



2014 YEAR IN REVIEW

LIVING^{THE} LEGACY

40 YEARS IN JAPAN



Aflac[®]
Incorporated

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



ON THE COVER: **LIVING THE LEGACY**

Yuta Ietsuka was diagnosed with cancer 10 years ago when he was 16. Living in a smaller town three hours from Tokyo meant he would be away from home for his cancer treatment. Throughout a very difficult year fighting cancer, the encouraging smiles and unending support of the staff at the Aflac Parents House helped provide a setting where Yuta, his parents and two siblings could summon the strength to overcome the difficult treatment journey. ***Learn more about Yuta's story on p. 20.***



PAUL SHELBY AMOS

1926 - 2014

Paul S. Amos, who was known affectionately throughout the company as “Mr. Paul,” was the youngest of the three brothers who founded Aflac. He was a lifelong entrepreneur and an eternal optimist who not only helped build a successful business – he built a successful life filled with family and friends. “Mr. Paul” was a consummate businessman who led with compassion and dignity – a straight shooter who believed in the simple tenets of honesty and integrity. It was often said that he was a gentleman, as well as a gentle man. He strived to make the world a better place, and that’s how he lived his life each day.

Paul, along with his wife Jean, touched thousands of lives through community service and the endowment of educational funds as well as scholarship programs. Jean Amos carries on their shared dedication to helping others today. Through Aflac’s success, he has also benefited, and continues to benefit, Aflac’s shareholders, employees, sales associates, brokers who sell our products as well as the more than 50 million people we insure worldwide who count on Aflac to help provide financial protection. He cared for everyone Aflac touched and gratefully understood that the people we serve are the reason for our success.

All three brothers who founded Aflac – John, Paul and Bill Amos – have now passed away and are greatly missed, but their beloved memory and spirit of helping others lives on as Aflac carries their legacy into the future.

LIVING THE LEGACY

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

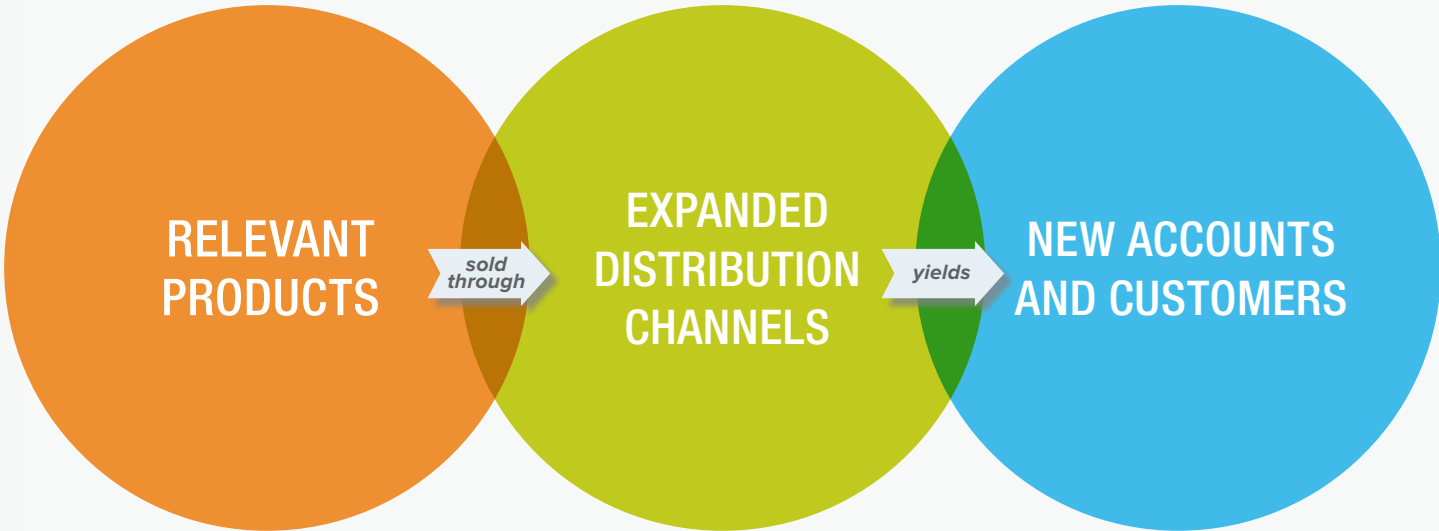
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**Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2013. Avon, CT: April 2014*

