

AFLAC INCORPORATED



2011 YEAR IN REVIEW

WHO WE ARE

Aflac voluntary insurance products pay cash benefits directly to the insured to help protect against income and asset loss when a specific health event or life situation causes financial challenges. Aflac is the number one provider of voluntary insurance at the worksite in the United States and the number one life insurance company in terms of individual insurance policies in force in Japan, providing financial protection to more than 50 million people.



WHY I LOVE AFLAC

大阪府・女性(当社のがん保険に加入して約10年後にがんに罹患):
私も商売をして家計を助けていたので、もし保険に入っていなければと思うとぞっとします。ありがたくて涙が出そうです。お金が全てではありませんが、がん保険に加入していなければこんなに心やすらかに入院生活はできなかつたと思います。

A woman from Osaka, Japan, who was diagnosed with cancer approximately 10 years after purchasing Aflac's cancer policy wrote: "As a business owner and provider for my family, I cannot imagine what my life would be like if I didn't have insurance. I am so thankful that I almost burst into tears. Money is not everything, but if I did not have insurance I would not have had peace of mind during my hospitalization time."

THE AFLAC WAY: OUR PROMISE

As an insurance company, our product is intangible: We sell a promise to be there for our policyholders and insureds when they need us most by paying claims fairly and promptly. Living up to that promise is what really counts in delivering a positive consumer experience and building a strong brand. It's what we call The Aflac Way.

Our goal is to accomplish this while providing our customers with the best value in voluntary insurance products in Japan and the United States by effectively and efficiently managing the company's assets. Our promise to be there for policyholders is at the foundation of every endeavor we undertake.

HOW WE KEEP OUR PROMISE

INCOME FROM PREMIUM – Our policy premiums are generated from two sources: policy renewals, which represent the majority of premium received, and new policies issued. Policy premium is the primary source of cash flow for our business operations. With these premium funds, we are able to implement services that deliver on our promise to policyholders, including paying claims and enhancing customer service and product development, thereby expanding Aflac's overall value proposition.

INCOME FROM INVESTMENTS – Our investment portfolio backs up the most important promise an insurance company makes: to protect our policyholders when they need it most by paying cash benefits in response to their claim. We invest premiums in various global assets. Earnings from these investments provide additional income that allows us to charge lower premiums and return value to the policyholder through more benefits than the premiums alone could provide.

An insurance company is in the business of managing risk, not avoiding risk. With that in mind, as we evaluate potential investment opportunities, particular characteristics make certain investments more appealing than others. First, we have to believe we will get our investment back for our policyholders. Next, we look for investments that align with both the timing of claims we expect to pay and the currency we expect to pay them in, whether yen or dollars. We strive to be good stewards for our policyholders and those we insure, and we take great care to thoroughly evaluate our investments to ensure it is an appealing investment. In doing so, when a policyholder becomes a claimant, we deliver on our promise of paying claims fairly and promptly.

KEEPING OUR PROMISE THE AFLAC WAY

Since the founding of our company in 1955, we've put the customer first by reminding ourselves daily about the promises we've made to those we insure. In living up to our promise, we've gained the trust of more than 50 million people worldwide who count on us to pay claims promptly when they need us most—The Aflac Way.

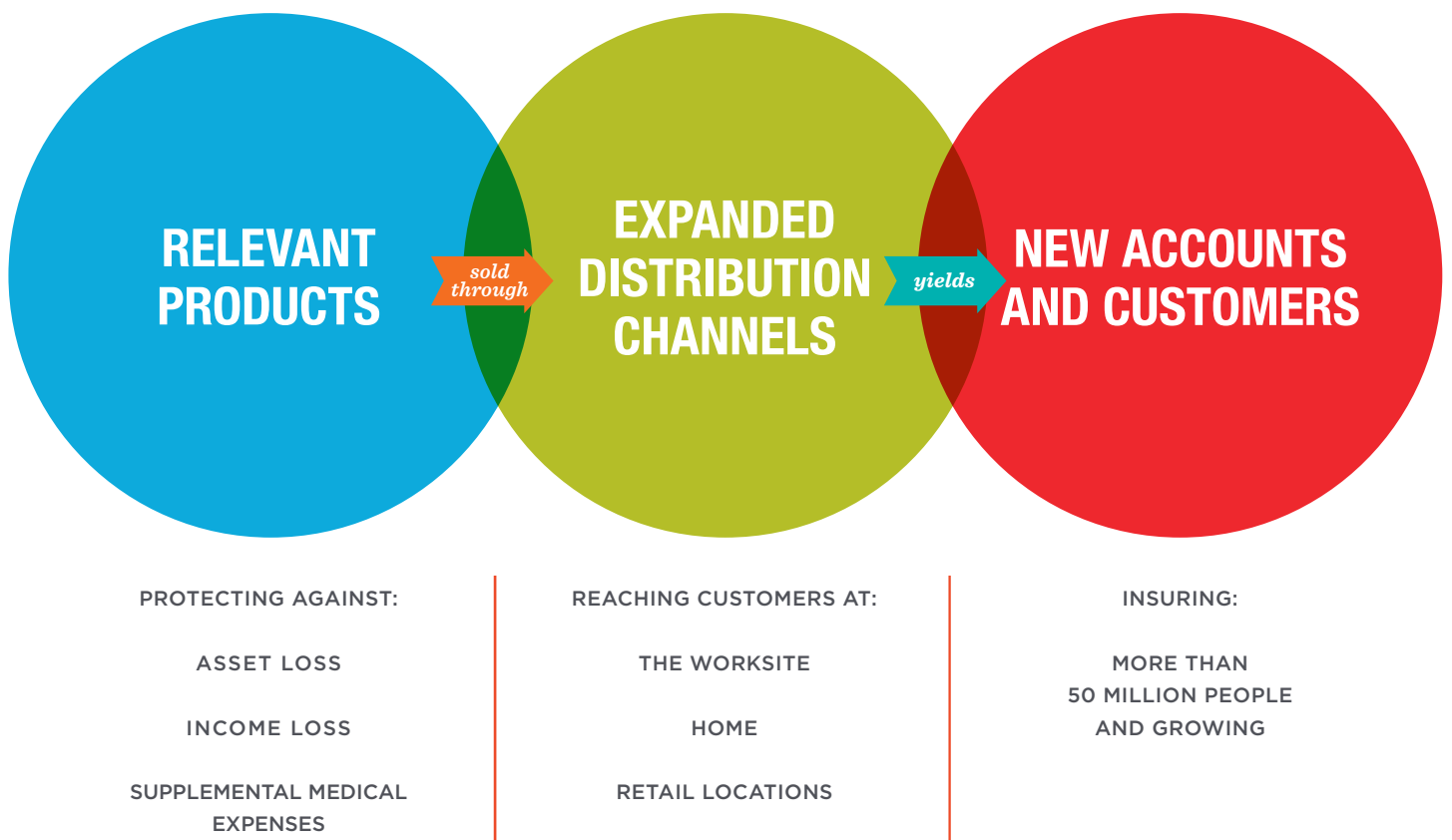


AFLAC'S GOAL:

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

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

OUR STRATEGY FOR GROWTH



Daniel P. Amos, Chairman and CEO**A Year of Resilience—and Results**

In the midst of a continually evolving economic environment, 2011 was a challenging year in many ways for many companies, including Aflac. Despite facing adversity, I am proud that 2011 was the strongest year in the company's history from an operational perspective. This achievement reflects our company's ability to remain focused on our growth strategy in good times and bad: *Aflac offers relevant products that help protect consumers against income and asset loss, reaching them through expanded distribution channels.* In doing so, we have the privilege of providing protection to more than 50 million people in Japan and the United States.

Our operational success in 2011 also highlights Aflac's strength, resilience and adaptability. But no matter how strong, adaptable or prepared a company is, there are certain situations that test a company's capacity to respond. That certainly was the case for Aflac in 2011, especially in Japan.

We at Aflac, along with the rest of the world, watched helplessly on March 11, 2011, as the most destructive and devastating natural disaster in Japan's history wreaked havoc upon the northeast coastline of Japan, starting with the powerful earthquake and tsunami. I am proud that through it all, our operations in Tokyo remained up and running, allowing us to deliver on our promise of being there when our policyholders need us most. I am also pleased that through the U.S. media, we were able to keep our U.S. employees, sales force and investors, who were all very concerned for the people of Japan, apprised of what was going on. When I visited Japan in March

2011, I delivered messages of support and hope from all over the U.S. The compassion our stakeholders showed, particularly our U.S. employees and sales force, makes me proud and serves as a reminder that what we do each day really matters to our policyholders, investors and others who count on us to provide value in other ways.



Following the Great Earthquake of Japan in 2011, Aflac was the first company to donate to the victims of the devastation through the Red Cross, giving ¥100 million—about \$1.2 million. Additionally, Aflac U.S. employees showed support to their Japanese colleagues through the sale of \$5 blue wristbands with the Aflac Duck and the word “together” in English and in the Kanji character. Through the sale of these wristbands, employees raised more than \$120,000 toward the relief efforts in Japan. To encourage participation, Aflac matched the first \$100,000 in wristband sales, bringing the combined amount of sales/donations from this wristband effort to more than \$220,000.

Overcoming Adversity to Achieve Earnings Results

On an operating basis, we have a long history of producing strong earnings growth. In fact, 2011 marked the 22nd consecutive year in which we met or exceeded our operating earnings-per-share objective,* which is the principal financial metric we use internally to assess the growth of our business. We believe that operating earnings, excluding currency effects, continues to be the best

measure of our success. We achieved our 2011 operating earnings-per-share objective of an 8.0% increase before the impact of the yen. We believe that achieving our operating earnings objective for more than two decades has been a key driver of shareholder value.

Net earnings in 2011 declined 16.2% over 2010 to \$1.96 billion. Results for the full year benefited from the stronger yen, but were negatively impacted by larger investment losses in 2011 compared with 2010. As a result of aggressive investment portfolio derisking, losses from securities transactions and impairments reduced net earnings by \$850 million. In addition, net earnings were reduced by \$159 million, resulting from foreign exchange and passive derivative activities.

Strong Capital Profile

As we have communicated over the past several years, maintaining a strong risk-based capital, or RBC, ratio remains a top priority for us. Our capital ratios demonstrate our commitment to maintaining financial strength on behalf of our policyholders, bondholders and all of our stakeholders. Our capital strength is driven by huge, steady cash flows from our operations, especially in Japan, and our balance sheet is strong. Our goal was to end 2011 with an RBC ratio between 400% and 500%. Our RBC ratio was 493%, which was at the upper end of our goal despite substantial realized investment losses in 2011. As we look ahead to 2012, our goal is to again end the year with an RBC ratio between 400% and 500%.

