companies, in particular, have scrambled to enter our market. But I want to point out one thing: These new entrants are making forays into our market as a contingency plan for health care reform. But not for Aflac – voluntary insurance sold at worksites, large and small, is our primary focus. That focus has contributed to our market-leading position in voluntary individual products, and we are starting to see indications that consumers prefer Aflac group products to the competitions'.

As I mentioned, we believe larger businesses will seek guidance from insurance brokers to help navigate through their many health care options. From there, two primary factors have the potential to elevate brokers' focus on voluntary products: First, employers subject to the ACA will, in all likelihood, have to shift more costs to employees, reduce benefits, or both to control costs while continuing to offer solid coverage. Second, the new medical-loss ratios required of major medical plans have put significant downward pressure on broker fees and commissions.

We are seeing growing enthusiasm among brokers, both small and large, who are realizing that offering Aflac's diverse line of supplemental products to their clients provides them with an ideal opportunity to grow their businesses without reduced commissions.

Changes in the Voluntary Worksite Market – Competition



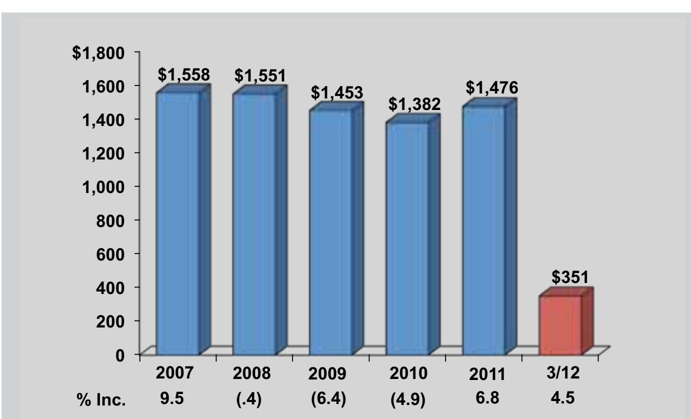
Aflac has spent more than five decades establishing the competitive strengths that have propelled us to our market-leading status in the individual voluntary insurance market. This graph illustrates Aflac's domination of the market when compared to other companies in the voluntary worksite insurance industry.

While Aflac has maintained its market-leading status, our market share took a slight dip starting around 2008. This reflects the fact that more companies are entering the voluntary insurance market. In fact, nearly every major insurance carrier has entered the voluntary worksite market in one way or another. In recent years, we have seen companies try to mirror our products and marketing campaigns to gain access to both the small- and large-case markets.

While our competitors are attempting to come downstream from the larger-case market into the small-account niche, we're not only protecting this share of the market that Aflac has dominated for many years, but we are also proactively launching the initiatives I described to capture more of the larger-case market. By doing so, we are maintaining our dominance in the small-case arena while simultaneously gaining a foothold in a market that, until now, has remained largely untapped for Aflac.

Aflac U.S. New Premium Sales

(In Millions)



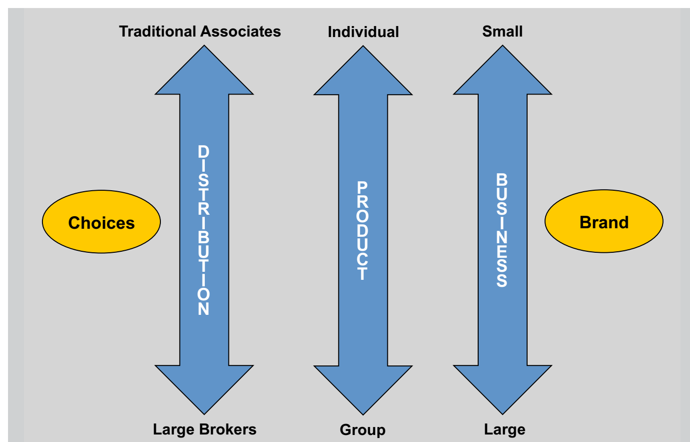
Much of my presentation covers what we are doing to position ourselves for future growth. I'm very pleased with the ways many of these initiatives are already positively affecting sales performance. As you can see, Aflac U.S. generated a 6.8% increase in new annualized premium sales for 2011, which was above our target of a zero to 5% increase. I am also pleased that we are off to a good start this year. Aflac U.S. posted a 4.5% new annualized premium sales increase for the first quarter of 2012.

Aflac U.S. Sales Objective for 2012

- **Increase sales in the range of 3% to 8%**

The United States continues to provide a vast and accessible market for our products. Looking ahead to the remainder of 2012, we believe it is reasonable to expect Aflac U.S. sales to increase in the range of 3% to 8%. While economic conditions have improved and we cautiously look ahead, we believe we have put the right people and processes in place to grow sales this year and further penetrate the market.

How We'll Accomplish Our Vision



I shared earlier that it is our longstanding goal and vision to be the leading provider of voluntary insurance in the United States. As we look to the future, we will maintain the leading position and work to enhance it. Our individual and group products – and our brand strength – set us apart from our competitors and make us the insurer of choice for individual consumers and businesses of all sizes, for the smallest of sales associates and the largest of national brokers, for the humblest of "Mom and Pop" stores, and the biggest retailers and corporations.

We will accomplish our vision by remaining true to our strategy for growth: by offering relevant products through expanded distribution channels, by continuing to be proactive in responding to changes in U.S. and workplace demographics, by being mindful and tactical in the evolving health care environment, and by leveraging our strong brand in each of these endeavors.

ABS is one way we're expanding our reach. But we won't stop there. We're continually exploring additional opportunities to establish a distribution presence, while taking into account the needs of various customer-demographic segments. As consumers' preferences change with respect to how and where they want to buy voluntary insurance, we will explore additional distribution channels. We will be where American workers want to purchase voluntary insurance, and we'll continue to look at the wants and needs of consumers to identify ways and channels we can fulfill their needs. As we consider new avenues, we will closely evaluate their propositions for risk and reward, cost, and economies of scale.

The kind of growth potential I'm referring to can't be accomplished in a week, in a month, or even in a year. I'm talking about Aflac's long-term potential in the United States, and I can tell you it's there. The best is yet to come for Aflac U.S.

Aflac U.S. Marketing

Michael W. Zuna
Executive Vice President; Chief Marketing and Sales Officer

I'm pleased to have the opportunity to update you on some of the things we've accomplished during the past year.

As Paul indicated, we're seeing tremendous opportunities for growth within our market. Aflac has historically been the leader in the voluntary insurance market. Over the past few years, we've seen increased competition, but Aflac retains the lion's share of the business – and we intend not only to keep it that way, but also to grow our share.

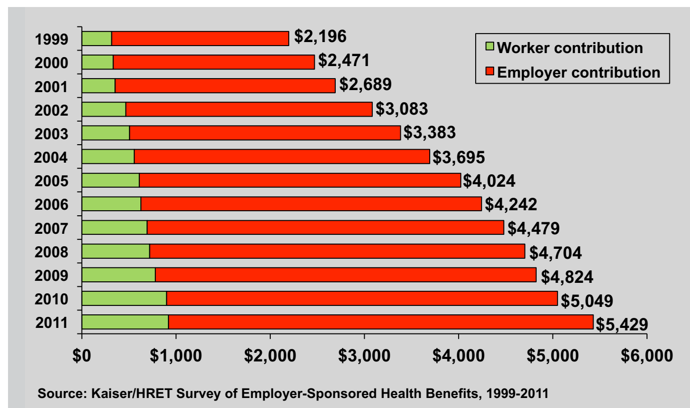
I'll take you through my team's objectives, as well as the strategies we've put into place to help our agents and brokers reach prospective customers, decision-makers and existing policyholders at moments that most influence their purchase decisions, and then convert those moments into sales.

Need for Voluntary Products

- **Whether group or individual, consumers need voluntary insurance**
- **Cash benefits help consumers pay everyday expenses**
- **Health care costs continue to shift to consumers**

Consumers need the protection our voluntary products offer now more than ever, whether that coverage is provided on an individual or a group platform. Our products provide value that is both real and life-changing. Each day, policyholders let us know that Aflac products have meant the difference between paying their mortgages and losing their homes; between paying their car notes and finding alternate transportation; and even between receiving medical treatments and foregoing needed care.

Rising Health Care Costs



As this chart shows, annual spending on health care costs rose from nearly $2,200 per employee in 1999 to more than $5,400 in 2011. Health care costs have also significantly affected employers. Additionally, for families, the Milliman Medical Index indicates annual health care costs have more than doubled in less than 9 years. Employees' share of family costs is at an all-time high of 39.7%. Aflac's job is to help protect policyholders from rising out-of-pocket health care costs and, at the same time, support employers by providing supplementary plans that improve their workers' benefits packages at little or no cost to their businesses.

Product Portfolio

How Aflac products work:

- **Pay cash benefits directly to insureds**
- **Help protect against:**
  - » **Loss of income**
  - » **Out-of-pocket medical expenses**
  - » **Loss of assets**

Product development approach:

- **Consumer needs**
- **Distribution needs**
- **Risk management principles**
- **Innovation**
- **Aflac's customer-centric philosophy**

With rising health care costs as the backdrop, keep in mind that for more than five decades, Aflac has provided an extra layer of financial protection to policyholders. Our products pay cash directly to policyholders in the event of sickness, injury or death. They're sold primarily at worksites on an individual or group platform and are designed as an addition to, not a replacement for, major medical insurance. The benefits can be used in any way policyholders see fit: to help pay out-of-pocket medical costs, the mortgage or rent, utility bills or auto payments – in short, any bill that threatens their financial security.

The success of our products, whether they're group or individual, depends largely upon how well they address – and in some cases, anticipate – the needs of consumers and our distribution teams. Addressing those needs is critically important when we're developing new products, but we must also observe the fundamental principles of sound risk management.

Aflac was founded on a customer-centric philosophy. We continue to develop both group and individual products with simple and clear policy language. From application to claim, we ensure that our processes are streamlined, efficient and effective. This is consistent with Aflac's belief that an insurance contract should clearly communicate what the consumer can expect to receive.

Product Strategy

Enhance competitiveness through:

- **Products tailored to fit different needs**
- **Benefit offerings**
- **Pricing**
- **Market strategy**

As competition increases and our market evolves, we must create and execute a product strategy that fits the needs of businesses and consumers – one that provides a competitive edge with respect to the benefits we offer and how our products are priced and marketed.

We've significantly increased our competitiveness by adding group products to our portfolio. Our suite of insurance products is tailored to fit the needs of all consumers, as well as all businesses, no matter how large or small.