***Based on the 2013 number of households published by Japan's Ministry of Internal Affairs and Communications*

OUR STRATEGY FOR GROWTH



PROTECTING AGAINST:

- ASSET LOSS
- INCOME LOSS
- OUT-OF-POCKET
- MEDICAL EXPENSES

REACHING CUSTOMERS AT:

- THE WORKSITE
- HOME
- RETAIL LOCATIONS

INSURING:

- MORE THAN
- 50 MILLION PEOPLE
- AND GROWING



MESSAGE FROM MANAGEMENT

DANIEL P. AMOS, CHAIRMAN AND CEO

Living the Aflac Legacy

As we embark upon our 60th year operating in the United States – and look back on our 40th year operating in Japan – we are privileged to help provide financial protection to more than 50 million people. And while so much has changed in the world since we opened our doors for business in both countries, one thing has remained steadfast: Aflac's dedication and determination to be there for our policyholders in their time of need.

Throughout our decades-long journey of success in both countries, we've remained true to our values and our corporate culture, which are exemplified by a collection of guiding principles we call "the Aflac Way." These principles embody the story of Aflac reflected in our company's focus on ethics and customer service as well as our belief that our products help people in their time of need. The Aflac Way embodies our drive to uphold the commitments we make to our policyholders, customers, fellow employees and shareholders. When we operate the Aflac Way, we are living the legacy created by those before us.

The success we've achieved over these decades has been a result of the strategy we have pursued for many years: **offering relevant voluntary products through expanded distribution channels, yielding new accounts and customers.**

2014 was another good year during which we extended our record of success

and cultivated more opportunities. In both Japan and the United States, we successfully introduced new products, enhanced our distribution systems and strategically promoted our brand. On top of that, 2014 operating earnings* per diluted share, excluding the impact of the yen, grew 3.9%, which was at the higher end of our expectation. This metric is one of the principal financial measures used to evaluate management's performance, and we believe it continues to be one of the best measures of our performance and has been a key driver of shareholder value for many years.

STRONG CAPITAL PROFILE

We believe the financial strength of our company is an important aspect of our business. Our capital ratios demonstrate our commitment to maintaining strong capital levels and flexibility on behalf of our policyholders, bondholders and shareholders. This financial strength is reflected in the quality of our balance sheet. We are very pleased by our solid capital levels, and we regularly assess our capital adequacy under extreme economic scenarios. In the United States, we measure our capital adequacy using the risk-based capital, or RBC ratio.

At the end of 2014, our RBC ratio was 945%, which was significantly higher than our 2013 RBC ratio. Capital adequacy in Japan is measured by the solvency margin ratio, or SMR. Aflac Japan's SMR at December 31, 2014, was 857%, which

was also higher than our 2013 SMR. Strong capital ratios serve to protect our policyholders' interests. We're proud the rating agencies continue to recognize the strength of our balance sheet. Our financial strength ratings, which reflect our ability to pay claims, are A+ (Superior) by A.M. Best, Aa3 by Moody's, AA- by S&P and AA- by Rating & Investment Information Inc. (R&I).

While policyholders are top of mind, we also strive to enhance shareholder value through capital deployment. As we have said for many years, when it comes to deploying capital, we still believe that growing the cash dividend and repurchasing our shares are the most attractive means, and those are avenues we will continue to pursue. In 2014, we repurchased \$1.2 billion, or 19.7 million of our shares, which is consistent with what we had communicated.

I am also pleased with the action by our board of directors in 2014 to increase the cash dividend to shareholders, marking the 32nd consecutive year of dividend increases. Our objective is to grow cash dividends at a rate generally in line with operating earnings per diluted share before the impact of the yen.

At Aflac, we have always managed our business for the long term, maintaining a sharp focus on our financial objectives while simultaneously concentrating on enhancing customer service and building our book of business. In the United States

and Japan combined, we generated more than \$2.5 billion in total new annualized premium sales in 2014.

We also take pride in generating an industry-leading operating return on equity, or ROE. Excluding the yen impact, our operating ROE for the full year was 22.9%, which was in line with our annual operating ROE target of 20% to 25%.