*Aflac defines *operating earnings* as the profits derived from operations before realized investment gains and losses from securities transactions, impairments, and derivative and hedging activities, as well as nonrecurring items.

Capital adequacy in Japan is principally measured by our solvency margin ratio, which was 547% at December 31, 2011, based on the new calculation method that will be effective March 31, 2012. Japan's new solvency margin calculation makes this capital strength measure more comparable with global measures of capital adequacy. We are comfortable with this level of solvency margin ratio, but continue to test this capital adequacy ratio by applying rigorous stress tests under extreme scenarios. We are proud the rating agencies have recognized the strength of our platform and balance sheet. Our financial strength, which exemplifies our ability to pay claims, is rated A+ (Superior) by A.M. Best, Aa3 by Moody's, and AA- by S&P.

It is our longstanding belief that when it comes to deploying capital for the benefit of our shareholders, growing the cash dividend and repurchasing our shares are the most attractive means, and that is something we will continue to pursue. We repurchased 6.0 million shares of Aflac stock in 2011. Additionally, we are very proud that 2011 marked the 29th consecutive year in which Aflac has increased the cash dividend. Our objective is to grow the dividend at a rate that's generally in line with operating earnings-per-share growth before the impact of the yen.

Despite our intense focus on the balance sheet, we never lost sight of growing our business. Combined, we generated more than \$3.5 billion in total new annualized premium sales in the United States and Japan in 2011. Total revenues rose 6.9% to \$22.2 billion, reflecting solid growth in premium income and net investment

income, as well as the benefit of the stronger yen/dollar exchange rate for the year.

Investments

Our vision is to have a world-class investment organization that pays particular attention to the needs of the insurance operation through effective asset/liability management and capital adequacy management, while also taking into account investment income needs. Without a doubt, it is our investment portfolio that fortifies what I believe is the most important promise an insurance company makes to policyholders—to protect them when they need us most by paying claims promptly. We continue to review our investments to ensure that they best represent the interests of our policyholders and all of our stakeholders.

As we evaluate investment opportunities, it is a challenge to invest large cash flows in a low-interest-rate environment. For example, in Japan alone in 2011, we invested \$57 million each business day. We primarily invest for the long term, and the strong cash flows from our persistent book of business give us the ability to continue to invest from this perspective. Clearly, the world, and particularly Europe, remains a very dynamic and volatile macro-environment. As such, we examined our traditional approach to investing to determine how best to adapt to the changing environment. One way we've adapted over the last several years has been through reducing our exposure to financial holdings and investments in the peripheral Eurozone. To effectively respond to this environment, we brought on a global chief investment officer in November 2011. We are



also enhancing human capital, technology and investment processes as we embark on our goal to be best-in-class.

At Aflac, we do not just sell voluntary insurance products. We sell a promise to be there for our policyholders in their time of need. Our employees are empowered to honor and fulfill that promise every day.

The global financial challenges we've all seen, especially with the changes in the investment environment, have only served to re-energize my enthusiasm as CEO of this company. I wouldn't trade places with any other CEO in the world. I want to personally thank you, our shareholders, for supporting Aflac and helping establish and maintain a strong foundation for our company.

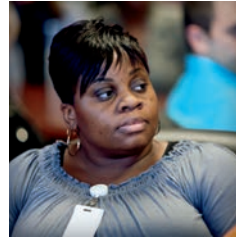
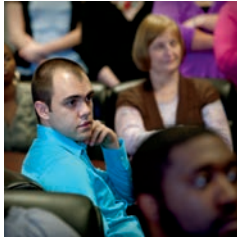
Daniel P. Amos
Chairman and
Chief Executive Officer

Q What were your greatest challenges in 2011?

A *Our greatest challenges in 2011 were twofold. The first challenge was determining how the natural disaster in Japan would affect us. Following the events in March 2011, we said we believed Aflac Japan would still achieve its sales objective, and we significantly exceeded it! Our second challenge was managing our investments in this volatile low-interest-rate environment, and we're making progress as we continue our vision to be a world-class investment organization.*

Q Do you think Aflac has finished its proactive investment portfolio derisking?

A *Enhancing the quality of our investment portfolio is an ongoing process because financial markets and the health of the world economy continue to evolve. For example, last year alone, we made tremendous progress in reducing our positions in peripheral European holdings. In addition, we're creating long-term strategic plans to further diversify and improve the quality of our investment portfolio. In good times and challenging times, we continue*



Aflac Group Insurance in Columbia, South Carolina, kicks off 2012 with a visit from Chairman and CEO Dan Amos, who commends them on their tremendous growth and success over the past two years. Aflac's acquisition of Aflac Group in October 2009 expanded our product portfolio to include voluntary group insurance products on top of the individually issued products we've offered since 1955. Since then, Aflac has continued to leverage our brand and broaden the appeal of our products to consumers throughout the United States.

Q What do you think is your greatest challenge over the next couple of years?

A *We are continually looking for ways to strengthen Aflac's earnings while protecting our policyholders. Over the next couple of years, we'll focus a great deal of our efforts on our investment strategies and tactics to improve the quality of our investment portfolio and increase diversification while reducing risk. Our focus will remain on investing in assets that best align with the characteristics of our products to enable us to earn competitive returns while fulfilling the promise we've made to our policyholders.*

Q How do you view the business units currently?

A *Traditionally, I've viewed Aflac Japan and Aflac U.S. as our two business units, providing our premium income cash flow. I've come to view our investment function as our third business unit, especially since the financial crisis, as this function is responsible for investing our policyholder funds that generate investment income. From a revenue and profitability standpoint, income from investments is just as critical to our success as the premium income generated by Aflac U.S. and Aflac Japan. We are currently in the process of enhancing our investment unit to ensure that we have a world-class investment division that enhances our ability to meet the needs of our policyholders and shareholders..*

to evaluate our holdings in light of the economic climate, I don't see this having a finite end due to the continually changing environment.

Q What makes the Aflac Duck so remarkable, and why do you think he has become such a household name?

A *He's even amazed me – I've been astounded with his success in both the United States and Japan. His popularity transcends the Pacific Ocean and has catapulted us to a whole new level of corporate responsibility where nine out of ten people know who we are in both countries. He has also come to symbolize our philanthropic activities. I think the Aflac Duck is lovable and direct. If you notice in our U.S. commercials, people don't listen to the Aflac Duck, which sometimes frustrates him. Many people can easily identify with that. In Japan, the Aflac Duck has a gentler personality, but in both countries, the Aflac Duck has opened doors for us that were previously closed.*

Q How has your role as CEO changed over the years?

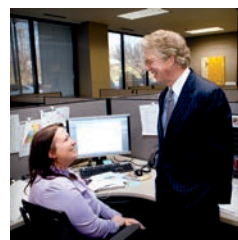
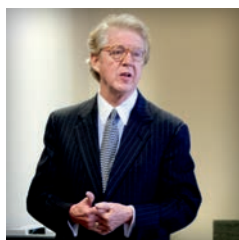
A *Well, it's not too typical to see a tenure of 22 years for a CEO. Over those two-plus decades, I would say that the biggest change is that the focus isn't just on sales anymore; it's also on investments. This has prompted me*

to examine our business from an increasingly international perspective. For example, take the financial crisis in Europe. We do have European investment holdings, but even if we didn't, we would have still been affected because the world is increasingly interconnected. Also, it's stunning how fast things are changing, between the duration of the life of a particular product to technology. Our ability to exchange information faster has changed everything we do, and we've moved from a totally paper company when I came in, to an almost paperless company.

and their families through the Aflac Cancer Center and Blood Disorders Service of Children's Healthcare of Atlanta and Aflac Japan's Parents House. So the chance to make the world a better place is truly the best part of what I do.

Q Having achieved long-term success, how do you take Aflac's success to the next level?

A First, never get complacent; I want to keep reaching in every category. We will also continue to focus on



Q As CEO, what has been your biggest accomplishment?

A My biggest accomplishment has been being part of something bigger than me, through Aflac: helping people in their time of need. First and foremost, Aflac is in the business of paying claims to our policyholders. Each year, we pay billions of dollars in claims to policyholders when they need it most, and at the same time, provide long-term value to shareholders. The opportunity we provide for our employees and sales distribution system to make a good living is very satisfying. From a philanthropic standpoint, Aflac has been able to help so many children

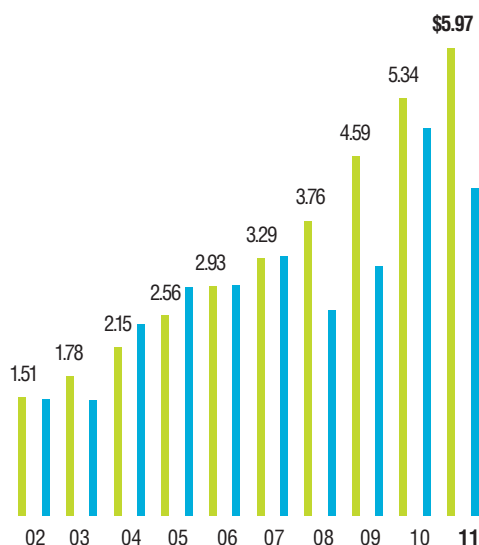
being more efficient. Keeping your operating expense ratio very low allows you to give the best return to customers, which should ultimately drive profits for you, our shareholders.

Q What are a few of the things that being CEO has taught you?

A Patience. Sometimes things don't happen as fast as one would like, but as CEO it's important that I remain focused and in tune with what's going on, and continue to maintain a level of patience and perseverance in the process.

EARNINGS PER DILUTED SHARE

Net and operating earnings per diluted share benefited from record operating results. In 2011, we achieved our primary financial target, growth in operating earnings per diluted share, excluding the impact of the yen, for the 22nd consecutive year. Operating earnings is an internal financial measure we use to assess management's performance. Aflac defines operating earnings as the profits derived from operations before realized investment gains and losses from securities transactions, impairments, and derivative and hedging activities, as well as nonrecurring items.