We continually enhance our policies to increase their value to consumers. For example, in the second-half of 2011, we unveiled a new short-term disability product and, in the first quarter of 2012, a new cancer product.

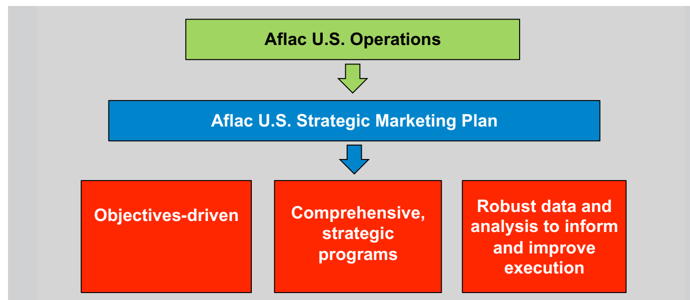
Our new disability product is much more appealing to consumers because of its lower income requirements, higher maximum issue and renewal ages, higher maximum benefits and lower premiums. Likewise, we've made our new cancer product more competitive – and we've simplified it so that it's easier for customers to understand and for agents to sell.

Additionally, we've expanded our product-marketing campaigns to include all product lines. We're also focused on developing campaigns that integrate individual and group offerings. For example, we have been very successful in cross-selling our group critical illness coverage as a "wrap" to new or existing individual policies. Through cross-selling, we increase our share of wallet and improve our account penetration, which in turn improves persistency.

Another recent effort is our short-term disability launch. We developed a direct-marketing campaign aimed at existing accounts that didn't offer our short-term disability product. The theme was, "Deal employees a winning hand with short-term disability from Aflac." Components included a letter to decision-makers touting the product's benefits, a follow-up email and, lastly, a deck of "Aflac Duck" playing cards.

We plan to roll out revisions to some of our other products, with the goal of making them more competitive and easier to obtain, while maintaining sound returns for investors. We are also focused on developing products directed at specific customer segments.

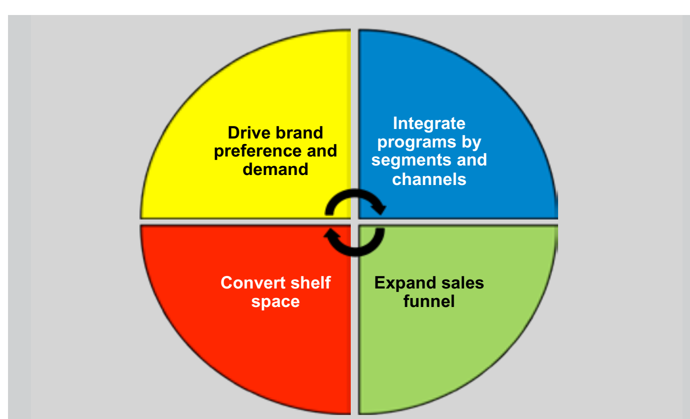
Evolution of Accountable Marketing



As you know, Marketing plays an important role in driving revenue through increased production, in terms of both new annualized premium and earned premium. In an effort to meet and exceed our sales and operations targets, we've developed a clear and focused strategy centered on accountable marketing. Accountable marketing is an objectives-driven system built around comprehensive and strategic programs.

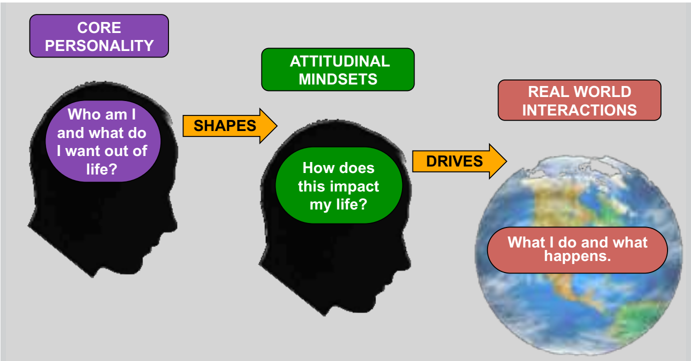
Insurance is as an emotionally driven purchase, but our marketing efforts are rooted in facts, research and accountability. We're informed by robust data and analysis that improves our execution, and we use our research to target specific markets and channels. We're focused on consumers, businesses, brokers and agents, and we've identified objectives, strategies and tactics for each. We've also aligned our messaging and our media to meet the specific needs of our market segments. I will elaborate on this shortly.

Four Broad Objectives of Marketing



Put simply, we believe our marketing comes down to four broad objectives or areas of execution: driving brand preference and demand; integrating programs by segments and channels; expanding our sales funnel; and converting what we call shelf space. This is a continuous process that is at the foundation of everything we do.

Driving Brand Preference and Demand

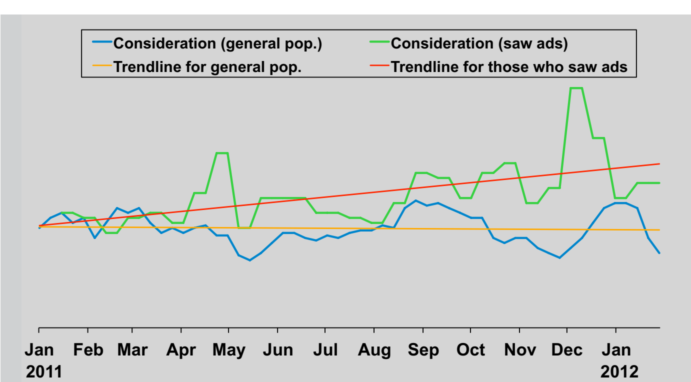


Because we created the concept of supplemental insurance and for quite some time were virtually the only company in the supplemental market, generating brand preference among consumers is something Aflac hasn't historically had to spend much time on. However, in recent years, our competitors have become more aggressive and we've seen new entrants into our market space. Aflac's sales still outpace those of our top four rivals combined, but some competitors are aggressively trying to chip away at our market share. We don't take their efforts lightly. We're driving brand preference and demand by focusing on consumers to generate three key outcomes: unaided awareness, understanding and consideration.

In today's world, consumers want complete control over their decisions. They are immersed in technology and therefore have unprecedented access to information and choices. As a result, understanding consumer behavior becomes a marketing necessity. Consumer behavior is driven by three factors: core personality, which is unique to each individual; the attitudinal mindset each individual has toward external stimuli and choices; and, lastly, real-world interactions driven by personal experiences, behaviors and decisions.

Decisions about insurance are driven by internal and external influencers. Our goal is to isolate the factors that are the determinants of consideration: financial soundness and concerns, planning for the future, and opinions about voluntary insurance.

Awareness, Understanding and Consideration



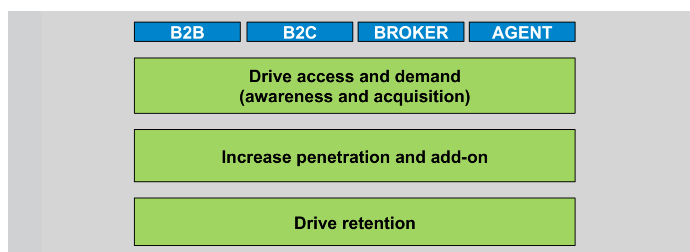
Unaided awareness is a measure of the number of people who, without prompting, express knowledge of a brand or product. Brands that are part of a consumer's initial consideration set are up to three times more likely to be purchased than brands that are not part of that set. Eighty-five percent of workers say brand name and reputation are important when selecting benefits, and 42% say they are extremely important. Thanks to the Aflac Duck, unaided awareness of our company – its brand name and recognition – is nearly unrivaled. More than 93% of Americans have heard of Aflac, and that gives us a jump start on the competition.

The next element of brand preference and demand is understanding. We'll continue to use the Duck to entertain and to keep the Aflac name front and center among consumers, but our messaging increasingly focuses on taking consumers from awareness to understanding.

Next, there's consideration: When someone is ready to buy, how likely is he or she to consider our product? We're using marketing to generate consideration, the kind of driving curiosity that prompts a business decision-maker or a consumer to want to learn more about a product. And once they have the knowledge they seek, we want their urgency to transform into an immediate desire to purchase. Our objective is to shorten the sales and marketing process from consideration to transaction, closing the sale fast. This slide shows that consumer consideration of Aflac and its products is on a steady upward trajectory.

We're working toward that objective with broad media efforts across television, print and online channels that drive awareness and product understanding. The goal is driving relevance and immediacy so that customers get exactly what they want when they want it.

Integrated Programs by Market Segments and Channels

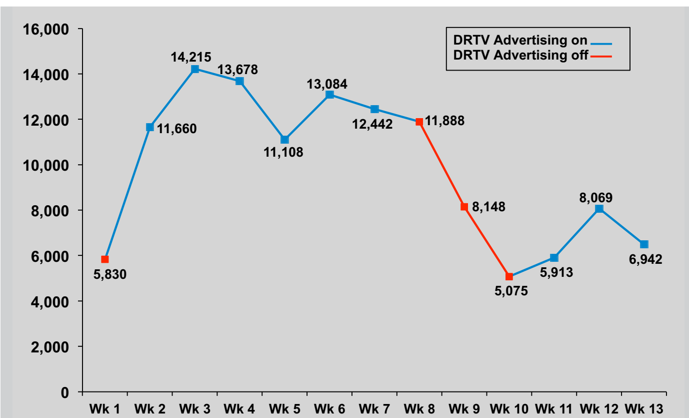


The second objective I mentioned is integrating marketing programs by segment and by channel. Just as the insurance needs of individuals are unique, the needs of the businesses and brokers Aflac serves are unique too. That's why we've strategically divided our market into segments and channels aimed at a variety of situations and needs.

We make things just right for companies ranging in size from the very large to the very small. Some prefer to work with brokers, while others prefer the intimacy that comes from working with an individual agent. We have products and services that meet a wide range of needs too. We don't want businesses, agents or brokers to be forced to seek out their own solutions – we give them a suite of ready-made solutions tailored to their needs. A good example here is our product offerings. Larger accounts and brokers generally prefer to work with group products. With the acquisition of Aflac Group, we can better tailor our product offerings to meet that preference, while smaller companies continue to be comfortable with our individual products.