INVESTMENTS SUPPORT OUR PROMISE

Our investment portfolio reinforces what I believe is the most important promise an insurance company makes to its policyholders – to protect them when they need us most by paying claims fairly and promptly. Accordingly, we have a global investment policy that is governed by strict risk guidelines to ensure our portfolios are managed to achieve high average asset quality and is well-diversified while seeking out attractive investment opportunities around the world. Our risk management discipline ensures we are mindful of various market challenges, including risks related to interest rates, credit spreads and foreign exchange to help ensure our portfolio will perform well through market cycles. Our investment philosophy guides us to act in the best interests of our policyholders, while producing attractive returns for all of our stakeholders.

LIVING OUR LEGACY TO PROTECT 50 MILLION PEOPLE AND COUNTING

Aflac provides employers and consumers with solutions to address the financial



With our ability to create products and expand distribution, we look forward to continuing to live the Aflac legacy as we seize opportunities and fulfill more promises than ever.

challenges related to health care, and we have the privilege and responsibility of providing financial protection to more than 50 million people in Japan and the United States. This is especially important given the complex and evolving health care environment in the United States and Japan. We are proud of the way we deliver on our promise to policyholders in both countries and are excited about the opportunities in Aflac's future.

As we look ahead, we want to empower people with choices that help protect their financial well-being, especially following a serious medical health event. We want to continue to offer valuable products and create connections with our policyholders so millions of people know and understand what it is to be served in the Aflac Way. We also want to make doing business with Aflac simple and convenient. In doing so,

we believe that more people will turn to Aflac for additional solutions to their health care needs, because we have earned their trust and confidence.

With our ability to create products and expand distribution, we look forward to continuing to live the Aflac legacy as we seize opportunities and fulfill more promises than ever. I remain convinced that the U.S. and Japanese markets are excellent platforms for future growth.

I want to personally thank all of our stakeholders for believing in Aflac and being part of the Aflac family.

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

**Aflac believes that an analysis of operating earnings, a non-GAAP financial measure, is vitally important to an understanding of the company's underlying profitability drivers. Aflac defines operating earnings as the profits derived from operations, inclusive of interest cash flows associated with notes payable, before realized investment gains and losses from securities transactions, impairments, and derivative and hedging activities, as well as other and nonrecurring items.*

A CONVERSATION WITH AFLAC CHAIRMAN AND CEO DAN AMOS



Q Two major milestones in Aflac's history are closely tied: Aflac Japan's 40th anniversary in 2014 and the upcoming 60th anniversary of Aflac's founding in 2015. As you reflect on the experiences leading up to these milestones, what events and memories stand out most in your mind?

A *Not only are the United States and Japan the largest insurance markets in the world, but I believe they have been, and remain, well-suited to our products. Looking back, the thrill of our success in both the United States and Japan has simply never faded. Aflac's 40 years in Japan and nearly 60 years in the United States speaks volumes about the success of, and need for, our products. I often think back on our early days in the United States and the personal sacrifices and financial obstacles that our founders had to overcome. And I recall our modest start in Japan as we worked to obtain our insurance license and bridge the cultural and language differences we faced. But in both markets, we started with products that help consumers, and we believed in the value of those products. This belief has not changed in the slightest. When I reflect back on our years in both countries, what stands out in my mind isn't related to numbers or years – it's the fact that Aflac's products have helped so many people.*

Q From a policyholder perspective, how do Aflac products add value?

A *Whether we're talking about Japan or the United States, getting cash in the hands of our policyholders is important because we know that when someone files a claim, they are often facing a very difficult time of their life. I have often said that Aflac has been in the business of paying claims,*

not denying them. In the United States, we introduced our One Day PaySM claims initiative in February 2015. One Day Pay focuses on the speed of claims payments and is simply the natural evolution of how we've always done business: paying claims fairly and promptly – and now even faster. A claim paid through One Day Pay means we "process, approve and pay a claim in just one day," which allows us to help lift our policyholders' financial burden quickly and allows them to focus on healing. We continue to proudly stand behind the fact that with One Day Pay, no one processes and pays claims faster than Aflac. Just like in the U.S., Aflac Japan focuses on providing valuable products as well as timely, accurate claims payments. Aflac Japan is the leading provider of medical and cancer insurance and insures one in four households, which affirms our reputation as a strong product innovator and trusted brand.