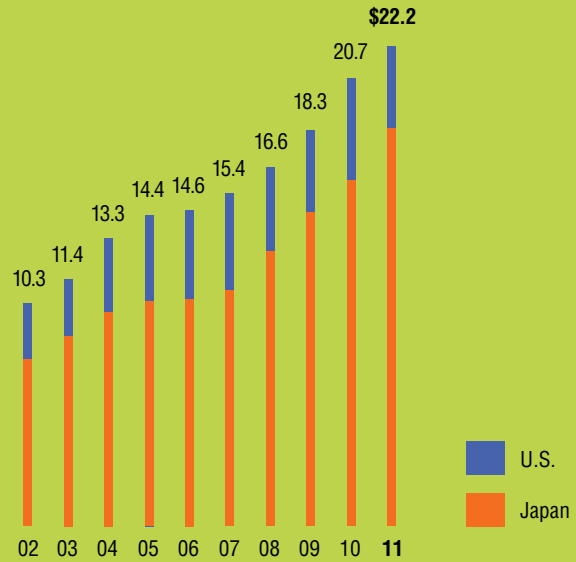
Net Earnings Per Diluted Share
Operating Earnings Per Diluted Share*

*Excludes impact of the yen

AFLAC INCORPORATED FINANCIAL HIGHLIGHTS

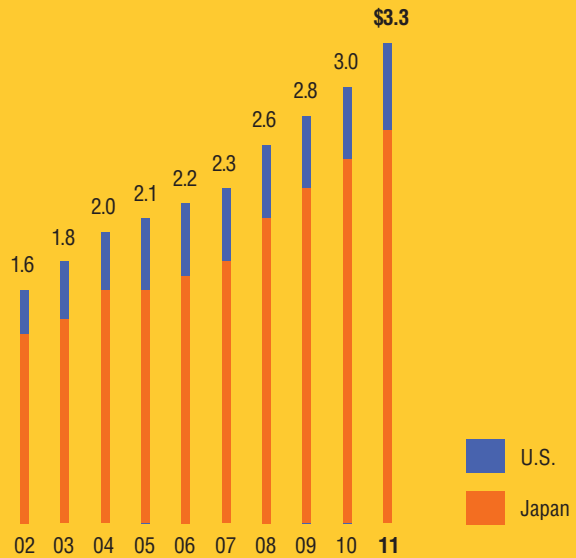
TOTAL REVENUES (In billions)

Total revenues rose 6.9% to a record \$22.2 billion in 2011, benefiting from strong sales through banks in Japan and a stronger yen/dollar exchange rate.



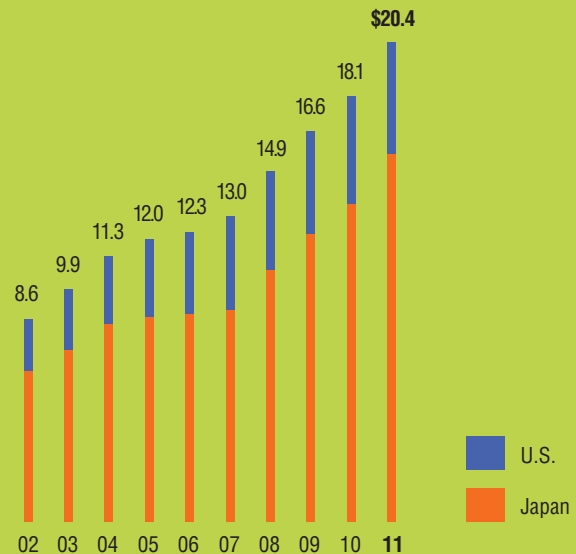
NET INVESTMENT INCOME (In billions)

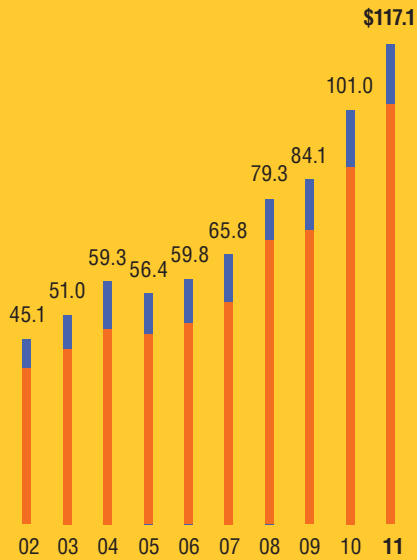
Net investment income increased 9.1% to a record \$3.3 billion.



PREMIUM INCOME (In billions)

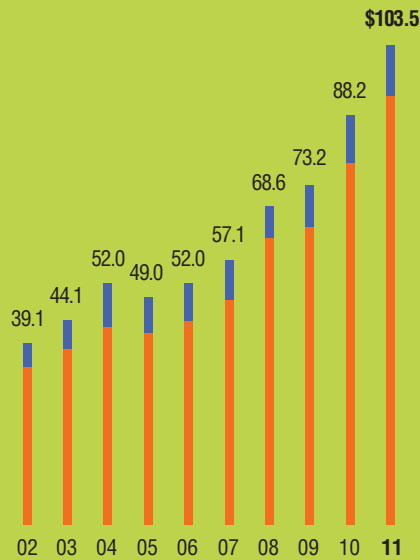
Premium income rose 12.7% in 2011, benefiting from improved persistency and strong sales through banks in Japan and a stronger average yen/dollar exchange rate.





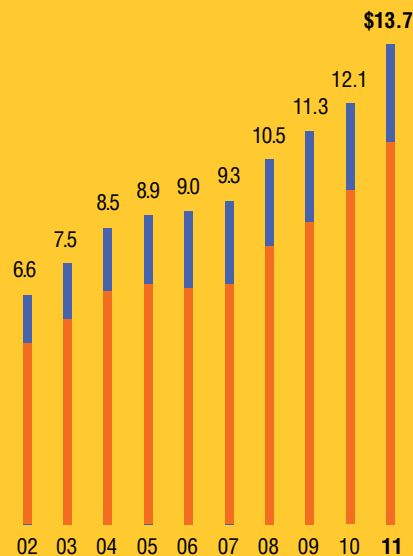
TOTAL ASSETS
(In billions)

Total assets were \$117.1 billion at the end of 2011, benefiting from increased cash flows and a stronger yen/dollar exchange rate.



TOTAL INVESTMENTS AND CASH
(In billions)

Aflac's total investments and cash rose 17.3% to \$103.5 billion at the end of 2011, benefiting from increased cash flows and a stronger yen/dollar exchange rate.



BENEFITS AND CLAIMS
(In billions)

Aflac paid or provided for \$13.7 billion in benefits for insureds in 2011.



"I experienced great anxiety about my illness and I had a hard time while in the hospital. However, Aflac's hospitalization benefit plan made me feel secure. Thank you" - policyholder from Hyogo, Japan



Aflac Japan

Resilience in Recovery

Aflac Japan has a track record of overcoming great adversity, and 2011 exemplifies perhaps one of the most remarkable representations of this. Clearly, the earthquake and tsunami on March 11, 2011, and the nuclear situation that followed, presented Japan with one of the biggest crises it has ever faced.

The whole world watched helplessly through television and social media sites as devastating pictures surfaced and news coverage of the catastrophic events unfolded. The natural disaster, and the nuclear crisis that followed, shook millions of Japanese citizens to the core and certainly tested their resolve. Despite the sheer magnitude of the crisis, Aflac Japan remained operational, upholding our promise to be there for policyholders during their time of need. In the wake of this incredibly difficult situation, Japanese citizens pressed on with resilience, and life is moving forward as the country continues to restore, rebuild and recover.

In addition to overcoming the devastation in 2011, Aflac Japan faced difficult sales comparisons from the prior year. In fact, 2010 had been by far the best year we ever had for Aflac Japan sales. So as we entered 2011, it was unthinkable that Aflac Japan could generate another significant annual sales increase—yet that's exactly what happened. In 2011 Aflac Japan produced solid financial results—and an all-time sales production record! Aflac Japan generated an 18.6% sales increase, surpassing our sales target for the third

year in a row. Our outstanding 2011 sales growth was a particularly significant accomplishment for Aflac Japan and exemplified Aflac Japan's earnest efforts and ability to manage through adversity.

From a distribution standpoint, in 2011 our sales were significantly influenced by accelerated sales activities within the bank channel and continued a strong growth trend throughout the year. In terms of the product side of our strategy, Aflac Japan enhanced its portfolio of products that responds to the wants and needs of consumers and distribution channels. In addition, Aflac Japan has honed its ability to take the Aflac Duck and create separate and unique characters to market specific products. Moreover, Aflac Japan remained the number one seller of cancer and medical insurance policies in Japan.

Since the bank channel opened up in December 2007, banks like AWA Bank Ltd., a regional Japanese bank founded in the Tokushima prefecture in 1896, have experienced great success in selling Aflac products, and 2011 was no exception. AWA Bank provides a broad portfolio of financial solutions that correspond to customer needs and their life plans. AWA Bank leverages its 98 branch network in Tokushima and other regions in Japan to sell two popular Aflac products: WAYS, Aflac's unique hybrid whole-life product, and EVER, Aflac Japan's medical product.



Bank sales have dramatically exceeded our expectations, due, in large part, to the tremendous popularity of WAYS. In November 2011, AWA Bank opened a new branch specializing in insurance and loan products. This new branch is conveniently located within a shopping mall and was designed to appeal to those customers anticipating an experience resembling the look and feel of a retail store. Ten insurance specialists from various districts gathered at this new branch to share ideas and strategies on consultative sales of insurance products, including WAYS, as well as ideas on how to train their respective sales teams. Many customers find WAYS attractive because its diverse options offer future flexibility at retirement age.



THE IMPACT OF THE YEN/DOLLAR EXCHANGE RATE

Aflac Japan collects premiums in yen, pays benefits and expenses in yen, and primarily holds yen-denominated assets to support yen-denominated liabilities. With the exception of a limited number of transactions, we do not convert yen into dollars. Therefore, currency changes do not have a material effect on Aflac in economic terms. However, for financial reporting purposes, we translate Aflac Japan's income statement from yen into dollars using an average exchange rate, which does influence our reported financial results in dollar terms. Translating Aflac Japan's results from yen into dollars means that growth rates are magnified in dollar terms when the yen strengthens against the dollar, compared with the preceding year. During 2011, the yen averaged 79.73 to the dollar, or 10.0% stronger than the average of 87.69 in 2010, enhancing our reported results in dollar terms.

YEN/DOLLAR EXCHANGE RATE (Average Closing Rates)

During 2011, the average yen/dollar exchange rate strengthened 10.0%, which magnified Aflac Japan's growth rates in dollar terms.



Source: Bloomberg ©

2011 FINANCIAL HIGHLIGHTS IN YEN

- ▶ Premium income rose 5.4% to ¥1.25 trillion, compared with ¥1.18 trillion in 2010.
- ▶ Total revenues increased 4.5% to ¥1.46 trillion, compared with ¥1.40 trillion in 2010.
- ▶ Pretax operating earnings rose 6.8% to ¥307.6 billion in 2011, compared with ¥287.9 billion in 2010.