Technology is another area in which Aflac provides different solutions depending upon the size and needs of a business. Large accounts generally require electronic enrollment capabilities and employee communications, and Aflac provides those services. In fact, we're working closer than ever with IT and Administration to enhance our enrollment technology because we know ease of enrollment drives increased account penetration. Since smaller businesses usually don't invest in electronic enrollment platforms, we have alternate ways of conducting their enrollments, including face-to-face, Call Center and telephonic methods.

Expanding Sales Funnel – Recruiting Leads
(2012)



Source: Internal Data

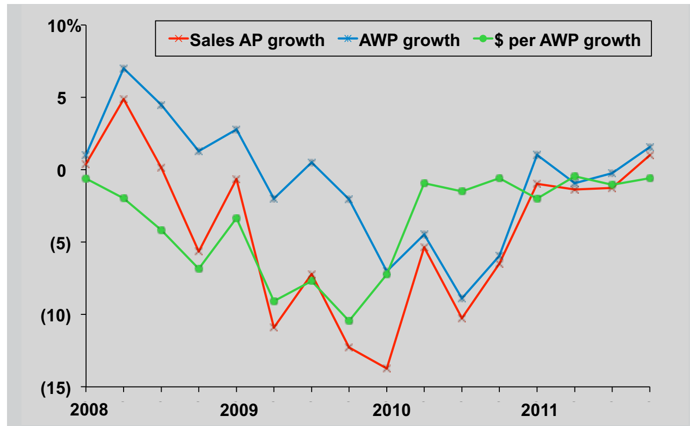
The next marketing objective is expanding our sales funnel, or our distribution. We know that more agents generate more demand, which, in turn, generates more accounts and revenue. That's why in 2011 we launched our first national recruiting campaign. The powerful integrated and testimonial-based effort relied on strategic media buys and included television, newspaper and digital ads; search-engine marketing and optimization; top job sites; and our first-ever bilingual television ads featuring Aflac agents.

The results were encouraging, so this year we launched a new testimonial-based ad campaign that focuses on agent stories and highlights the four key message points that drive agents to join Aflac: Aflac is financially strong, provides the support needed for success, places no limitations on individual success, and offers careers with personal control.

We're using the results and feedback generated by the initial launch and the year's first ad flight to optimize our campaign for the remainder of 2012. In other words, we intend to generate better results by adjusting the mix of channels on which we purchase airtime, the times at which the ads are shown, and the frequency with which they appear – all with the goal of attracting best-in-class new agents.

During the first ad flight, we saw a 60% year-over-year increase in leads with the same spend. The cost per lead on our TV spot was 21% lower than last year's cost and beat forecasts by 47%. Advertising has a direct correlation to leads, as you can see from the chart. Short-term ups and downs are important, but not as important as growing recruits on a sustained and cumulative basis, so we will continue to push toward those long-term objectives. We are also working to increase our coordinator base, especially at the lower levels, to better convert leads into recruits and, ultimately, into producing agents.

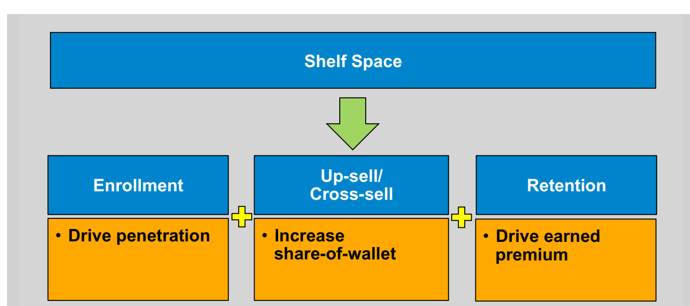
Increased Activity and Productivity Generate Premium Growth



Increased annual premium is the result of activity and productivity: We look at the number of average weekly producers, as well as the dollar amounts they're bringing in.

As this chart shows, both the number of average weekly producers and the dollars per average weekly producer declined in the years in which our sales growth was headed in a negative direction. We turned both of those key drivers of sales growth around in 2011 and continue to aggressively develop and implement programs that keep the number of average weekly producers, and the dollar amounts they're generating, on a positive trajectory. A critical driver of this growth over the past year was recruiting, but our coordinator base did not keep pace. Since last year, we have increased efforts to expand our distribution infrastructure. Due in part to the success of the coordinator-in-training program, we have essentially "filled our bench." Going forward, we expect to see continued coordinator expansion which, ultimately, allows us to extend our reach to our customers.

Creating and Converting Shelf Space



We have discussed the importance of “shelf space” many times, and it continues to be an important component of our success, especially in today’s environment. In a down economy, payroll accounts sometimes increase but we don’t see a resulting bump in sales. We do, however, have an opportunity to create shelf space for the future, which can drive sales within those accounts when the economy starts to improve.

In 2012 and beyond, Marketing is increasing its efforts to capitalize on accrued shelf space through additional enrollments, by up-selling and cross-selling to existing policyholders, and by retaining more of our existing customers. In the end, it’s all about maximization: maximizing the number of policies sold at enrollment, maximizing share-of-wallet, and maximizing earned premium.

Cross-selling and up-selling are both key to increased retention. According to the Database Marketing Institute, “The value of a second policy is much more than the additional profit from that policy. The value is in increasing the retention rate (the persistence) of the first policy. Somehow, when people own two (or more) policies from a company, they are more loyal than if they own just one.” In other words, the more policies a customer has with Aflac, the more likely he or she is to continue doing business with us – and that drives earned premium.

Comprehensive Strategy

Optimized marketing strategy

Innovative marketing model

The second component of our accountable marketing focus is our commitment to comprehensive strategic programs. This includes optimizing our marketing strategy and innovative marketing model.

Optimizing Marketing Strategy

- **Leverage econometrics to maximize returns**
- **Shift marketing dollars to segments with largest business impact**
- **Closely link marketing efforts to business operations**

We’ve found that a disciplined approach to marketing – an optimized marketing strategy based on careful planning and comprehensive research – is more successful and also reflects a disciplined use of our company’s financial resources. We want every marketing dollar we spend to deliver maximum value by differentiating our company and our products from those of our competitors.

We continuously look for ways to generate larger returns by reallocating our investment, rather than by adding more dollars to our marketing spend. This philosophy is not limited to our media mix. Rather, we look at the entire spectrum of our marketing plan to identify, evaluate and implement opportunities in our pursuit of higher returns on our marketing investment.

We are leveraging econometrics to maximize the return on every dollar. For example, we’ve used our Econometric Media Model to identify the maximum point at which we generate a positive return on revenue for every marketing media dollar spent.

Additionally, over the last few years, we’ve shifted marketing dollars to segments that drive greater access and the most “shelf space” in order to sell to employees in businesses. This strategy is designed to grow our B2B and broker markets. While marketing to consumers continues to be important, we recognize that access to those consumers at their worksites, via brokers and employers, is an important part of our business model. Finally, we are closely linking our marketing efforts to operations and results. For example, a cross-divisional task force is focused on improving account, policyholder and Aflac Group customer retention. The task force includes key personnel from Marketing, Sales, Administration, IT and other areas. Results are encouraging and are directly attributable to cross-company collaboration.

Innovative Marketing Model

Social Media	**Aflac is part of the dialogue**
Thought Leadership	**Aflac WorkForces Report and other compelling content**
Sales Technology	**Mobile capabilities and sales tools**
Retail Sales Operations	**Retail location in a mobile environment**

One major area of focus for us is social media, which we’re using to harness the voice of the consumer. We monitor for mentions of our brand across numerous social media platforms and when we see that a customer has expressed dissatisfaction, we enter the conversation to address their issues. For example, “Aflac Phyllis,” one of our brand protection coordinators, responds to Twitter users by asking them to explain their concerns and by helping resolve their problems. The conversations are public and those who view the back-and-forth unfolding in real time can see that we’re serious about customer service. Likewise, when we see a positive mention of Aflac on a social media platform, we’ll enter the conversation to express our thanks.

Another area of focus is thought leadership, through which we’re engaging in dialogue about benefits with employers. Health care reform, regulatory changes, the prolonged recession and our nation’s slow economic recovery have left employers confused about the benefits landscape. We’re filling the void with the Aflac WorkForces Report, which is based on interviews with 1,876 benefits decision-makers and 6,151 employed adults. The WorkForces Report gives employers a snapshot of how their workforces feel about their employer-sponsored benefits plans. Through the report, we're positioning Aflac as a trusted advisor that brokers, accounts and consumers can turn to for objective advice about their benefits offerings and selections.

Additionally, through our innovation in sales technology – which requires Marketing to work closely with its IT partners – we are developing tools that positively affect our sales and marketing efforts. One example is the creation of the Automatic Proposal Tool, which we recently rolled out for the broker partners of Aflac Group. The Automatic Proposal Tool transformed a manual sales-proposal process that took an average of 10 days or more into a process that produces results in just five minutes.

Finally, retail sales operations are transforming the sales experience, both for our agents and consumers. Our popular Show Car program, which stars the No. 99 Aflac Ford Fusion, now features two haulers that house our first-ever retail sales and service stores.

The haulers are true mobile storefronts, complete with SNG® computers that instantly submit policy information and applications, as well as screens that showcase our latest commercials and our product, client, B2B and broker testimonial videos. Through our ongoing partnership with Aflac's customer assurance team, we've arranged for accounts and policyholders with service issues to use VIP hotlines to immediately speak with internal customer service agents. Call center representatives are notified of each pit stop in advance so they can be prepared to answer questions about the account being visited and the policies being made available to its employees. The haulers connect with customers in an environment that sparks their emotions and also generates strong brand preference and demand.

Robust Data and Analysis

- **Complex business environment**
  - » **Competitive intensity**
  - » **Sluggish economy**
  - » **Skittish consumers and business decision makers**
- **Robust data analysis**
  - » **Market-based focus**
  - » **Key performance indicators**

The third and final component of our accountable marketing strategy is robust data and analysis. Our business environment is becoming increasingly complex. For example, increased competitive intensity among our traditional rivals, a sluggish economy that is struggling to recover from prolonged downturn, and skittish consumers and business decision-makers who are sensitive to price require that we stay ahead of potential roadblocks and challenges – whether they're economy- or consumer-driven. We increasingly rely on robust data, as well as marketplace and consumer analysis, to inform us and aid us with our marketing decisions and perfecting our execution.

We are putting our research to use in developing our market-based focus; in creating models linking marketing activities to sales and profitability; and by focusing key performance indicators and targets by activities and by audience – consumers, businesses, brokers and agents.

Evidence Drives Decisions

Data and analysis is critical to the development of effective marketing initiatives. According to the McKinsey Global Institute, the ability to digest and leverage the vast amount of information driven largely by online activities is a key business differentiator. McKinsey describes the transactional data churned out by companies as "Big Data."