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

A *It's very important. I was brought up with the philosophy that a company can thrive in the modern business world while also giving back to the community and treating people with respect. It's part of living the Aflac legacy both as a company and as individuals, and it's part of what we call "the Aflac Way." Obviously, it's impossible to operate in a vacuum. Our businesses in the United States and Japan are closely tied to their surrounding communities. So, from a practical standpoint, it makes sense to give back to the community. That's why we've been so passionate and active in fighting childhood cancer and supporting cancer research. In 1995, we began our partnership with the Aflac Cancer Center and Blood Disorders Service of Children's Healthcare of Atlanta. Since that time, our treasured partnership has grown larger and more meaningful than I could have ever*



imagined. Our efforts have spanned the globe, and we now have three locations of the Aflac Parents House in Japan, which is a home away from home for parents of children receiving treatment for cancer and other serious diseases. Giving back is the right thing to do and has a ripple effect. I believe that by being a strong corporate citizen, you ultimately have the opportunity to attract better people, who in turn make your company that much stronger, which enhances future success. Aflac is fortunate in that our people have helped our company achieve our operating earnings objectives for 25 consecutive years. That's important, because let's be clear: Profits and shareholder returns determine whether a company is successful or not. But all things being equal, employees, investors and customers would rather do business with a company that's also a good corporate citizen. I think of Aflac as a company that is driven to meet our objectives and along the way, we are driven to help everyone we touch. And I think that's a great combination.


Q As chairman and CEO, what do you see as your role in championing Aflac's success?

A *I see my role as creating a singular, straightforward vision for Aflac – one that is both attainable and challenging – and most importantly, one that contains a philosophy that everyone embraces and understands. Obviously, carrying out a successful vision is not a job for one person. So I work hard to put the right people in the right positions to accomplish the right tasks, and then I work to align our sales channels and corporate employees to bring our vision to life.*

Q How do you feel about the financial strength of Aflac?

A *Our company is strong, and that strength is reflected in our capital levels, which form the foundation upon which our promise to policyholders rests. Not only did our 2014 RBC ratio and SMR surpass prior-year levels, but these capital ratios also exceeded our annual objectives. Also, our financial strength ratings, which reflect our ability to pay claims, are strong at A+ (Superior) by A.M. Best, Aa3 by Moody's, AA- by S&P and AA- by Rating & Investment Information Inc. (R&I).*

Q How has the evolution of the Aflac brand in the United States and in Japan benefited your business?

A *We pioneered supplemental/voluntary insurance in both the United States and Japan and have been building a strong brand ever since, most notably since the Aflac Duck came on the scene in the United States and Japan in 2000 and 2003, respectively. Our advertising campaign has had a dramatic impact on our business and our corporate culture, and the importance of the strong Aflac brand cannot be underestimated. The Aflac Duck has helped make Aflac a household name. But our brand is much more than a bright logo or a catchy slogan, or even the Aflac Duck. Our brand is one of our most valuable assets because it represents who we are – the spirit of our people in Japan and the United States who represent the face of our products and who build trust with businesses, policyholders, consumers, our field force and brokers. We're pleased that the Aflac brand is also both well-known and well-respected. Having a trusted and friendly brand has helped open many doors for Aflac. Our brand represents who we are as a company and reflects how our constituents see us, so we're very protective of maintaining our reputation.* 