2011 FINANCIAL HIGHLIGHTS IN DOLLARS

- ▶ Premium income rose 15.8% to \$15.6 billion, up from \$13.5 billion in 2010.
- ▶ Total revenues were up 14.9% to \$18.4 billion, compared with \$16.0 billion in 2010.
- ▶ Pretax operating earnings increased 17.5% to \$3.9 billion from \$3.3 billion in 2010.

不安いっばい辛い入院生活でしたが、入院給付金をいただき、心より安心しております。ありがとうございました。

(兵庫県のご契約者)





AFLAC JAPAN DISTRIBUTION

▶ THE BANK CHANNEL SOARS TO NEW HEIGHTS

- ▶ Sales of Aflac products through banks increased 133.9% over 2010.
- ▶ Aflac Japan was represented by 370 banks at the end of 2011, or more than 90% of the total number of banks in Japan.
- ▶ While there are still further sales opportunities in this market, growth is unlikely to be as rapid as it has been in recent years.

▶ TRADITIONAL SALES CHANNELS AND STRATEGIC ALLIANCES

- ▶ Aflac Japan recruited approximately 5,000 new sales agencies, up 3.8% over 2010.
- ▶ Aflac Japan was represented by more than 19,700 sales agencies at the end of 2011, equating to more than 120,700 licensed sales associates employed by those agencies.
- ▶ Dai-ichi Life: In 2001, we began a partnership with Dai-ichi Life, and since that time, this alliance has been very successful, selling approximately 81,700 of our market-leading cancer policies in 2011.

AFLAC JAPAN'S PRODUCTS:

Japan's product portfolio has expanded beyond traditional health-related products to better serve Japanese consumers and our growing distribution channels. Aflac develops relevant products and sells them through expanding distribution channels, which yield new accounts and customers. In remaining focused and disciplined with this strategy, in 2011 we gained greater access to potential customers.

PRODUCT NEED: Japan's population is covered by a compulsory and universal health care insurance system. While the system provides some level of coverage for its citizens, it does not cover all of its citizens' expenses. Over the last three decades, Japanese consumers have been required to pay more out of their own pockets toward their health care. When we entered Japan in 1974, most citizens paid no copayments, and now most pay 30% of all medical costs. This steep hike is largely due to Japan's aging population, declining birthrate and the burden of medical expenses that may further increase if receiving treatment from state-of-the-art medical advances that are not covered by the national health care insurance system.

Aflac Japan's product development team continually researches financial burdens Japanese consumers face and how to present them to potential policyholders. These findings equip Aflac Japan with valuable information to create innovative and customized products along with benefits that respond to the specific needs of consumers and the distribution channels that sell to them.

Awa Bank, a bank valued by people and businesses in its region, will continue to offer a wide array of financial solutions best suited to customer needs.



AFLAC JAPAN PRODUCTS

INCOME-LOSS PROTECTION	ASSET-LOSS PROTECTION	SUPPLEMENTAL MEDICAL
<ul style="list-style-type: none"> ▶ Life <ul style="list-style-type: none"> •Term •Whole •Hybrid (WAYS) ▶ Fixed Annuity ▶ Child Endowment 	<ul style="list-style-type: none"> ▶ Cancer ▶ Care ▶ Life <ul style="list-style-type: none"> •Hybrid (WAYS) 	<ul style="list-style-type: none"> ▶ Medical (fixed-benefit) ▶ Life <ul style="list-style-type: none"> •Hybrid (WAYS)

PILLAR PRODUCTS: MEDICAL AND CANCER INSURANCE

It's important to remember that the foundation of our product portfolio has been, and continues to be, cancer and medical insurance products. In 2011, we maintained our position as the number one seller of medical and cancer products in Japan, which affirms Aflac's reputation as a strong product innovator and trusted brand.

Building from this solid foundation, we continue to update our two pillar products and leverage our branding, administrative efficiency, and distribution to grow our product offerings and meet the evolving needs of consumers.

Medical Products:

In early 2002, we introduced EVER, a stand-alone, whole-life medical product. Following the introduction of EVER, Aflac became the number one seller of medical insurance in Japan. Since then, we have continued to create variations of EVER to appeal to new market segments and achieve greater market penetration. In 2009, we revised our medical products and a new generation of our EVER product was introduced with enhanced surgical benefits and gender-specific premium rates. In June 2010, we launched an enhanced version of Gentle EVER, our non-standard medical product that was originally introduced in 2007, for consumers who cannot qualify for our popular New EVER policy. Most recently, in January 2012, we further strengthened our medical portfolio and upgraded our New EVER product,

improving it to include even more advanced medical treatment options than its predecessor. We will continue to update our products to better reflect changes in current medical treatments and to further identify opportunities to respond to the needs of consumers.

Cancer Products:

In September 2007, we introduced Cancer Forte, the first major product revision we have made to our base cancer policy since 2001. In June 2010, we introduced Corsage, a new female-specific cancer rider to appeal to younger Japanese females. In March 2011, we introduced DAYS, our new base cancer policy and DAYS PLUS, which upgrades older cancer policies. DAYS replaces Cancer Forte, most notably with enhanced outpatient and anticancer medication benefits.

Ordinary Life Products

In December 2007, banks were permitted to sell the traditional health-related products that Aflac offers to its customers for the first time. As the bank channel has become a larger contributor to sales, Aflac Japan has also been enhancing its product portfolio to better meet the needs of banks.

Ordinary life products, including child endowment and WAYS, contributed about half to new sales in 2011 as a result of success through the banks. WAYS was the primary driver of Aflac Japan's remarkable sales growth in 2011. This unique hybrid whole-life product can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age. The appeal of WAYS to banks and consumers resulted in its phenomenal growth story.

Many consumers like to purchase insurance through retail insurance locations called service shops where policyholders can meet with Aflac sales associates for face-to-face consultations to determine possible insurance needs. At this Aflac service shop in Marunouchi, a commercial district of Tokyo, an Aflac Japan sales agent helps assess the insurance needs of a potential policyholder.



請求から振り込みまでが早く驚きました。このお蔭で、治療を安心して受けることができました。

(兵庫県のご契約者)



Ikebana is the traditional Japanese art of beautifully arranging cut stems, leaves and flowers.

Rina Hayashi (far left) and **Mai Ito** (far right) are employees of Aflac Japan who take part in the company's ikebana employee club, led by an instructor (center). Providing opportunities to take part in dozens of employee clubs is one of the reasons Aflac Japan employees ❤️ Aflac!



Aflac is a company with a heart.

When a child is diagnosed with cancer or other serious medical conditions, he or she must often travel to Tokyo or Osaka from other parts of Japan to receive ongoing treatment in their arduous journey back to health. Founded in 2001, the first Aflac Parents House has provided cheerful and spacious accommodations where these pediatric patients and their families can stay together in a home-away from-home environment while they battle cancer or another disease. **Mr. Kohsuke Yamashita** (right) is the chairman of the Children's Cancer Association of Japan, a nonprofit organization that supports various initiatives to help children battling cancer. The driving force behind fundraising efforts for the Aflac Parents House is Aflac Japan's sales force, which is represented by **Mr. Yutaka Matsunami** (left), president of Total Insurance Service Limited. Through generous donations from Aflac Japan's sales agents and employees, two Aflac Parents House locations in Tokyo and one

in Osaka have helped thousands of children battling serious diseases, including cancer, and the families that support them. About his involvement in the Aflac Parents House, Mr. Matsunami said, "Because cancer relates to our business, the more than 19,700 sales agents in our association have become even more involved and united on a business and a personal level in the fight against cancer and other pediatric diseases. Joining forces on a cause of this magnitude is quite unique in the insurance industry, and each person who participates feels fortunate to be part of this worthwhile cause."



AFLAC JAPAN - KEY OPERATIONAL METRICS

	Total Policies and Riders in Force*	Annualized Premiums in Force**	New Annualized Premiums**	Total Number of Agencies***	Total Number of Banks Representing Aflac****
2011	32,749	¥1,343,663	¥161,033	20,146	370
2010	31,665	1,255,600	135,813	19,982	364
2009	29,934	1,200,437	122,345	19,635	353
2008	29,020	1,161,662	114,692	18,882	329
2007	28,443	1,125,561	114,636	18,461	261
2006	27,334	1,083,127	117,455	18,432	242
2005	26,014	1,027,762	128,784	17,960	231
2004	24,477	961,895	122,525	16,410	229
2003	23,097	900,251	121,170	14,643	233
2002	21,867	834,424	108,320	12,056	237

* In thousands
 ** In millions
 *** Includes 370 banks
 **** Limited bank deregulation occurred in October 2002, and full bank deregulation occurred in December 2007

ADMINISTRATIVE EFFICIENCY

Technology has long been the essence of what is perhaps Aflac Japan's most significant competitive strength—administrative efficiency. At Aflac Japan, the number of policies in force per administrative employee is much larger than that of every other life insurance company operating in Japan. This efficiency allows us to give consumers quality products at affordable prices while compensating our sales force with competitive commissions.

LOOKING TO THE FUTURE

As Japan continues to deal with a strained financial system, rising medical expenses, an aging population and a declining birthrate, it is likely that the already-stressed national health care system will come under more financial pressure in the future. This is only exacerbated by the fact that additional funds are needed to rebuild following the natural disaster Japan faced. We believe Japanese citizens, whose medical costs have already increased, will continue to look for solutions to protect their physical and financial well-being. As we design our product and distribution initiatives for the future, we believe the competitive strengths that have driven Aflac Japan's success in 2011 will continue to benefit us in the future.



Aflac Blue Duck

To promote DAYS, the new base cancer policy, in 2011 Aflac Japan created Blue Duck, an Aflac Duck character that plays off the bluebird. This new character is intended to help instill peace and happiness—feelings that are fleeting when someone is fighting cancer.

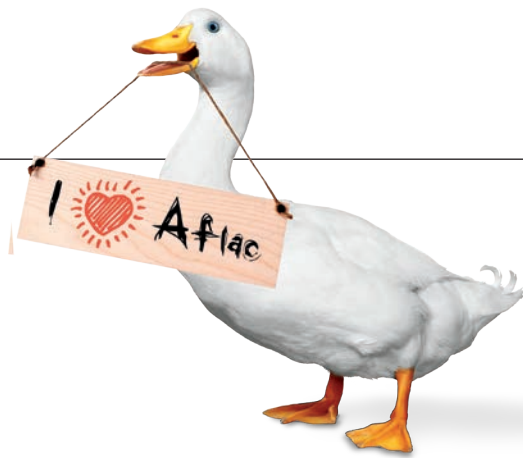
The commercials for DAYS convey that once you've purchased this policy, you may not think about it unless you become a claimant, at which time the benefits it provides are very valuable. We have implemented a campaign that features two of our popular Aflac characters: the Maneki Neko Duck, which promotes EVER, and Blue Duck. Together, they convey the idea that EVER and DAYS products provide the greatest benefits to consumers when they are purchased together. By finding innovative ways to connect the Aflac Duck to Aflac products and the Japanese culture, Aflac Japan has captured the attention of Japanese citizens. In doing so, we have successfully strengthened our brand, achieving brand awareness around 97%.