With so much data available, it is imperative that companies find a way to maintain focus on what is relevant to them as a business. In fact, it is a competitive advantage to successfully navigate through the wealth of information and use it in a way that drives results. Once relevant data has been extrapolated, it drives analytics and research, which in turn drives strategy and execution. For example, I shared with you earlier how we are taking information we gather from Twitter and using it to turn negative customer experiences into positive ones. We use a mix of survey and web analytics to measure how marketing affects brand perception and – through analysis, ideation and testing – drive our marketing to be more effective.

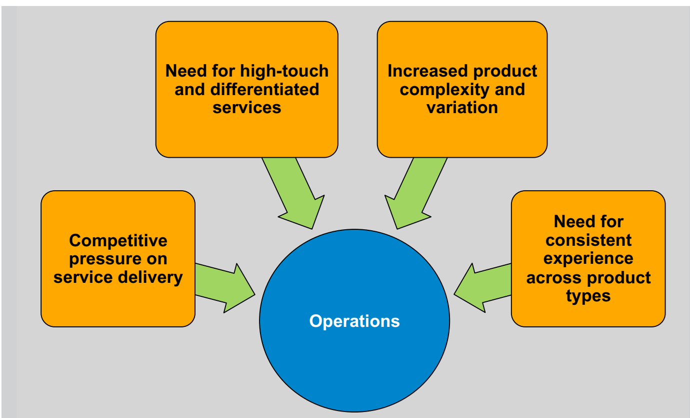
As I mentioned at the start of my presentation, our marketing strategy is centered upon accountable marketing that is driven by strategic objectives, integrated programs and clear metrics. We are laser-focused on achieving clear and specific metrics across our marketing mix. Ultimately, it is our targets and metrics that matter most in terms of delivering value to all of our policyholders, shareholders and everyone who counts on Aflac.

Aflac U.S. Internal Operations

Teresa L. White
Executive Vice President; Chief Service Officer

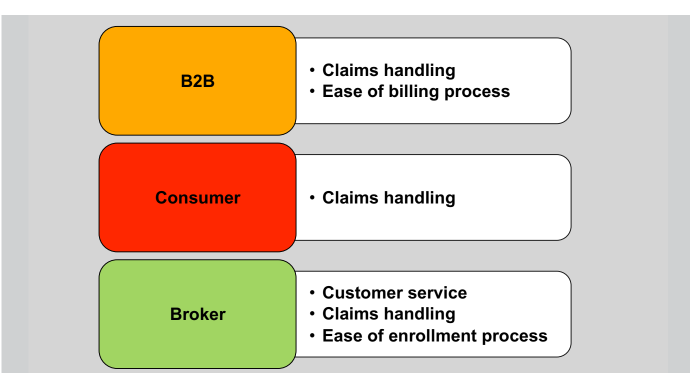
Internal Operations includes the core processing functions of Aflac U.S. as well as support functions for our accounts, policyholders, brokers and sales associates. Aflac U.S. has experienced numerous significant changes in landscape over the last several years, including increased competition, expansion of the broker channel, introduction and growth of group products, and increased presence in the large account market. This section details the impact of these changes to our operations and service environment and the strategies we employ as a result.

Impact of Environmental Changes



In an environment of increasing competition, the need for understanding customers and delivering fast, efficient service is imperative. Differentiated product and service offerings are requisite for meeting the needs of the large-account and broker markets while also maintaining and growing a strong base of smaller accounts. The market not only demands customized options, but also a consistent experience across all offerings. The acquisition and early success of Aflac Group Insurance further expanded our product line and also highlighted opportunities for streamlining the experience for accounts, brokers and policyholders across both group and individual product lines. The increased complexity resulting from the addition of Aflac Group has underscored the need for strategic agility as well as greater operational capacity. We are pleased with the additional growth that Aflac Group has provided, and we are aligning our operations to capitalize on further expected growth from this new facet of our business.

Voice of the Customer

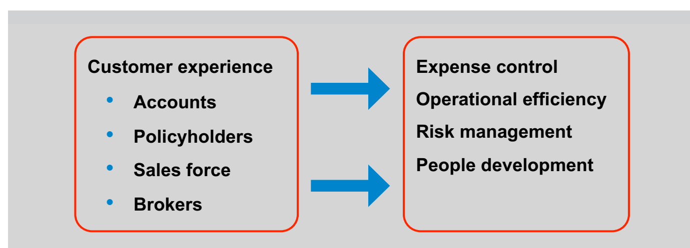


Aflac's core operational strengths include efficient claims handling, ease of the billing process, knowledgeable and responsive customer service staff, and ease of the enrollment process. According to primary research conducted by independent third parties, customers within the market perceive Aflac as better than our traditional competitors based on these key service factors.

We continue to expand our understanding of the customer experience from the perspective of our accounts, sales force, brokers and policyholders through surveys that address satisfaction with factors related to service as well as emotional aspects of the Aflac experience.

We have increasingly used the information gleaned from customer experience tracking to hone in on the factors that drive retention and persistency of accounts, and the results have suggested positive trends in retention, even through the economic downturn of recent years. We leveraged the detailed insights of customer experiences to effectively pilot and implement retention initiatives and, in particular, implement those that show positive results on a large scale. Some examples include improved communication during enrollment and the New Account Survey, which now provides a continuous feedback loop on the experiences of accounts following their first enrollment period. We have seen decreases in account defections as a result of such initiatives, especially for new accounts.

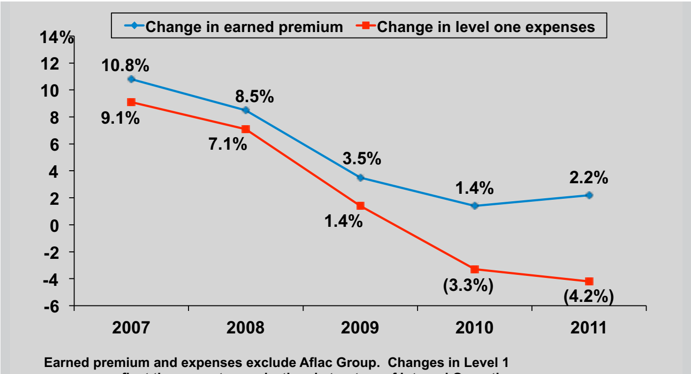
Tenets of Operational Management



In order to meet our overall corporate objectives, we must balance our key tenet of customer experience with our four tenets of operational management: expense control, operational efficiency, risk management and people development.

Our customers demand a seamless customer experience regardless of the strategic decisions we make. With the majority of Internal Operations' expenses allocated to personnel and postage, balancing our customers' needs and wants with our expense control objectives can be particularly challenging. We continuously employ alternative solutions such as utilization of a non-traditional workforce, resource-sharing, reallocation of staff or elimination of non-essential processes. It is this balance that allows us to continue to maintain strategic operational agility.

Expense Control While Adding Revenue-Generating Services



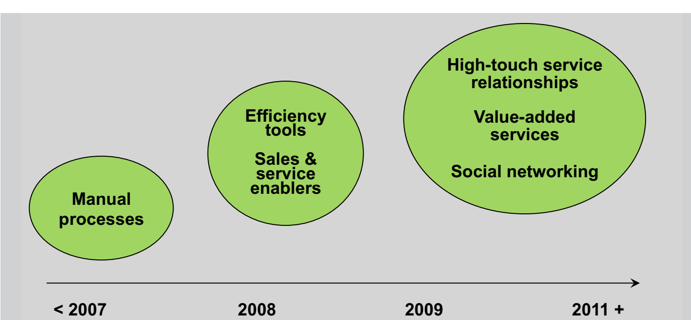
Earned premium and expenses exclude Aflac Group. Changes in Level 1 expenses reflect the current organizational structure of Internal Operations.

Our objective with expense control continues to be focused on a favorable trend against earned premium. In 2007 and 2008, the percent change in our expenses was much closer to that of earned premium because we made the decision to invest in service levels, quality, and business analytics, anticipating that an investment at that time would yield positive results in the future. We believe this investment ultimately helped us to control expenses as well, since the gap between expenses and earned premium was much more favorable during the last three years as we capitalized on strategic partnerships and resource reallocation. We are now moving in a similar direction with Aflac Group by identifying and investing in areas that are vital to operational efficiency.

Due to our stewardship of resources and the discipline of balancing our operational tenets, we have continued to manage expenses while maintaining or improving key service levels.

Capitalizing on our investment in analytics, we were able to develop staffing models for Aflac Group that increased its operational capacity for new business applications by more than double in the fourth quarter of 2011. We have also been able to dedicate a significant number of resources to Aflac Group integration and alignment while keeping expenses in line with earned premium.

Operational Efficiency Through Evolving Services

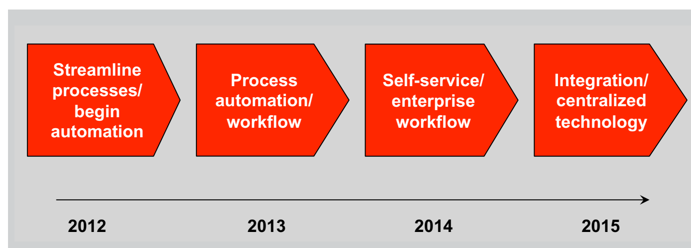


Our next tenet, operational efficiency, also plays a large role in our ability to continue to satisfy demand for customer support. In today's competitive climate, our customer's desire faster yet more customized service, and our capabilities have evolved to support this trend for individual customers. Over time, we have moved from manual processes to increased automation and efficiency, and we are now leveraging this efficiency to focus on customized, high-touch service.

As early as 1994, we saw our pioneering SmartApp® laptop enrollment system increase field and headquarters efficiency through automation, but our primary investments were still more heavily weighted on resources to support manual processes for traditional transactions. We later evolved to focus on more efficiency tools and sales and service enablers, such as E-Policy, Online Services for Policyholders, and SmartClaim℠.

More recently, broker and group business has driven an increase in more high-touch service relationships and more value-added services. Roles such as large account executives and broker development managers, along with our enrollment services and solutions, help nurture the relationships that drive loyalty to Aflac in this competitive environment. However, this also marks a departure for administration from a solely transaction-based operational model. This evolution was made possible through our utilization of technology and other avenues that promote strategic agility and drive increased productivity. We were able to move many simple transactions and forms to online self-service. Technology enabled us to reallocate staff to non-traditional administrative positions, such as making outbound welcome calls to new payroll accounts.