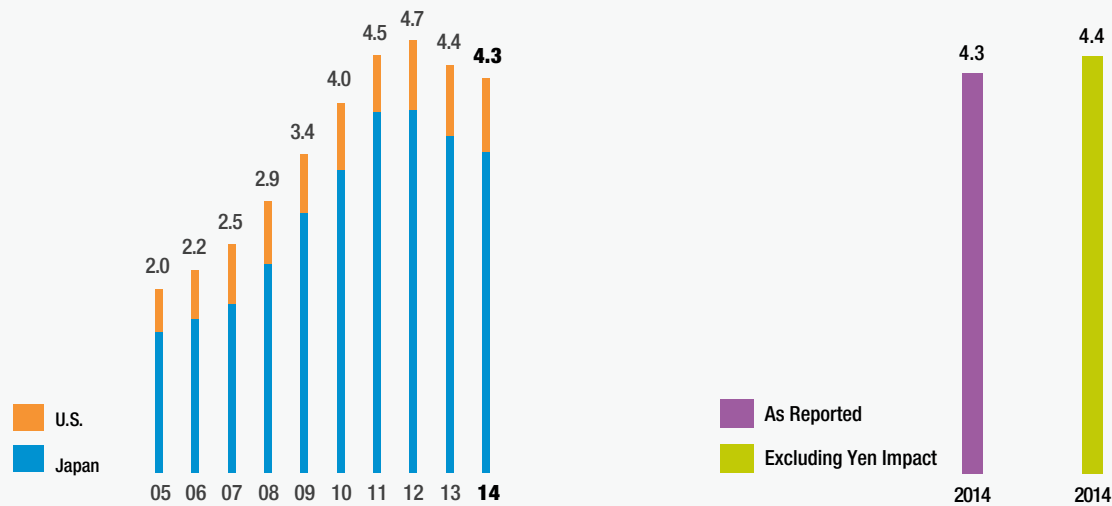
THE IMPACT OF FOREIGN CURRENCY ON AFLAC

The company believes that it is important to understand the impact of translating yen into dollars on our financial statements. A significant portion of Aflac's business is in Japan, where the functional currency is the yen. For

financial reporting purposes, we translate Aflac Japan's results in yen into U.S. dollars. It's noteworthy that Aflac's currency exposure is primarily translation-related as opposed to currency transactions. Due to the significant

PRETAX OPERATING EARNINGS*

(Dollars, In Billions)



Impact of Currency on the Income Statement

Aflac's income statement is translated at the average exchange rate for the period. In years when the yen strengthens, translating yen into dollars causes more dollars to be reported. In years when the yen weakens, translating yen into dollars causes fewer dollars to be reported. After several years of strengthening, the yen has weakened for the past two years. In 2014, the average yen/dollar exchange rate weakened 7.5% from 97.54

yen to the dollar to 105.46 yen to the dollar, which suppressed Aflac's income statement in dollar terms. We believe that viewing our results excluding the impact from foreign currency is the most meaningful way to evaluate our financial performance. Operating earnings for the full year of 2014 were \$4.3 billion. Excluding the impact from the weaker yen, operating earnings were \$4.4 billion.

Average Yen/Dollar Exchange Rates



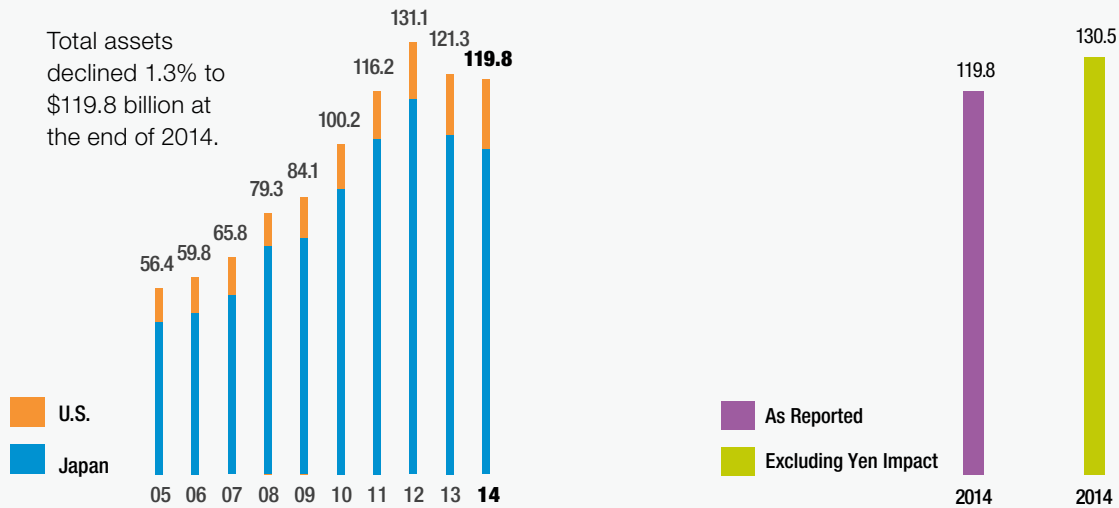
*Aflac believes that an analysis of operating earnings, a non-GAAP financial measure, is vitally important to an understanding of the company's underlying profitability drivers. Aflac defines operating earnings as the profits derived from operations, inclusive of interest cash flows associated with notes payable, but before realized investment gains and losses from securities transactions, impairments, and derivative and hedging activities, as well as other and nonrecurring items.