「訳」 アフラックは、かけ声だけでなく本当にやるべきこともやるし、期待以上のがんばりをしてしてくれます。必要とするときに私たちを守ってくれと言っていたのは本当でした。

Aflac U.S.

Aflac U.S. Sales Take Off!



2011 FINANCIAL HIGHLIGHTS:

- ▶ Premium income increased 3.4% to \$4.7 billion, up from \$4.6 billion in 2010.
- ▶ Total revenues were up 3.8% to \$5.3 billion, increasing from \$5.1 billion in 2010.
- ▶ Pretax operating earnings declined slightly by .8% to \$917 million, compared with \$924 million in 2010.

The longstanding goal and vision of Aflac U.S. is to be the leading provider of voluntary insurance in the United States—a position we've held for many years. Our 2011 sales results were consistent with that vision. The Aflac sales force overcame lingering economic challenges to generate a 6.8% increase in new annualized premium sales for the year, which exceeded our annual sales expectation of flat to 5% sales growth.

AFLAC PRODUCTS

We are committed to continually updating our products to ensure the benefits we offer are aligned with the needs of consumers. Our ability to accomplish this while controlling expenses has resulted in low operating expense ratios in the United States. This allows us to deliver excellent value to customers while paying high commissions to traditional sales agents and our growing broker distribution channel.

Following more than five decades where we focused on selling individually issued voluntary products, we are leveraging our market-leading status and the strong Aflac brand as we apply these strengths to the group products we began offering in 2009. The emphasis of our product portfolio remains squarely on the supplemental products we've offered for decades. The addition of group products has expanded our appeal and created sales opportunities with larger employers, brokers and our traditional sales agents.

Keeping our promise to our policyholders is paramount to our business. Our policies are designed to help protect our policyholders when they need it most. **Dawnn Johnson**, Aflac special projects coordinator (right), has been helping employees at RLJ Companies since 2006 obtain Aflac policies that best suit their needs and to file claims when a health event occurs. **Jerry Johnson**, vice president of RLJ Equity Partners, knows that he can rely on Dawnn, as well as Aflac policies, to help him during his time of need. He commented, "Aflac has given me peace of mind with the company's outstanding customer service, the overall quality of the corporation and its delivery mechanism. If you need the service it's quick, it's on time and hassle free."



AFLAC U.S. PRODUCTS

INCOME-LOSS PROTECTION	ASSET-LOSS PROTECTION	SUPPLEMENTAL MEDICAL
<ul style="list-style-type: none"> ▶ Short-Term Disability ▶ Life <ul style="list-style-type: none"> •Term •Whole 	<ul style="list-style-type: none"> ▶ Accident ▶ Cancer ▶ Critical Illness ▶ Hospital Intensive Care 	<ul style="list-style-type: none"> ▶ Hospital Indemnity ▶ Dental ▶ Vision

Our sales and marketing areas synchronized their efforts to benefit our sales results. For example, in 2011, strategic, coordinated product pushes we call Smart Launches for our dental, critical care and recovery, and short-term disability policies contributed to strong sales, particularly for veteran agents selling to existing accounts.

Aflac voluntary products provide affordable insurance options to protect against income loss, asset loss and medical expenses. Our individual and group products provide options to supplement employers' existing benefit packages. Our expanded product portfolio of individual and group products gives more options and opportunities for our sales associates and brokers to offer more tailored coverage.

BUILDING RELATIONSHIPS THROUGH AFLAC'S GROWING DISTRIBUTION NETWORK

Since 1955, Aflac has been cultivating our distribution system to deliver products that offer valuable benefits consumers need. At the end of 2011, our unique distribution network was made up of approximately 74,800 licensed sales associates and brokers to sell our products.

David Essary, vice president of consulting at Unvers Workplace Solutions, has been working with worksite benefits solutions for nearly two decades. About his choice to do business with Aflac he said, "To me, working with Aflac is great because of Aflac's people. As an insurance broker, I like recommending Aflac because of the company's strong ethics and how Aflac always backs up the promises they make to policyholders and customers. I've built strong relationships with many businesses over the years, and when I recommend Aflac to my clients, they expect great things. Aflac has always lived up to and exceeded that expectation."

Beyond expanding the size and capabilities of our traditional sales force, we remain excited about establishing and developing relationships with insurance brokers that typically handle the larger-case market. We anticipate that the appeal of our group products will continue to multiply our opportunities to connect with larger businesses and the employees who work there. We launched a new national insurance broker initiative to reach the largest brokers and non-enrollment firms in the U.S. To ensure that our products and services resonate with brokers in this category, we developed sales and marketing strategies brokers can use to complement and enhance the marketing methods they use to sell to their customers. Although this broker initiative is still in its early stage, our success through this channel fuels our excitement about the future growth potential for sales through this channel.



〔訳〕 思い返してみても、アフラックの保険がなかったらどうしていたか…お金の心配をしないうで、よくなることだけに専念できました。



EVERYBODY



THE AFLAC DUCK

He shows no signs of slowing down in persistently promoting the protection Aflac products can provide. Thanks to the Aflac Duck's efforts, nine out of ten people recognize the Aflac brand. Through our commercials, consumers get a chance to see the Aflac Duck explore the world, usually managing to find himself in entertaining situations and predicaments. Undeterred, he continues his mission to help employers and consumers better understand how Aflac products work and how Aflac products offer the best competitive value proposition for consumers.

The beloved Aflac Duck sets out on another adventure in "Pigeon Rap," an entertaining advertisement that also conveys Aflac's overall message.



There was no way we could have predicted it, but the Aflac Duck has become one of the most successful advertising campaigns ever. Since the Aflac Duck joined Aflac's sales team on New Year's Eve in 1999, he has appeared in more than 55 commercials that have taken him places no duck has previously gone. One of his more exciting endeavors in 2011 took him down the streets of the Big Apple as he made an appearance in the 85th Annual Macy's Thanksgiving Day Parade.



In 2011, the Aflac Duck made his first "huge" appearance at the 85th Macy's Thanksgiving Parade in New York. Since 2002, Aflac has partnered with Macy's to sell Aflac Holiday Ducks, with the proceeds from the sale of the ducks benefiting the Aflac Cancer Center and 40 different pediatric cancer hospitals nationwide.

AFLAC CANCER CENTER: PROTECTING KIDS FIGHTING CANCER

Our feathered friend has also taken on the important role as spokesperson for our national philanthropic focus: childhood cancer treatment and research. The team at the Aflac Cancer Center and Blood Disorders Service of Children's Healthcare of Atlanta is committed to providing a brighter future for children fighting cancer by continuing to deliver advanced medical treatment, family-centered care, a child-friendly environment and innovative research. Since 1995, the combined Aflac family has given more than \$70 million to the Aflac Cancer Center—a national leader among childhood cancer, hematology, and blood and marrow transplant programs that serves infants through young adults. Our relationship with the Aflac Cancer Center has drawn in every level of the Aflac family from our sales force to our employees, managers, officers

and board of directors. The common goal of fighting childhood cancer has transformed our culture and brought us together as a team.

Recognized as one of the top childhood cancer centers in the country by *U.S. News & World Report*, the Aflac Cancer Center treats more than 370 new cancer patients each year and provides follow-up support to more than 2,500 former patients with sickle cell disease, hemophilia and other blood disorders. The Aflac Cancer Center is made up of three hospital campuses with nationally renowned physicians and researchers, in addition to a world-class family support team consisting of child life specialists, social workers, chaplains and teachers—all of whom support the whole child and the child's family.

CAPITALIZING ON TECHNOLOGY

Effectively employing new technologies allows us to improve our

products, expand our distribution, and allocate more resources to marketing. We continue to improve the functionality and versatility of SNG®, our unique laptop-based enrollment system formerly called SmartApp®, with updates that accommodate broker needs and empower our sales associates for success. We also are always looking for ways to leverage technology to enable our sales force for success. For example, in December 2010, we launched an industry-first LaunchPad tablet business productivity application on the iPad®. This platform-neutral presentation technology is the ultimate all-in-one sales, marketing and administrative technology device that allows sales associates and brokers to effectively and efficiently manage most aspects of their business in real time from a virtual office. Features include the ability to create customized sales presentations and check claims, and to send marketing materials.

AFLAC U.S. – KEY OPERATIONAL METRICS

	Policies and Certificates in Force*	Annualized Premiums in Force**	Total New Annualized Premiums**	Licensed Sales Associates and Brokers
2011	11,732	\$5,188	\$1,476	74,802
2010	11,436	4,973	1,382	72,535
2009	11,688	4,956	1,453	75,315
2008	11,437	4,789	1,551	74,390
2007	11,116	4,510	1,558	71,258
2006	10,519	4,101	1,423	68,394
2005	9,884	3,711	1,259	63,008
2004	9,341	3,374	1,186	58,992
2003	8,805	3,043	1,128	57,493
2002	8,077	2,674	1,070	53,149

* In thousands
** In millions

The Aflac Cancer and Blood Disorders Center provides a nurturing environment of hope for children and young adults battling cancer and blood disorders, as well as their families. At the state-of-the-art facilities, pediatric-trained staff members provide a unique and comprehensive course of treatment, both clinically and emotionally, to help children and their families throughout their journey to recovery. The Aflac Cancer Center is recognized as one of the top childhood cancer centers by *U.S. News & World Report*. Pictured, **Dr. William G. Woods**, Director of the Aflac Cancer Center, visits with **Robert Hart, Darby Farnsworth, Kenneth Stewart III, Myles Horton** and **Breanna Campbell**. These five courageous patients reflect only a few of the thousands who count on the expert care and compassionate staff at the Aflac Cancer Center.

OUTLOOK FOR AFLAC U.S.

We believe that Aflac is well-positioned to capitalize on the market opportunities that lie ahead. Aflac remains committed to providing relevant, valuable and affordable benefits that make a difference in our policyholders' lives. We stand out from competitors by upholding our promise to protect those we insure when they need us most by paying claims promptly. Our large and growing sales force made up of traditional agents and brokers is striving to reach the tens of millions of consumers who can benefit from our competitively priced insurance protection.