Aflac Group Maturity Model



Following the acquisition of Aflac Group in October 2009, we have capitalized on these experiences with process streamlining and automation. We have also identified opportunities to further improve the operations for our group business. We created an Aflac Group Maturity Model that lays out our future vision for moving toward an integrated technology and process platform.

According to research conducted by LIMRA, the line is blurring between group and individual products, and customers do not typically know the difference between a policy contract used for individual products and a certificate used for group products. As a result, they expect a consistent and unified experience at key touch points in dealing with companies that offer both group and individual products. We strive to make the experience for our customers seamless, whether they have individual products, group products, or both. We will continue to build upon our successes with our individual business while leveraging our operational expertise and leadership to increase the efficiency of our group business.

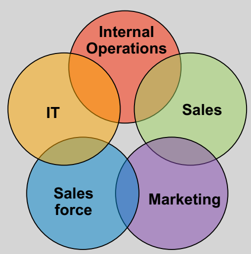
Risk Management

- Continuously implement a risk management methodology in our processes and systems
- Align internal risk assessment practices with business and risk objectives
- Improve risk planning, mitigation and control approaches

The goal of our third tenet, risk management, is to proactively identify potential risks in our systematic and manual processes and then implement controls to mitigate those risks. As an example, we conduct a risk assessment for every new product introduction. This assessment spans the end-to-end process from the product development to the administrative support after product approval by regulators and introduction to the market. We also monitor changes to the regulatory environment and act preemptively to accommodate future changes. On the back end, we audit the affected business processes to ensure proper implementation of such changes. These activities enable us to build process or system controls that eliminate regulatory non-compliance, minimize customer dissatisfaction and improve operational efficiency.

People Development

- Frequent communication
- Established expectations
- Coaching and development
- Work/life balance
- Accountability
- Cross-organizational collaboration



The final tenet of operational management is people development. We realize that employees are our most valuable asset, so we partner with our Human Resources department to fulfill the basic employee needs of frequent communication, established expectations, coaching and development, and work/life balance. Additionally, we equip management with tools to provide consistent rewards for desired behaviors and solutions to promote accountability when necessary.

As an example, in March 2012, we began rolling out the Harvard ManageMentor® program to further develop our leaders as well as our frontline employees. This program includes training curricula that overlay Aflac's core competencies with leading practices in the global environment of business. Such tools, along with practices that encourage cross-training and working outside of the confines of organizational silos, help to ensure that our people are empowered to provide superior service that helps build and retain customer relationships. A particularly strong example of working across organizational boundaries is our customer retention initiative, which consistently engages areas such as Information Technology, Sales, Marketing, and our sales force to develop and implement initiatives that drive retention.

Driving the Value Proposition of the Sale

• Book of Business • Customer Information System	Brought new products and services to under-penetrated accounts
• On-boarding welcome kit • New account survey	Improved enrollment process

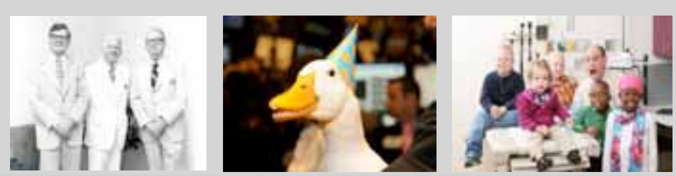
As we continue to drive growth from both new business and retention of existing business, we have developed innovative tools that support our agents on both sides of the sale. Our Book of Business tool gives associates information on existing accounts such as premium and commission opportunities, penetration rates, next open enrollment period, opportunities to add new products, and possible referrals and nominations. The Book of Business allows associates to think strategically about their business and the assets that drive growth. Another tool, called the Customer Information System (CIS), provides our associates with a comprehensive view of account billing history, inquiries to headquarters, and all service activity associated with their accounts.

For new accounts, we utilize an onboarding process that includes a welcome kit that is provided to accounts. This kit explains the billing and enrollment processes and lets them know what to expect in terms of account administration. We developed this process in 2010 for Aflac traditional products and expanded it to Aflac group products in 2011. After new accounts have been with us 60 days, we send them a New Account Survey to assess our service delivery. In 2011, we added a Second Year Account Survey to better track our results with accounts over time.

As we anticipate continued growth with our Smart Launch and other new product introductions, we will seek out new ways to support our sales force and brokers in acquiring new business and retaining it over the long term.

Service the Aflac Way

We have the heritage.
We have the history.
We have the heart.



In conclusion, change is constant. Therefore, our discipline is necessary to support smart growth. Our strategic plans target innovation across the entire customer experience, while continuously managing operational resources.

Taking care of our employees helps us take care of our business, and we know we cannot leave this important aspect of our success to chance. Aflac avoids major cost reduction emergencies in downturns through continual application of this philosophy. And yet, we continue to provide the level of caring service to our customers that has become a hallmark of the rich tradition at Aflac. Our employees understand that we are selling a promise – a simple promise that Aflac will be there for our customers in their time of need. This is a promise that has withstood the test of time. It is our foundation and has shaped who we are. Employees at Aflac are proudly committed to providing the kind of genuine, caring, and personal service that our founders believed in from the start. That's the "Aflac Way."

Aflac U.S. Payroll Product Line

(as of 4/30/12)

	Benefit Amounts	Monthly Premium Rates (Payroll) Individual/Family
Accident Indemnity*		
Accident emergency treatment	$75 - $120/accident	$13.65 - $58.24
Initial accident hospitalization	$500 - $2,000	
Accidental-death	$5,000 - $150,000 ($1,500 - $25,000 for dependent children)	
Accident specific-sum injuries	$20 - $12,500	
Accident hospital confinement	$150 - $250/day	
Accident rehabilitation confinement	$75 - $150/day	
Intensive care	$300 - $400/day	
Wellness	$40 - $60/year	
Major diagnostic exams	$100 - $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	$50 - $125/accident	
Prosthesis	$250 - $750/accident	
Blood/plasma/platelets	$100 - $200/accident	
Ambulance	$120 - $200 ground / $800 - $1,500 air	
Transportation	$200 - $600 round trip (up to 3 times per year per covered person)	
Family lodging	$75 - $125/night/50+miles/up to 30 days	
Accident dismemberment	$400 - $40,000 depending upon loss	
X-Ray Benefit	$20 - $25/accident	
Epidural pain management benefit	$100/accident	
Major diagnostic exam	$100 - $200/year	
Rehabilitation unit	$75 - $150/30 days per accident	
Miscellaneous surgery requiring general anesthesia	$190 - $300/per 24 hour period	
Miscellaneous surgery with conscious sedation	$80 - $120/accident	
Lump Sum Critical Illness*		$5.72 - $40.82
Covers: heart attack, stroke, end-stage renal failure, coma, paralysis, major human organ transplant		
Major Critical Illness Event	$10,000 - $100,000 (same for children)	
(if hospitalization and event free for five years)	$10,000 - $100,000 (same for children)	
Subsequent Critical Illness Event	$5,000	
Coronary Artery Bypass Graft Surgery	$3,000	
Cancer*		$13.91 - $79.95
Wellness benefit	$25 - $100/year	
Bone marrow donor	$40	
Initial diagnosis benefit	$500 - $6,000 ($1,000 - $12,000 for dependent children)	
Hospital confinement	$100 - $600/day ($125 - $750 for dependent children)	
Radiation	$175 - $500/week	
Injected chemotherapy	$300 - $900/week	
Oral chemotherapy	$405 - $1,200/month	
Topical chemotherapy	$405 - $1,200/month	
National cancer institute (evaluation/consultation)	$500 - $1,000	
Immunotherapy	$175 - $500/month	
Medical imaging	$75 - $200/two a year	
Experimental treatment	$175 - $500/calendar week if charged; $75 - $125/calendar week if no charge	
Anti-nausea	$50 - $150/month	
Stem cell transplantation benefit	$3,500 - $10,000/covered person	
Nursing services	$50 -$150/day	
Surgery and anesthesia	$50 - $5,000	
Outpatient hospital surgical	$100 - $300	
Skin cancer surgery	$20 - $600	
Surgical prosthesis	$1,000 - $3,000	
Prosthesis nonsurgical	$90 - $250	
Reconstructive surgery	$110 - $3,000	
Blood and plasma	$85 - $250/day	
Additional surgical opinion	$100 - $300/opinion/day	
Ambulance	$250 ground, $2,000 air	
Transportation	$0.35 - $0.50/mile	
Lodging	$50 - $80/day	
Bone marrow transplant	$3,500 - $10,000, donor $500 - $1,000	
Extended-care facility	$75 - $150/day	
Hospice	$1,000 day one, $50/day thereafter	
Home health care	$50 - $150/day	
Egg harvesting and storage	$500 - $1,500/ oocytes extracted; $175 - $500 storage	
Lump Sum Cancer		$7.54 - $54.86
Internal Cancer	$10,000 - $100,000 (same for children)	
Carcinoma In Situ	$2,000	
Cancer Related Death	$5,000	

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

(as of 4/30/12)

	Benefit Amounts	Monthly Premium Rates (Payroll)
		Individual/Family
Specified Health Event		$9.10 - $83.59
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	$.50/mile up to $1,500 per occurrence	
Hospital Intensive Care		$10.40 - $34.06
Hospital intensive care unit	$700 - 800/day (days 1-7) $1,200 - $1,300/day (days 8-15)	
Sub-acute intensive care unit benefit	$350/day (days 1-15)	
Organ transplant	$25,000	
Ambulance	$250 ground, $2,000 air	
Hospital Indemnity*		$27.95 - $138.32
Hospital confinement	$100/day	
Annual confinement benefit (first 5 days)	$400 - $500/day/policy/year	
Surgical	$100 - $1,000	
Wellness	$50/once per year/policy	
Outpatient surgical room charge	$300 general/$100 w/o for surgery or invasive diagnostic exam	
Invasive diagnostic exams	$100/person/day	
Rehabilitation	$100/day 15 days/confinement 30 days/year	
Medical diagnostic imaging	$150/exam/person per year	
Ambulance	$100 ground/$1,000 air	
Initial hospitalization (rider)	$250, $500, $750, $1,000	
[Three levels available with benefits added at each level. Level 1 compatible with Health Savings Accounts (HSAs)].		
Sickness Indemnity		
Physician's visit (payable for accident, sickness, or wellness)	$15 - $25/visit 3 - 4 visits/year (indiv.) or 6 - 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	
Ambulance	$100 ground/$1,000 air	
Dental*		
Dental wellness (Preventive)	$35 - $75/year	$24.05 - Individual (Essentials)
Scheduled benefits	$15 - $1,600	$164.32 - Two-parent family (Level 3)
Annual Maximum Building Benefit	Up to $500 per covered person	
Vision		$13.90 - $49.90
Vision correction materials	$50 - $210	
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	
Short-Term Disability*		$14.30 - $148.20
Disability benefits for sickness and off-the-job injury	$500 - $6,000	
Elimination periods 0-180 days. Benefit periods 3-24 months		
Life*		$4.98 - $187.99
Whole-life face amounts	$10,000 - $250,000	
10-, 20-, and 30-year term face amounts	$10,000 - $250,000	
Accelerated death benefit		
Waiver of premium		
Optional accidental-death benefit rider		
Dependent coverage available		
Simplified-issue, rates guaranteed		