contribution of Aflac Japan's operations to overall earnings, a weaker yen suppresses Aflac Incorporated's results as reported in dollars. After several years of strengthening, the yen weakened dramatically in 2013 and 2014. It is important

to note that as the yen weakened, our sensitivity to the yen has decreased. Additionally, the portion of our pretax operating income from dollar-denominated sources has increased to more than 50% of the total.

TOTAL ASSETS

(Dollars, In Billions)

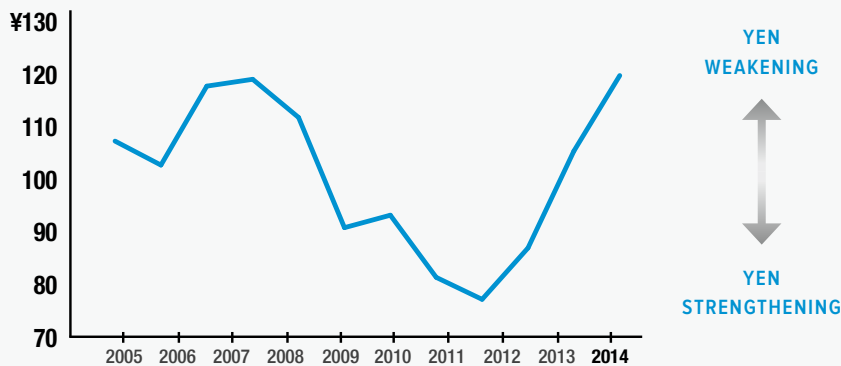


Impact of Currency on the Balance Sheet

Aflac primarily holds yen-denominated assets to support the large amount of yen-denominated liabilities in Japan. Except for certain transactions, Aflac does not convert yen into dollars. Aflac's balance sheet is translated using the exchange rate at the end of the period. Given the recent weakening of the yen, Aflac's

balance sheet was likewise significantly suppressed in dollar terms. The year-end exchange rate for 2014 weakened 12.6% from the prior year to 120.55 yen to the dollar. Total assets at the end of December 2014 were \$119.8 billion. Excluding the negative impact from the yen at year end, total assets were \$130.5 billion.

Year-End Yen/Dollar Exchange Rates



Source: Bloomberg ©



**Aflac believes that
our employees are
our greatest asset.**

It is our employees who embody the company's spirit and live the Aflac legacy every day. **Masayuki Harada** is one such Aflac Japan employee who continually seeks to broaden his knowledge and hone his skills with the goal of serving Aflac's policyholders to the best of his ability. Masayuki has been an Aflac employee for 10 years. In his most recent role, he was a group leader in Aflac's Claims department, where he led a staff of 20 employees whose job is to deliver on Aflac's promise by paying claims promptly and accurately. Last year, he was selected by Aflac to participate in Aflac's study program where he attends the postgraduate school of Japan's prestigious Hitotsubashi University in Tokyo, obtaining his masters in organizational behavior and communications. With this additional knowledge and degree, Masayuki plans to return to his regular role at Aflac where he will apply what he learned and further enhance his ability to uphold Aflac's brand promise of *"Supporting Your Way of Life."*

YEARS

AFLAC JAPAN

LIVING THE LEGACY



Celebrating a 40-Year Legacy of Protecting Our Policyholders



2014 FINANCIAL HIGHLIGHTS

IN YEN

- ▶ **Premium income** rose 0.1% to ¥1.46 trillion.
- ▶ **Total revenues** rose 1.3% to ¥1.75 trillion.
- ▶ **Pretax operating earnings** rose 3.1% to ¥364.7 billion.