"Looking back, I do not know what we would have done without the help of this Aflac policy...it allowed us to focus on recovery instead of worrying about our finances." – Kim Hastings, MI



SELECTED FINANCIAL DATA

For the Year (In millions, except for share and per-share amounts)	2011	2010	2009	2008
Revenues:				
Premiums, principally supplemental health insurance	\$ 20,362	\$ 18,073	\$16,621	\$14,947
Net investment income	3,280	3,007	2,765	2,578
Realized investment gains (losses)	(1,552)	(422)	(1,212)	(1,007)
Other income	81	74	80	36
Total revenues	22,171	20,732	18,254	16,554
Benefits and expenses:				
Benefits and claims	13,749	12,106	11,308	10,499
Expenses	5,430	5,041	4,711	4,141
Total benefits and expenses	19,179	17,147	16,019	14,640
Pretax earnings	2,992	3,585	2,235	1,914
Income taxes	1,028	1,241	738	660
Net earnings	\$ 1,964	\$ 2,344	\$ 1,497	\$ 1,254
Share and Per-Share Amounts				
Net earnings (basic)	\$ 4.21	\$ 5.00	\$ 3.21	\$ 2.65
Net earnings (diluted)	4.18	4.95	3.19	2.62
Items impacting net earnings per diluted share, net of tax:				
Realized investment gains (losses):				
Securities transactions and impairments	\$ (1.81)	\$ (.58)	\$ (1.67)	\$ (1.37)
Derivatives and hedging*	(.34)	—	(.01)	—
Nonrecurring items	—	—	.02	—
Foreign currency translation**	.36	.19	.26	.23
Cash dividends paid	\$ 1.23	\$ 1.14	\$ 1.12	\$.96
Shareholders' equity	28.96	23.54	17.96	14.23
Weighted-average common shares used to calculate basic EPS (In thousands)	466,519	469,038	466,552	473,405
Weighted-average common shares used to calculate diluted EPS (In thousands)	469,370	473,085	469,063	478,815
At Year-end				
Assets:				
Investments and cash	\$ 103,462	\$ 88,230	\$73,192	\$68,550
Other	13,640	12,809	10,914	10,781
Total assets	\$ 117,102	\$101,039	\$84,106	\$79,331
Liabilities and shareholders' equity:				
Policy liabilities	\$ 94,593	\$ 82,456	\$69,245	\$66,219
Notes payable	3,285	3,038	2,599	1,721
Income taxes	2,613	1,969	1,653	1,201
Other liabilities	3,105	2,520	2,192	3,551
Shareholders' equity	13,506	11,056	8,417	6,639
Total liabilities and shareholders' equity	\$ 117,102	\$101,039	\$84,106	\$79,331
Supplemental Data				
Stock price range:				
High	\$ 59.54	\$ 58.31	\$ 47.75	\$ 68.81
Low	31.25	39.91	10.83	29.68
Close	43.26	56.43	46.25	45.84
Yen/dollar exchange rate at year-end	¥ 77.74	¥ 81.49	¥ 92.10	¥ 91.03
Weighted-average yen/dollar exchange rate for the year	79.73	87.69	93.49	103.46

*Derivatives and hedging includes impact from ASC 815 for all years presented prior to 2011

**Translation effect on Aflac Japan's results and Parent Company yen-denominated interest expense
Amounts in 2001 through 2004 have been adjusted for adoption of SFAS 123R on January 1, 2005

Aflac Incorporated and Subsidiaries

2007	2006	2005	2004	2003	2002	2001
\$ 12,973	\$ 12,314	\$ 11,990	\$ 11,302	\$ 9,921	\$ 8,595	\$ 8,061
2,333	2,171	2,071	1,957	1,787	1,614	1,550
28	79	262	(12)	(301)	(14)	(31)
59	52	40	34	40	62	18
15,393	14,616	14,363	13,281	11,447	10,257	9,598
9,285	9,016	8,890	8,482	7,529	6,589	6,303
3,609	3,336	3,247	3,026	2,720	2,445	2,248
12,894	12,352	12,137	11,508	10,249	9,034	8,551
2,499	2,264	2,226	1,773	1,198	1,223	1,047
865	781	743	507	430	438	393
\$ 1,634	\$ 1,483	\$ 1,483	\$ 1,266	\$ 768	\$ 785	\$ 654
\$ 3.35	\$ 2.99	\$ 2.96	\$ 2.49	\$ 1.50	\$ 1.52	\$ 1.25
3.31	2.95	2.92	2.45	1.47	1.49	1.22
\$.04	\$.10	\$.33	\$ (.01)	\$ (.37)	\$ (.03)	\$ (.06)
–	–	(.02)	(.03)	–	.07	–
–	–	.07	.26	–	(.05)	–
(.02)	(.08)	(.02)	.08	.06	(.02)	(.07)
\$.80	\$.55	\$.44	\$.38	\$.30	\$.23	\$.19
18.08	16.93	15.89	15.04	13.04	12.43	10.40
487,869	495,614	500,939	507,333	513,220	517,541	525,098
493,971	501,827	507,704	516,421	522,138	528,326	537,383
\$ 57,056	\$ 51,972	\$ 48,989	\$ 51,955	\$ 44,050	\$ 39,147	\$ 32,792
8,749	7,833	7,372	7,371	6,914	5,911	5,068
\$ 65,805	\$ 59,805	\$ 56,361	\$ 59,326	\$ 50,964	\$ 45,058	\$ 37,860
\$ 50,676	\$ 45,440	\$ 42,329	\$ 43,556	\$ 39,240	\$ 32,726	\$ 27,592
1,465	1,426	1,395	1,429	1,409	1,312	1,207
2,531	2,462	2,577	2,445	2,187	2,362	2,090
2,338	2,136	2,133	4,320	1,480	2,262	1,545
8,795	8,341	7,927	7,576	6,648	6,396	5,426
\$ 65,805	\$ 59,805	\$ 56,361	\$ 59,326	\$ 50,964	\$ 45,058	\$ 37,860
\$ 63.91	\$ 49.40	\$ 49.65	\$ 42.60	\$ 36.91	\$ 33.45	\$ 36.10
45.18	41.63	35.50	33.85	28.00	23.10	23.00
62.63	46.00	46.42	39.84	36.18	30.12	24.56
¥ 114.15	¥ 119.11	¥ 118.07	¥ 104.21	¥ 107.13	¥ 119.90	¥ 131.95
117.93	116.31	109.88	108.26	115.95	125.15	121.54

AFLAC INCORPORATED INVESTMENT SUMMARY

INVESTMENT PORTFOLIO BACKGROUND

Our investment portfolio fortifies the most important promise Aflac makes to policyholders—to protect them when they need us most by paying claims, and paying them promptly.

We primarily invest for the long term, and the strong cash flows from our persistent book of business give us the ability to continue to invest from this perspective. Historically, our product needs and liability profile have been key drivers to our asset strategy. Our goal is to have a portfolio matched by duration and currency.

- In Japan, our products are yen-denominated, long-dated and have high persistency, thus yielding long-duration liabilities.
- Our U.S. investments and policy liabilities are dollar-denominated and have shorter durations.

CHANGING GLOBAL INVESTMENT ENVIRONMENT

Because the vast majority of our policies are in Japan, we're predominantly invested in yen-denominated assets around the world, including Europe. Virtually all of our investments in Europe are yen-denominated. As the financial crisis that began at the end of 2008 transformed the investment landscape for all insurers around the world, we began to take action to reduce our exposure to Europe to enhance the credit quality of our investment portfolio.

ENHANCING CREDIT QUALITY

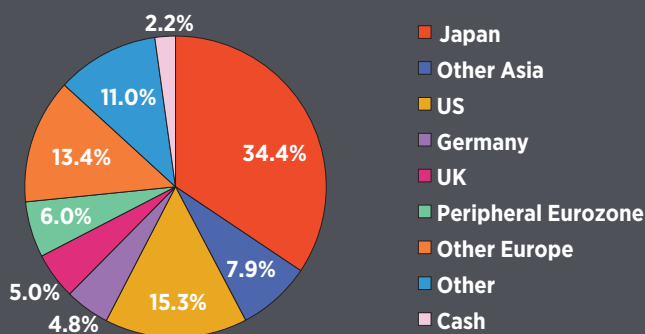
Over the last several years, we have been reducing our exposure to Europe, especially the peripheral Eurozone countries of Portugal, Italy, Ireland, Greece and Spain.

From January 2008 to the end of 2011 we:

- Dramatically reduced our exposure to sovereign and financial investments in the peripheral Eurozone countries from 5.9% to 2.2% of total investments and cash.
- Lowered our investments in perpetual securities by more than half, going from 14.7% to 6.8% of total investments and cash. None of the perpetual securities we currently own are in peripheral Eurozone countries.
- We are not presently making any new investments in Europe and will continue to take actions to reduce our exposure to European debt as we pursue investment transactions that make financial sense in the evolving environment.

GEOGRAPHIC INVESTMENT EXPOSURE

(December 31, 2011, At Amortized Cost)



Total Investments and Cash - \$101.5 Billion

Credit quality remains a central aspect of our investment approach. At year-end 2011, 94.4% of our debt and perpetual securities were investment grade.

SHAREHOLDERS' EQUITY

It's worth noting that while we have been actively and successfully reducing the risk in our portfolio, we have grown our shareholders' equity from \$8.8 billion at year-end 2007 to \$13.5 billion at December 31, 2011. We've also enhanced our risk management process while making investments in a new system to enable us to better evaluate market and credit risks in our portfolio.

INVESTMENT PORTFOLIO STRENGTH

Our overall portfolio is dominated by fixed-maturity securities. We have very limited exposure to residential, commercial and asset-backed securities. Excluding cash, perpetual securities comprised 6.9% of our total investments and we are taking steps to continue to reduce our exposure in this asset class. At the end of 2011, the percentage of our senior debt holdings increased from 79.5% at the end of 2010 to 86.2%.

GEOGRAPHIC INVESTMENT EXPOSURE

We diversify our large, fixed-income portfolio by geography and industry. The vast majority of our investments in Japan are in Japanese Government Bonds (JGBs). As an insurance company, we are mindful of the changing investment landscape and will invest in a way that is in the best interest of our stakeholders.

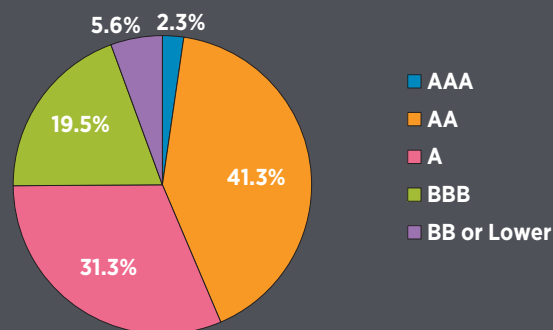
INVESTMENT OUTLOOK

As we look ahead, our goal is to continue to enhance the quality of our portfolio by expanding our portfolio's diversity and ultimately improving our returns while reducing risks to certain market cycles. For example, we plan on adding new asset classes to further diversify our portfolio. In addition, we plan on hiring third-party investment advisors to manage a portion of our overall assets and provide additional expertise to complement our asset strategies.