**Also available on a group platform. Benefits of group and individual products may vary.*

Section IV
The Management Team

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

Dan Amos, 60, 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 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, and has been named by CNN as CEO of the Week. He has appeared five times on *Institutional Investor* magazine's lists of America's Best CEOs for the insurance category. Under Dan's leadership, Aflac has been named to the *Ethisphere* Institute's annual list of World's Most Ethical Companies for six consecutive years. Dan 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, 64, 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. He has been named Best CFO in the insurance/life category in America by *Institutional Investor* magazine three times and is a member of the boards of directors of Aflac Incorporated, Tupperware Brands Corporation, Total Systems Services, Inc., and Precept Ministries. 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, 36, holds a bachelor's degree in economics from Duke University and a master's degree in business administration from Emory University. He also holds a juris doctor degree from Tulane University. He joined Aflac in 2002 as the state sales coordinator for the Georgia-North sales territory. Under his guidance, Georgia-North grew to become the company's No. 1 state operation. Paul was promoted to executive vice president, Aflac U.S., in January 2005 and assumed the additional responsibilities of chief operating officer in February 2006. He was promoted to his current position as president of Aflac in 2007. In his role, he oversees all aspects of the U.S. operation including about 4,200 employees and more than 70,000 independent sales agents. His primary responsibility is to develop strategies that boost U.S. sales, revenue and profits. Prior to joining Aflac, he worked in the corporate legal division of the merger and acquisition firm Skadden, Arps, Slate, Meagher and Flom in Washington, D.C. Paul actively participates in a number of professional, philanthropic and educational organizations. He serves on the boards of directors of Aflac Incorporated, the Winship Cancer Center at Emory University, the Georgia Chamber of Commerce and the Turner School of Business at Columbus State University. In addition, he is a member of the Georgia Research Alliance Board of Trustees and the Duke University Divinity School's Board of Visitors.

Susan R. Blanck
Executive Vice President,
Aflac and Aflac Japan;
Corporate Actuary

Sue Blanck, 45, 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; to corporate actuary in January 2006; assumed the additional responsibilities of first senior vice president, Aflac Japan, in June 2008; and was promoted to executive vice president in 2011. In this capacity, she will continue to work on product development and strategic marketing initiatives in Japan. She is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

D. Christian Goodall

Chief Executive Officer,
Aflac Group Insurance

Chris Goodall, 54, is chief executive officer of Aflac Group Insurance. He joined CAIC in 1995 as general counsel, also serving as vice president and president prior to his promotion to chief executive officer of Aflac Group Insurance. Before joining CAIC, he served as partner with the law firm of Adams, Quackenbush, Herring & Stuart in Columbia, South Carolina. Chris graduated from Wofford College with a bachelor of arts degree and went on to receive his juris doctor degree from the Samford University School of Law. He is currently a member of the boards of directors of Aflac Group Insurance (CAIC) and the Association of South Carolina Life Insurance Companies. He serves as vice chairman of the board of trustees for Providence Hospital; and served as a Commissioner of the SC ETV Commission, having been appointed by Governor Sanford from the 2nd Congressional District. He also serves on the board of directors for the Souper Bowl of Caring; Project Pet in Columbia, SC; and Wofford College. He is a member of the World Presidents Organization and the Midlands Business Leaders Group.

Kenneth S. Janke Jr.

Executive Vice President;
Deputy Chief Financial Officer,
Aflac Incorporated

Ken Janke, 54, 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 in business administration from Oakland University in 1985. He joined Aflac Incorporated in 1985 as manager of Investor Relations and was promoted to senior vice president in 1993. In 2002, Aflac's Investor Relations Department was recognized by *Investor Relations Magazine* as the Best Overall Investor Relations Department for a large-cap company and Ken was named the Best Investor Relations Officer for a large-cap company in 2003. In 2010, he was promoted to executive vice president; deputy chief financial officer. Prior to joining Aflac, he served as director of Corporate Services for the National Association of Investors Corporation (NAIC) in Madison Heights, Michigan. He also chairs Aflac's Corporate Disclosure Committee.

Eric M. Kirsch

Executive Vice President;
Global Chief Investment Officer

Eric Kirsch, 52, joined Aflac in November 2011 as first senior vice president; global chief investment officer and was promoted to his current position in July 2012. In his role, he is responsible for Aflac's investment portfolio and team of more than 50 investment professionals. Prior to joining Aflac, he served as managing director and global head of insurance asset management at Goldman Sachs Asset Management, where he managed a global team of 55 professionals and oversaw the management of over $70 billion of insurance assets. Prior to that, he spent 27 combined years at Deutsche Asset Management (DeAM) and Bankers Trust Company, most recently serving as managing director and global head of insurance asset management. At DeAM Eric was responsible for a staff of over 100 people and managing over $150 billion in insurance assets. He also served as a member of the Global Operating Committee of DeAM. Prior to this, he served as managing director and head of North America Fixed Income, responsible for more than $150 billion of assets across multiple fixed income investment strategies. He also previously served as vice president and stable value portfolio manager at Bankers Trust Company. Eric received a bachelor of business administration from Baruch College in 1984, and a master of business administration degree from Pace University in 1988. He earned his CFA designation in 1990. Eric also serves as a trustee of the Jersey Shore University Medical Center Foundation.

Joey M. Loudermilk

Executive Vice President;
General Counsel;
Corporate Secretary

Joey Loudermilk, 59, earned a bachelor's degree with honors from Georgia State University and a juris doctor 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, and serves on the boards of the Columbus Regional Medical Foundation, Columbus Regional Healthcare System, Inc., Goodwill Industries, and the Columbus State University Foundation. He has also served on the State Board of Education, the Georgia Humanities Council, and the Georgia Military Affairs Coordinating Committee. He is a former president of the Rotary Club of Columbus.

Audrey Boone Tillman
Executive Vice President,
Corporate Services

Audrey Boone Tillman, 48, received a bachelor of arts degree in political science from the University of North Carolina at Chapel Hill and a juris doctor degree 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 main areas of responsibility include: Human Resources, Facilities, Corporate Learning, and Strategic Sourcing and Procurement. 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 senior vice president of Human Resources in 2001, and to her current position in 2008. She previously served as a director-at-large for the Society for Human Resource Management (SHRM).

Teresa L. White
Executive Vice President,
Internal Operations;
Chief Service Officer

Teresa White, 45, 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; to deputy chief administrative officer in March 2007; and to executive vice president, internal operations; chief administrative officer in March 2008. She assumed her current position in October 2012 where she is responsible for the Administration Division and the IT Division. Teresa is an alumnus of Leadership Columbus, and is a Fellow of the Life Management Institute. She currently serves on the board of directors for Communicorp. She's also a member of Delta Sigma Theta Sorority, Inc.

Michael W. Zuna
Executive Vice President;
Chief Marketing and Sales Officer

Michael Zuna, 43, graduated cum laude from the United States Naval Academy with a bachelor's degree in economics. He served 10 years in the Navy. Michael joined Aflac in 2009 as vice president of Marketing, a role in which he managed Aflac's brand strategy, national advertising, business-to-business and business-to-consumer marketing. He was promoted to senior vice president; chief marketing officer in 2010 and to his current position in June 2012. In his role, he is responsible for overseeing all marketing and sales strategies in the 70,000 career agent channel, core broker channel, Aflac Benefits Solutions, Worksite Market and Channel Management, Sales Distribution, Product Development, Strategy and Innovation, Market Intelligence and Insights, Creative Excellence, Marketing and Sales Support departments. Prior to joining Aflac, he served as the managing director of Saatchi & Saatchi New York and has also held leadership roles at Arnold Worldwide and Ogilvy & Mather.

Michael B. Boyle
Senior Vice President;
Chief Information Officer

Mike Boyle, 53, joined Aflac in July 2011 as senior vice president; chief information officer. He earned a bachelor's degree in economics with a minor in philosophy and an emphasis in Far Eastern thought from the University of South Carolina. He has more than 29 years of experience in information technology in the financial services industry and most recently served as senior vice president; chief information officer as well as the head of back office operations and the customer service call centers at Allstate Financial Services in Chicago. Prior to his tenure at Allstate, he was chief information officer and director of broker dealer back office operations as wells as head of electronic trading for Robertson Stephens Investment Bank in San Francisco. He also held progressively responsible management and executive management positions in New York and London during his 15-year career with Merrill Lynch. Mike is committed to volunteering at several nonprofit organizations and serves on the board of governors of the MIB, an Insurance industry risk management organization.

Laree R. Daniel

Senior Vice President;
Chief Administrative Officer

Laree Daniel, 52, holds bachelor of science degrees in business and psychology from Nebraska Wesleyan University and a master of science degree in organizational psychology from the University of Nebraska at Omaha. She joined Aflac in September 2007 as a customer experience consultant for Internal Operations and was promoted to vice president of Client Services in November 2007. In March 2009 Laree was promoted to senior vice president of the Customer Assurance Organization for Aflac, and in March 2012 became senior vice president of Sales Operations. In October 2012, Laree assumed her current position as senior vice president; chief administrative officer where she is responsible for Sales Operations, the Customer Assurance Organization, the Field Liaison Office and Aflac Group Operations. Laree is an Insurance industry veteran with more than 20 years of leadership, having joined Aflac from two of the nation's largest insurers – Assurant Health and Mutual of Omaha. She most recently served as chief administrative officer for Assurant Health in Milwaukee, and prior to that held various leadership positions at Mutual of Omaha. Her professional designations include the Health Insurance Association of America (HIAA) and the Accredited Customer Service (ACS).

J. Todd Daniels

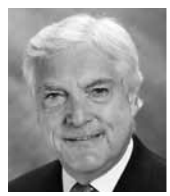
Senior Vice President;
Deputy Corporate Actuary

Todd Daniels, 41, joined Aflac in 2002 as an actuarial assistant and has held several positions within the Actuarial Department, including second vice president, associate actuary. He was promoted to vice president, Financial Planning and Analysis in 2011 where he assumed responsibility for Aflac's financial planning and corporate modeling. In 2012 he was promoted to his current positions as senior vice president, deputy corporate actuary. In addition to his prior responsibilities, he oversees the daily activities for Aflac U.S. actuarial department. Additionally, Todd is involved in actuarial analysis for Aflac Group Insurance. Prior to joining Aflac, he served as an actuarial associate for Liberty National Life. He holds a bachelor's degree in applied mathematics from Auburn University and is a Fellow of the Society of Actuaries and member of the American Academy of Actuaries.

Bradley E. Dyslin

Managing Director;
Global Head of Credit,
Investment Division

Brad Dyslin, 46, joined Aflac in June 2012 as managing director, global head of credit in Aflac's Investment Division. He is responsible for leading the Global Credit Research team, directing research and investment recommendations for the credit-related assets that make up the core portion of Aflac's global portfolio. He has 21 years of experience in U.S. and global investments and most recently served as senior vice president; head of research and portfolio manager for Hartford Investment Management. Prior to joining Hartford, he was director, U.S. Credit Research for Deutsche Asset Management in New York. Brad's other experience includes more than a decade of progressively responsible positions with Principal Capital Management, including director, Fixed Income Research, and director, International Investment Operations. He earned a bachelor's degree in business administration and economics from Morningside College and a master's degree in business administration with an emphasis in finance from the University of Iowa. He is a CFA charterholder.



Phillip J. "Jack" Friou

Senior Vice President;
Director of Governmental Relations

Jack Friou, 62, 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 and regulatory relations.

Thomas R. Giddens
Senior Advisor

Tom Giddens, 57, joined Aflac in 1983 as assistant vice president before serving in the field for more than 20 years. He was a regional sales coordinator in Atlanta where he consistently exceeded goals, resulting in his promotion to state sales coordinator of Georgia-North. As state sales coordinator, Tom was recognized as the company's top salesperson for three consecutive years, earning the company's all-time sales record. Throughout Tom's career as an RSC, his region was recognized four times as the top performing region in terms of new annualized premium sales. In 2007, Tom's numerous achievements and contributions were recognized when he became the youngest member of the Aflac Sales Hall of Fame. Tom was subsequently named Southeast territory director in December 2009, where his team led in sales, and to senior vice president and co-director of Sales in May 2010. He assumed his current position in June 2012 where he works closely with the newly integrated Marketing and Sales functions. Tom currently serves on the boards of the Georgia Chamber of Commerce, Children's Healthcare of Atlanta, and the Aflac Credit Union. He received a bachelor's degree in physical education from Georgia Southwestern University.

John T. Harmeling
Senior Vice President,
Worksite Marketing

John Harmeling, 40, joined Aflac in July 2012 as senior vice president, worksite marketing. In this role, he is responsible for developing and driving growth strategies for the worksite segment, leading the design of worksite programs, including sales force recruiting and retention. He also oversees sales and marketing programs to attract and grow target accounts, as well as to drive growth and retention of these accounts. Before joining Aflac, John served as strategy and business development executive at Experian. He also gained experience at Bank of America where he led the enterprise sales team, and at AIG where he most recently led the Accident and Health Profit Center for AIG Benefit Scolutions. Jon earned his bachelor's degree at Duke University and his master's in business administration from the Wharton School at the University of Pennsylvania.

June P. Howard, CPA, CFA
Senior Vice President, Financial Services;
Chief Accounting Officer

June Howard, 46, graduated from the University of Alabama in Huntsville with a bachelor's degree in business administration. She joined Aflac in June 2009 and is responsible for financial reporting and control, investment accounting, budgeting and International Financial Reporting Standards (IFRS) implementation. She assumed the additional role of chief accounting officer in November 2010. Before joining Aflac, she held financial reporting positions of increasing responsibility at ING and The Hartford. Additionally, she worked as an auditor with Ernst & Young for nearly 10 years. June is a member of the American Institute of Certified Public Accountants, the Alabama Society of Certified Public Accountants, the CFA Institute and the Atlanta Society of Financial Analysts.

J. Pete Kelso
Managing Director;
Chief Investments Technology Officer,
Investment Division

Pete Kelso, 46, joined Aflac in October 2012, as managing director; chief investments technology officer in Aflac's Global Investment Division. In his position, Pete is primarily responsible for strategy, implementation and oversight of all aspects of information technology related to Aflac's Investment Division globally. Prior to Aflac, he served as managing director; head of Application Services for Asset Management, Securities Lending, Funding, Listed Derivatives, CMBS, RMBS, Loans, Money Markets and Foreign Exchange in Deutsche Bank Group's Global Technology organization. Prior to Deutsche Bank, Pete held progressively responsible roles at Merrill Lynch Investment Management, Bankers Trust Asset Management Division, and Northern Telecom. He received a bachelor's degree in general engineering from the University of Illinois and a master's degree in business administration with an emphasis in finance and statistics from the University of Chicago Booth School of Business.

Byron H. Matthews
Senior Vice President,
Sales Distribution

Byron H. Matthews, 39, joined Aflac in July 2012 as senior vice president, sales distribution. In his role, he is responsible for all sales functions including directing and enhancing Aflac's product sales across existing channels; developing and expanding support and tools for Aflac's sales force; driving sales, strategy, and execution; and leading recruitment efforts. Prior to joining Aflac, Byron led Mercer's Global Sales Performance Consulting Practice, where he served as partner and former sales leader. Prior to his position at Mercer, Byron spent 12 years with Accenture, leading client sales operations teams as well as numerous business development initiatives. He earned a bachelor's degree at the University of Kansas and holds a master's degree in business administration from the University of Chicago's Booth School of Business.

Thomas P. McKenna
Senior Vice President,
Legal Division

Tom McKenna, 46, 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. Since then, he has assumed progressively responsible management positions, including his most recent role as vice president and deputy general counsel. He assumed his current position in January 2012 where he continues to manage and direct the operations of the Aflac U.S. Legal Division. In addition, he coordinates legal functions with Compliance and Governmental Relations, Internal Operations, Marketing, Claims and IT; maintains programs designed to reduce or eliminate legal risks for company operations; and provides legal counsel to management on a broad range of topics. He is a member of the State Bar of Georgia.

John A. Moorefield
Senior Vice President,
Strategic Management,
Aflac International

John Moorefield, 50, graduated from North Carolina State University. He joined Aflac in 2005 and has worked in several key positions including chief information officer of Aflac Japan, where he managed Aflac Japan's technology service delivery and directed the completion of several key initiatives. In that role, he was also responsible for the development of short-term and long-term Aflac Japan information technology. In his current role as senior vice president, strategic management for Aflac International, John oversees various strategic initiatives. He also coordinates strategic operations between Aflac's U.S. and Japan operations. Prior to joining Aflac, John served as a Principal in ApproxiCom, LLC and held executive leadership positions at Cap Gemini Ernst & Young LLP, Fidelity Investments, and NationsBank, where he was responsible for technology strategy and delivery of information architecture and systems.

David L. Pringle
Senior Vice President,
Federal Relations

David Pringle, 56, 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 31 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.

Eric B. Seldon

Senior Vice President,
Business Services;
President and Vice Chairman,
Communicorp

Eric Seldon, 43, received a bachelor's degree in business administration from Madison University. Before joining Aflac in 1999, he was vice president of Card Services at Total System Services Inc. After joining Aflac, Eric served as an operations manager in Client Services before being promoted to director of New Business. Since then, he has held several leadership positions including second vice president, Support Services; vice president, Business Services & Support; and senior vice president, Business Services as well as president and vice chairman of the board for Communicorp administration and operations. In 2011, he was promoted to president and CEO of Communicorp while continuing to serve as senior vice president of Business Services where he is currently responsible for the direction of Support Services, Payment Services, and Facilities. He has more than 20 years of leadership experience, including more than 12 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.

Eugene C. "Gene" Sorrel Sr.

President,
Aflac Group Insurance

Gene Sorrel, 71, graduated with a bachelor of arts degree from the University of Southwestern Louisiana in 1963. After working with Colonial Life & Accident Company in Columbia, South Carolina, for 25 years, he joined CAIC in 1997. Gene has 49 years of experience in the worksite industry. He was inducted into the Benefits Marketing Association's Worksite Hall of Fame in 2006 and currently serves as president of Aflac Group Insurance.

Alexander W. Stephanouk

Senior Vice President; Chief Risk Officer
and Internal Audit Executive,
Aflac Incorporated

Alex Stephanouk, 42, holds a bachelor's degree in marketing from Auburn University and a master of business administration degree in internal audit and human resources from Louisiana State University. He joined Aflac in 2009 as vice president, Internal Audit, for Aflac Incorporated, where he was responsible for all corporate Internal Audit activities and reporting to the Aflac Incorporated Audit Committee. He was promoted to his current position in 2012, where he oversees all global enterprise risk management and internal audit activities. Before joining Aflac, he was managing director of Advisory Services at KPMG in Atlanta, and he also worked as manager of Business Process Risk Consulting at Arthur Andersen, LLP. He holds the Certified Internal Auditor (CIA) and the Certified Information Systems Auditor (CISA) designations. Additionally, he serves as president of the Columbus Chapter of the Institute of Internal Auditors and on the board of directors for the Family Center.

Timothy Chip Stevens

Managing Director;
Global Head of Trading,
Investment Division

Chip Stevens, 42, joined Aflac in June 2012 as managing director; global head of trading in Aflac's Investment Division. In his position, Chip leads Aflac's global trading activities, including fixed-income instruments, currency investments and other asset classes, working closely with portfolio managers and credit analysts that oversee Aflac's global investment portfolio. He is also responsible for building out Aflac's trading systems and infrastructure, coordinating and strengthening Aflac's counterparty relationships, and establishing centralized trading activity to ensure the best execution across all platforms. Chip has two decades of experience in both U.S. and global investments. He most recently served as managing director; head of fixed income trading for the Americas for BlackRock Investment Management. Prior to joining BlackRock, he was managing director; head of U.S. fixed income trading for Barclays Global Investors in San Francisco. Additionally, Stevens held progressively responsible positions with Deutsche Bank AG, including senior trading and trading management positions of investment grade and high-yield cash, CDS, loan and index trading. He earned a bachelor's degree in economics from Cornell University and a master's degree in business administration from Duke University.