Our vision is to have a world-class investment organization that pays particular attention to the needs of the insurance operation through effective asset/liability matching and capital adequacy management, while also taking into account investment income needs. We will continue to invest in our human capital and technology, while improving our investment processes, which is in the best interest of all our stakeholders, including our policyholders.

CREDIT RATINGS ON DEBT AND PERPETUAL SECURITIES*

(December 31, 2011, At Amortized Cost)



Total Debt Investment and Perpetual Securities - \$99.3 Billion

*Virtually all our securities are rated by S&P, Moody's, and/or Fitch. For investment grade securities, our practice is to use the highest rating assigned by those agencies when the ratings differ. For split-rated securities, we supplement this process with internal analysis to determine whether the security will be classified as investment grade or below investment grade.

INVESTOR FACTS

AFLAC'S TOTAL RETURN TO SHAREHOLDERS

In 2011, Aflac Incorporated marked the 29th consecutive year the company increased its annual dividend. Including reinvested cash dividends, Aflac's total return to shareholders declined 21.3% in 2011. Aflac's share price decreased 23.3% from the 2010 year-end price of \$56.43 to the 2011 year-end price of \$43.26. This compares with a total return decline of 20.7% for the S&P Life & Health Index, a 2.1% total return for the S&P 500, and an 8.4% return for the Dow Jones Industrial Average.

- Over the last five years, Aflac's total return to shareholders, including reinvested dividends, was 5.8%.
- Over the last 10 years, Aflac's total return to shareholders, including reinvested dividends, was 108.0%.

AFL SHAREHOLDER MIX*

Number of registered shareholders	86,700
Percentage of outstanding AFL shares owned by institutional investors	63%
Percentage of outstanding AFL shares owned by individual investors.	37%
(includes director, employee and sales force ownership of approximately 4%)	
*Approximate, as of 12/31/11	

FIRST SHAREHOLDERS

Cost of 100 shares purchased in 1955 when Aflac was founded	\$1,110
Number of shares those 100 shares grew into (after 28 stock splits and/or stock dividends)	187,980 shares
Value at 12/31/11 (excluding dividends)	\$8.1 million
Dividends paid in 2011.	\$231,215

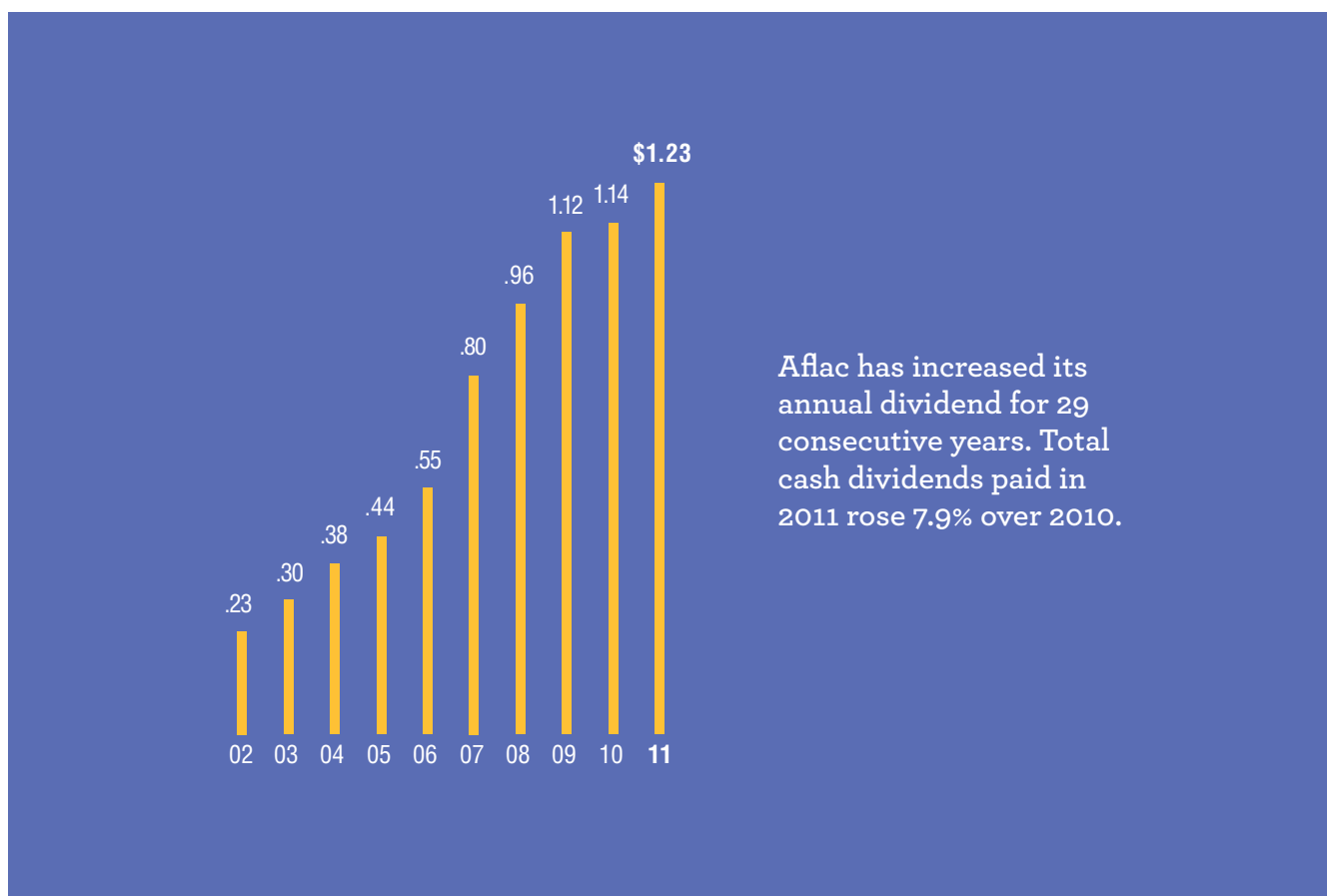
AFLAC FINANCIAL STRENGTH*

Standard & Poor's	AA-
Moody's Investors Service	Aa3
A.M. Best	A+ (Superior)
Rating & Investment Information Inc. (R&I)	AA-
*Ratings as of 3/1/12	

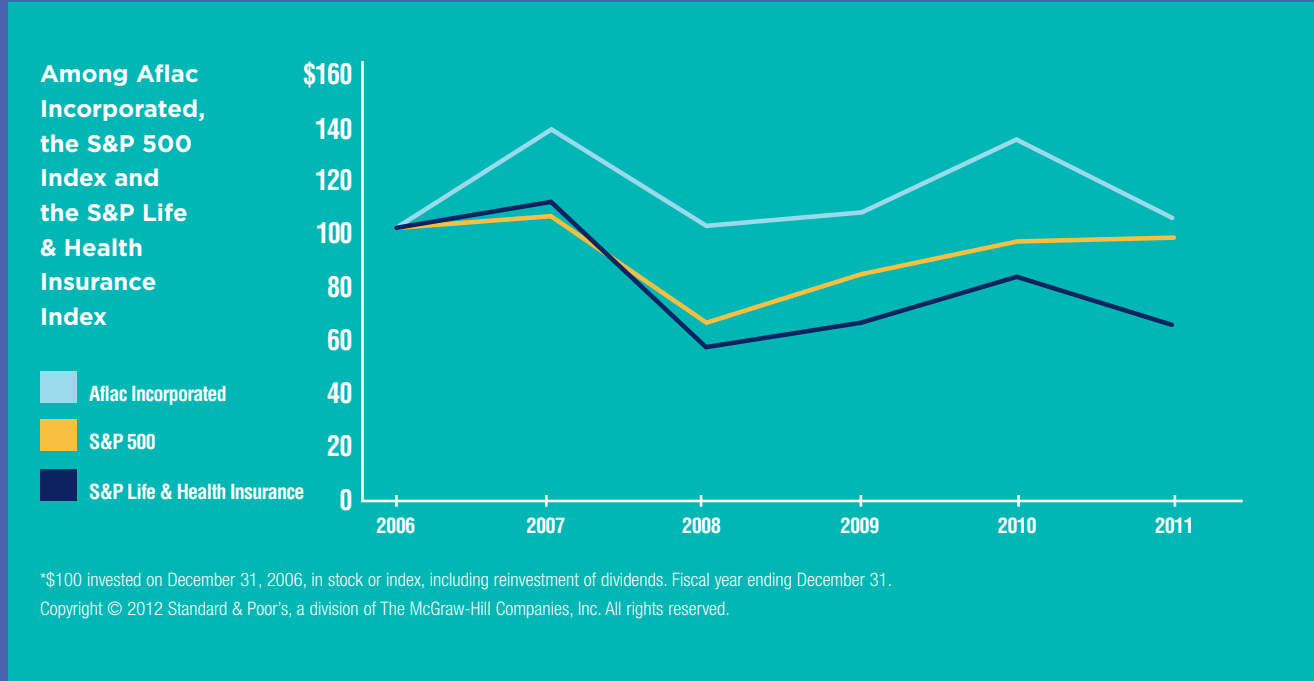
Visit aflac.com and click on *Investors* to access the following:

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

ANNUAL CASH DIVIDENDS PAID PER SHARE



COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*



COMPARISON OF TEN-YEAR CUMULATIVE TOTAL RETURN*



BOARD OF DIRECTORS



Daniel P. Amos, 60, chairman and chief executive officer of Aflac and Aflac Incorporated, has been with the company full-time since 1973. He was named president of Aflac in 1983, chief operating officer in

1987, chief executive officer of Aflac Incorporated in 1990, and chairman in 2001. He has been a member of Aflac Incorporated's board since 1983.



John Shelby Amos II, 59, Alabama/West-Florida state sales coordinator for Aflac U.S., has served in a variety of sales positions with the company for the past 37 years. He was first elected to Aflac Incorporated's board in 1983.



Paul S. Amos II, 36, president of Aflac and chief operating officer of Aflac U.S., joined Aflac in 2002 as state sales coordinator of Georgia-North. He was promoted to executive vice president in 2005, assumed additional

responsibilities as Aflac U.S. chief operating officer in 2006 and was promoted to his current position in 2007. He joined Aflac Incorporated's board in 2007.