Robin Y. Wilkey, CPA
Senior Vice President,
Investor and Rating Agency Relations

Robin Wilkey, 54, graduated from the University of Georgia with a bachelor's degree in finance and went on to receive her designation as a certified public accountant. She joined Aflac in 1990 as an accountant in Financial, was promoted to senior auditor in Internal Auditing and to manager of Information Systems and Payroll in the Human Resources Division. She joined the Investor Relations Department in 1998 as senior director; was promoted to second vice president in 2002; to vice president in 2003; and to senior vice president in 2010. She assumed the additional role of rating agency relations in November 2011. Prior to working at Aflac, she worked in auditing and accounting in the banking and medical industries.

Thomas L. McDaniel Jr.
Second Vice President,
Investor Relations

Tom McDaniel, 39, joined Aflac in 2004 as an assistant staff attorney in the Legal Division. Prior to his current role in Investor Relations, he served as second vice president in Legal, providing legal advice and recommendations to executive and senior management on labor and employment issues, and other complex matters that could have an impact on Aflac's business operations. Prior to joining Aflac, Tom was in private practice at a prominent labor and employment law firm headquartered in Atlanta, Georgia. Tom holds a bachelor's degree as well as a master of business administration degree from the University of Oklahoma. He earned his juris doctor degree from the University of Georgia in 2001.

Delia H. Moore
Director,
Rating Agency and Investor Relations

Delia Moore, 41, graduated from Columbus State University with a bachelor of business administration degree in accounting and earned a master's degree in accounting from Auburn University. Delia joined Aflac in 2003 as a supervisor in Policy Service and in 2005 was promoted to manager of Investor Relations. In November 2011 she was promoted to Rating Agency Relations, where she manages Aflac's relationships and open communications with rating agencies. In her current role, she serves as a liaison for senior management in developments, changes and potential strategic decisions as it relates to rating agencies. Prior to joining Aflac, Delia performed in various leadership capacities at major Fortune 500 companies including AT&T and Citibank.

Mark A. Caldwell, CPA
Manager,
Investor Relations

Mark Caldwell, 28, joined Aflac in 2009, and has held various leadership roles in Financial Reporting and Internal Audit prior to joining Investor Relations in 2011. He holds a bachelor's degree in management focused in both accounting and finance from the Georgia Institute of Technology and earned a master's degree in accounting from Auburn University. Mark is also a member of the American Institute of Certified Public Accountants. Prior to joining Aflac, Mark held various analytical roles in both the investment banking and retail industries. As manager of Investor Relations, he is responsible for overseeing retail investor relations activities at Aflac, including educating the individual, broker, and financial advisor investment community on Aflac's financial performance.

Aflac Japan Management

Tohru Tonoike
President and Chief Operating Officer,
Aflac Japan

Tohru Tonoike, 62, graduated from Hitotsubashi University and worked for Dai-ichi Kangyo Bank, which later merged with two other banks to form the Mizuho Financial Group, prior to joining Aflac Japan as deputy president in February 2007. 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. He was promoted to president of Aflac Japan in July 2007.

Charles D. Lake II
Chairman,
Aflac Japan

Charles Lake, 50, received a bachelor's degree in Asian studies and political science from the University of Hawaii at Manoa in 1985 and a juris doctor degree 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 president in 2001, president in 2003, vice chairman in 2005, and chairman in 2008. Before joining Aflac, he practiced law with Dewey Ballantine 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 as chairman of the U.S.-Japan Business Council and vice chairman of the Maureen and Mike Mansfield Foundation. He also serves as a director on the board of the Tokyo Stock Exchange Group, Inc., and board member of the Coalition of Service Industries. He is also chairman of the American Council of Life Insurers' International Committee and president emeritus of the American Chamber of Commerce in Japan (ACCJ).

Koji Ariyoshi
Executive Vice President;
Director of Marketing and Sales

Koji Ariyoshi, 58, graduated from Ritsumeikan University in 1978. He joined Aflac as senior vice president responsible for sales planning in October 2008. From January through March 2009, he was directly in charge of the Retail Marketing, Alliance Management and Hojinkai Promotion Departments, and from April through December 2009, he oversaw all the marketing and sales departments as deputy director of Marketing and Sales. He was promoted to first senior vice president and director of Marketing and Sales in January 2010. He was promoted to his current position in January 2012. Before joining Aflac, he worked for Alico Japan as vice president and AXA Life Insurance as senior vice president.

Masahiko Furutani
Executive Vice President,
Planning

Masahiko Furutani, 54, graduated from Hitotsubashi University and worked for Dai-ichi Kangyo Bank, which later merged with two other banks to form the Mizuho Financial Group. After serving as general manager at Mizuho Corporate Bank and as general manager, senior vice president and executive director at Mizuho Bank, he joined Aflac as executive vice president in April 2012.

Hiroshi Yamauchi
Executive Vice President,
Planning and Research, HR and General Affairs, Investment, Financial Accounting, Actuarial and Investment Risk Management, IT, Compliance Divisions

Hiroshi Yamauchi, 60, 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, to vice president in 1999 and to first senior vice president in 2002. He was promoted to his current position in January 2012.

Jun Isonaka
First Senior Vice President;
Chief Administrative Officer

Jun Isonaka, 54, 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 senior vice president in January 2007. He became chief administrative officer in January 2010 and was promoted to his current position in January 2012.

Hisayuki Shinkai
First Senior Vice President,
Public Relations, Investor Relations, Financial Institutions, Financial Institutions Support

Hisayuki Shinkai, 61, joined Aflac in 1999 as general manager of the Public Relations Department and was promoted to senior vice president in 2002 and to first senior vice president in 2006. He graduated from Tohoku University in 1974 and previously worked for the Long Term Credit Bank of Japan, Ltd. In his current role, he is responsible for all departments related to bank sales.

Yuji Arai, CFA

Senior Vice President,
Administration Management,
Customer Services Promotion,
Compliance Promotion;
Compliance Officer

Yuji Arai, 49, 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. In January 2005 he was promoted to senior vice president and assumed his current role in January 2012. 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 General Counsel, Aflac Japan;
Senior Vice President and Counsel;
Director of Governmental and Legal Affairs, Aflac International Incorporated

Andy Conrad, 48, 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 and has held progressively responsible management positions. He was promoted to his current position in January 2012.

Yukio Fukushima

Senior Vice President, All Information Technology;
Chief Information Officer, Aflac Japan

Yukio Fukushima, 60, 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. He was promoted to his current position in September 2008.

Masatoshi Koide

Senior Vice President,
Planning, Government Affairs and Research, Legal, Risk Management

Masatoshi Koide, 51, graduated from Tokyo University in 1984 and from Cornell Law School in 1989. He originally joined Aflac in November 1998 and stayed with Aflac until March 2006. He worked for Nikko Asset Management before he joined Aflac again in December 2008 as vice president. He was promoted to his current position in January 2012 and is a member of the New York State Bar.

Joseph F. Meyer

Senior Vice President;
Global Chief Operating Officer,
Investment Division

Joseph Meyer, 55, received his bachelor's degree in government and East Asian studies from Colby College in 1979. Upon graduation he was awarded a Thomas J. Watson Fellowship. Prior to joining Aflac in March 2012, he began his career in banking with Morgan Guaranty Trust Company in New York and later held various positions such as treasurer and head of finance, administration and operations at Morgan Stanley in Tokyo and Hong Kong, managing director and chief operating officer at Deutsche Securities and Deutsche Asset Management, and chief operating officer at Shinsei Bank. He founded and was representative director of Chi-X Japan Limited, and also worked as chief administrative officer of Hong Kong Exchanges and Clearing.

Yosuke Miwa

Senior Vice President,
Human Resources, Human Resources Development, General Affairs

Yosuke Miwa, 60, 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 vice president and to his current position in January 2008.

Yoshifumi Murayama

Senior Vice President,
Marketing Planning, Product Development, Advertising, Marketing Tool Support, Solicitation Management, Sales Inspection

Yoshifumi Murayama, 53, 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 vice president in January 2007. He was promoted to his current position in January 2012.

Issei Sasaki
Senior Vice President;
Chief Investment Officer, Aflac Japan

Issei Sasaki, 51, joined Aflac in August 2012 as senior vice president; chief investment officer of Aflac Japan. He brings nearly three decades of experience to Aflac and his responsibilities include building investment teams, formulating investment strategy, hiring external managers, and developing portfolio and risk platform for general account assets of Aflac Japan. He most recently served as senior vice president; chief investment officer of MassMutual Life Insurance Company, Ltd. in Japan. Prior to joining MassMutual, he held positions at Nissay Asset Management Company's Tokyo office, Nippon Life Insurance Company's Treasury & Capital Markets Department, Tokai International Securities Company, Ltd., Merrill Lynch Japan, Inc., and Mitsubishi Trust and Banking Corporation. He received his bachelor of arts degree from the Tokyo University of Foreign Studies.

Koichi Wakasugi
Senior Vice President,
Associates Sales Management,
Corporate Marketing Promotion,
Market Development, Retail Marketing
Promotion, Shop Support, Alliance
Business Promotion, Customer Relation
Support, Sales Training

Koichi Wakasugi, 56, 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 vice president of Retail Marketing Promotion in 2005. He was promoted to his current position in January 2012.

Kazuhiro Yamazaki
Senior Vice President,
Financial Management, Financial
Accounting, Investment Risk
Management, Actuarial Product
Development, Corporate Actuarial

Kazuhiro Yamazaki, 57, 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 vice president in 2006. He was promoted to his current position in January 2012. He is a member of the American Institute of Certified Public Accountants, the Institute of Management Accountants and the Institute of Internal Auditors.

Yoshiki "Paul" Otake
Founder,
Executive Advisor

Paul Otake, 73, 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.

Ichiro Murakami
General Manager, Investor Relations;
Support Department, Aflac Japan

Ichiro Murakami, 55, graduated from Tokyo University in 1980 and joined Aflac in 2005. Prior to joining Aflac, he worked for the Long-Term Credit Bank of Japan, where he worked in several capacities, including investor relations for the bank. He assumed his current position in January 2011 after serving Aflac Japan as a general manager for bank sales for more than five years.

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N Y S E : A F L

Aflac Incorporated

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