Michael H. Armacost, 74, Shorenstein Distinguished Fellow at Stanford University's Asia-Pacific Research Center, retired in June 2002 as president and trustee of The Brookings Institution, a private

nonpartisan organization devoted to public policy research. A former undersecretary of state for political affairs, Mr. Armacost was U.S. ambassador to Japan from 1989 to 1993. He joined Aflac Incorporated's board in 1994.



Kriss Cloninger III, 64, president, chief financial officer and treasurer of Aflac Incorporated, joined Aflac in 1992 as senior vice president and CFO after working with Aflac as a consulting actuary since 1977. He was named

president of Aflac Incorporated and elected to its board in 2001.



Elizabeth Hudson, 62, executive vice president of communications for the National Geographic Society, previously held similar positions with iVillage, the Reader's Digest Association and NBC. She also was

previously a director in Spencer Stuart's Media & Communication Practice. She joined Aflac Incorporated's board in 1990.



Douglas W. Johnson, 68, certified public accountant and retired Ernst & Young LLP audit partner, has spent the majority of his career auditing companies in the life, health and property/casualty segments of the

insurance industry. He joined Aflac Incorporated's board in 2003.



Robert B. Johnson, 67, senior advisor, Porter Novelli PR, was formerly chairman and CEO of the One America Foundation (an organization that promotes dialogue and solidarity among Americans of all races). He previously

served in President Clinton's White House as an assistant to the president and director of the president's initiative for One America. He has been on Aflac Incorporated's board since 2002.



Charles B. Knapp, 65, is the president emeritus of the University of Georgia. He retired in 2011 after six years as chairman of the board of the East Lake Foundation. Previously in his career he was a senior partner with the

executive search firm Heidrick & Struggles and executive vice president of Tulane University. He joined Aflac Incorporated's board in 1990.



E. Stephen Purdom, M.D., 64, former executive vice president of insurance operations for Aflac U.S., served on the board of advisors for Emory University Medical School and as chief of staff at Doctors Hospital in

Columbus, Georgia. He was first elected to Aflac Incorporated's board in 1987.



Barbara K. Rimer, Dr. PH, 63, alumni distinguished professor and dean of the University of North Carolina Gillings School of Global Public Health, was previously director of the Division of Cancer Control

and Population Sciences at the National Cancer Institute. She is a former director of Cancer Control Research and professor of Community and Family Medicine at the Duke University School of Medicine and was elected to the Institute of Medicine in 2008. Most recently, Dr. Rimer was appointed chairman of the President's Cancer Panel. She joined Aflac Incorporated's board in 1995.



Marvin R. Schuster, 74, chairman of Schuster Enterprises Inc., which operates Burger King restaurants throughout the Southeast, is an emeritus member of the board of directors of Columbus

Bank & Trust Company. He was elected to Aflac Incorporated's board in 2000.



D. Gary Thompson, 65, retired executive vice president of Wachovia Corporation and a retired chief executive officer of Georgia Banking, Wachovia Bank, N.A., is on the board of directors for Georgia

Power Company, a subsidiary of the Southern Company, and was elected to Aflac Incorporated's board in 2005.



Robert L. Wright, 74, is chairman of FE Holdings, Inc., a company that has interests in motorsports, gaming, entertainment, real estate and lighting. He was previously chairman of both Dimensions International and

Flight Explorer, and an associate administrator for the United States Small Business Administration. He was first elected to Aflac Incorporated's board in 1999.



Takuro Yoshida, 58, president of Nippon Tochi-Tatemono Co., Ltd., also served as executive vice president and operating officer of Nippon Tochi-Tatemono Co., Ltd., in 2009. From 2005 through

early 2009, he served in various positions, including executive director, senior operating officer, central branch manager and operating officer of Mizuho Bank, Ltd., part of Mizuho Financial Group, Inc., which was formed in a merger between his former employer, Dai-ichi Kangyo Bank, Ltd., and two other banks. He held various positions at Dai-ichi Kangyo Bank, Ltd., which he joined in 1976. He was first elected to Aflac Incorporated's Board in 2010.

EXECUTIVE MANAGEMENT

Daniel P. Amos (see facing page)

Kriss Cloninger III (see facing page)

Paul S. Amos II (see facing page)



Susan R. Blanck, 45, executive vice president; corporate actuary, Aflac, and first senior vice president, Aflac Japan, joined Aflac's Actuarial Department in 1993. She has served in various leadership positions, including her promotion to executive vice president in 2011, senior vice president and deputy corporate actuary in 2004, corporate actuary in 2006, and the additional role of first senior vice president, Aflac Japan, in 2008. She is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries.



Kenneth S. Janke Jr., 53, executive vice president; deputy chief financial officer of Aflac Incorporated, joined Aflac Incorporated as manager of Investor Relations in 1985 and was promoted to senior vice president in 1993. In 2010, he was promoted to executive vice president; deputy chief financial officer of Aflac Incorporated. Since 2003, he has chaired Aflac's Disclosure Committee. Prior to joining Aflac, he served as director of Corporate Services for the National Association of Investors Corporation (NAIC).



Joey M. Loudermilk, 58, executive vice president; general counsel and corporate secretary, joined Aflac in 1983 as head of the Legal Department. He is also responsible for Aflac's Governmental Relations Department and is treasurer of Aflac Incorporated's political action committee.



Audrey Boone Tillman, 47, executive vice president; Corporate Services, joined Aflac in 1996 in the Legal Division. Her main areas of responsibility are Human Resources, Facilities, Corporate Learning, Health Services and the Environmental Coordination area. She previously served as a director-at-large for the Society for Human Resource Management (SHRM).



Teresa L. White, 45, executive vice president; chief administrative officer, joined Aflac in 1998. She has served in various leadership roles within Administration and Sales Support leading to her promotion to chief administrative officer in March 2008. Her current areas of responsibility include U.S. Internal Operations and various Sales Support functions. Teresa is an alumnus of Leadership Columbus, and is a Fellow of the Life Management Institute.



Eric M. Kirsch, 51, first senior vice president; global chief investment officer, joined Aflac in 2011 and is responsible for Aflac's global investment portfolio and investment teams. Prior to joining Aflac, he served as managing director and global head of insurance asset management at Goldman Sachs Asset Management. He also 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. He is a Chartered Financial Analyst and former Chairman of the Stable Value Investment Association.



Tohru Tonoike, 61, president and chief operating officer of Aflac Japan, worked for Dai-ichi Kangyo Bank prior to joining Aflac Japan in February 2007. Dai-ichi Kangyo Bank later merged with two other banks to form the Mizuho Financial Group. In 2005 he became president and representative director of Dai-ichi Kangyo Asset Management Company, another division of the Mizuho Financial Group. He served on the Aflac Board of Directors from November 2004 through January 2007.



Charles D. Lake II, 50, chairman of Aflac Japan, joined Aflac in 1999. Prior to his current position, he served as vice president and president of Aflac Japan. Before joining Aflac, he was director of Japan Affairs at the office of the U.S. Trade Representative in the executive office of the president, and practiced law in Washington, D.C.



Koji Ariyoshi, 58, executive vice president; director of Sales and Marketing, Aflac Japan, joined Aflac as senior vice president responsible for sales planning in 2008. Since then, he has managed various departments, including Retail Marketing, Alliance Management and Hojinkai Promotion. He was promoted to his current position in January 2012. Before joining Aflac, he worked for Alico Japan as vice president and for AXA Life Insurance as senior vice president.



Hiroshi Yamauchi, 60, executive vice president, joined Aflac in 1976 and served in the Actuarial Department as section manager and assistant general manager. He was promoted to general manager in the Policy Maintenance Department in 1998 and to vice president in 1999, then to first senior vice president in 2002. He was promoted to his current position in January 2012.



Jun Isonaka, 54, first senior vice president; chief administrative officer of Aflac Japan, joined Aflac in 1980 and served as general manager in various marketing and sales departments from 1999 through 2001. He was promoted to vice president in 2002 and to senior vice president in January 2007. He became chief administrative officer in January 2010 and was promoted to his current position in January 2012.



Hisayuki Shinkai, 61, first senior vice president of Aflac Japan, joined the company in 1999 as general manager of the Public Relations Department and has served in various management capacities, including director of sales. Prior to joining Aflac Japan, he worked for Long Term Credit Bank of Japan, Ltd.

GLOSSARY OF SELECTED TERMS

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

Benefit Ratio – Incurred claims plus the change in reserves for future policy benefits, as a percentage of total revenues

Child Endowment Product – Insurance product traditionally used in Japan providing cash to help fund higher costs associated with a child entering high school and college in Japan

DAYS – Revised base cancer policy from Aflac Japan's portfolio that enhances outpatient and anticancer medication benefits

Derisking – A form of risk management that involves the activity or series of activities of reducing or lowering risk factors from a business

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

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

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

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

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

Net Investment Income – Interest and dividend income less investment related expenses

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

Operating Earnings Per Share – Profits per share derived from operations before realized investment gains and losses from securities transactions, impairments and derivative and hedging activities, as well as nonrecurring items

Perpetual Securities – Financial instruments that have characteristics of both stocks and bonds. These investments are subordinate to senior bonds, but rank higher than equities and generally rank higher than preferred stock.

A perpetual security does not have a stated maturity date, but instead typically has what is sometimes referred to as an economic maturity. An *economic maturity* is a date at which a perpetual security is expected to be redeemed by the issuer

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

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

Return on Average Invested Assets – Net investment income as a percentage of average cash and investments at amortized cost

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

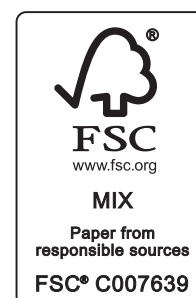
Solvency Margin Ratio (SMR) – Solvency margin total divided by one half of the risk total. This insurance ratio is prescribed by the Japan Financial Services Agency and is used for all life insurance companies in Japan to measure the adequacy of the company's ability to pay policyholder claims in the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

Split-rated Security – When one rating agency rates a security as investment grade while another agency rates the same security at below investment grade

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

Voluntary Supplemental Insurance – Insurance policies designed to provide an extra layer of financial protection. For example, Aflac voluntary supplemental medical insurance provides cash benefits that insureds may direct toward medical or nonmedical expenses not covered by a major medical plan or universal health care insurance system

WAYS – Hybrid insurance product from Aflac Japan's portfolio that starts out as a whole-life policy, but allows a large portion of the life coverage to be converted to a fixed annuity, medical coverage or nursing care benefit at a predetermined age



This 2011 Year in Review contains forward-looking statements based on expectations, estimates and projections as of the date of this report. These statements by their nature are subject to risks, uncertainties and assumptions, and are influenced by various factors. As a consequence, actual results may differ materially from those expressed in the forward-looking statements. Aflac undertakes no obligation to update such forward-looking statements. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information" in Aflac's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission.

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