2014 FINANCIAL HIGHLIGHTS

IN DOLLARS

- ▶ **Premium income** declined 7.5% to \$13.9 billion.
- ▶ **Total revenues** declined 6.4% to \$16.6 billion.
- ▶ **Pretax operating earnings** declined 4.7% to \$3.5 billion.

In 2014, Aflac celebrated a monumental milestone: 40 years of operating in Japan.

Over the years, many things in Japan have changed, including the economy, demographics and competition. But one thing has not changed: our focus on helping provide Japanese citizens with financial assistance when a health event or life situation causes challenges. Our determination to live the Aflac legacy means we compassionately and steadfastly fulfill our promise of being there for our policyholders, with a focus on paying claims quickly and accurately.

In 1974, we entered Japan as the pioneer of cancer insurance. At that time, cancer was the second-leading cause of death, so this product addressed a significant need in Japan. In 1981, cancer became the number one cause of death. Over the years, we've also grown to become an innovator and provider of other supplemental products. We are driven each day to remain good stewards of the trust that more than 15 million Japanese policyholders have placed in us over the last four decades. This has allowed us to grow and become the leading provider of medical and cancer insurance in Japan. Today, we insure one in four Japanese households.

In 2014, Aflac Japan's sales objective focused on the sale of cancer and medical products. These policies are more profitable and less interest-rate sensitive than life insurance or annuity products, which is especially important in the low-interest-rate environment. For 2014, our target was to increase cancer and medical policy sales in the range of 2% to 7%. We were very pleased that sales for these products increased 6.1% for the year.



A Legacy of Reaching More Consumers Through Expanded Distribution Channels

Aflac policies insure one in four Japanese households. Yet we believe we can help more consumers by expanding our reach through expanded distribution. Our traditional agencies have been, and remain, key to our success, representing a significant portion of our sales in 2014. We made progress in accessing more consumers by broadening our reach through additional distribution channels.

Our most recent distribution expansion included Japan Post Holdings. We made headway increasing the number of post offices in Japan selling Aflac's cancer product. Aflac Japan is the exclusive provider of cancer insurance distributed through post offices nationwide in Japan. Our strategic partnership unites Japan Post – the largest nationwide distribution network in Japan – with Aflac Japan, the industry leader in cancer insurance. At the end of 2014, our cancer insurance policy was sold through approximately 10,000 postal outlets, and Japan Post Holdings intends to gradually expand the number of post offices offering Aflac's cancer products to approximately 20,000 by the end of March 2016. Additionally, Japan Post Insurance Co. (Kampo), the subsidiary of Japan Post Holdings that sells insurance, entered into an agency contract with Aflac Japan to distribute Aflac Japan's cancer insurance products at all of Kampo's 79 sales offices they directly manage. Aflac Japan and Japan Post will continue to provide training and support that not only ensures the success of our alliance, but more importantly, the best experience for customers.



Kanazawa Minami Post Office

Employees at the Kanazawa Minami Post Office perform many duties, including selling postal products, financial products and insurance products such as Aflac's cancer policy. **Naoki Hasumura**, manager at the Kanazawa Minami Post Office, has been working for post offices for 25 years. He is in charge of the savings and insurance business at the post office. He receives requests each day for advice from customers and passionately believes that it is an honor and a privilege to offer solutions to his customers to reduce their anxiety for the money necessary for retirement and illness, such as cancer.

About offering Aflac's cancer insurance, he said: "It is my great pleasure to provide customers with solutions to ease their anxiety. Among the products we offer, cancer insurance is the one to which our customers are most thankful and appreciative. Recently, there have been more opportunities to talk about preparations for cancer. This disease frequently requires that Japanese citizens bear a large out-of-pocket expense for long-term outpatient treatment as well as pay for medical care that is not covered by Japan's national health care system. I strive to think of each customer from the perspective of what would I suggest for my father, mother, brothers and sisters. I have, and will continue, to work hard and do a good deed each day by offering Aflac's cancer insurance as a truly beneficial solution for my customers."

We believe that by joining forces, both Aflac Japan and Japan Post have the opportunity to enhance their synergies and provide cancer products to a large group of consumers who regularly rely upon postal outlets to help with their insurance needs.

Valuable Products That Respond to Consumers' Needs

For many years, Japan has experienced rising health care costs, an aging population and declining birthrate. While Japan's citizens are covered by a national health care insurance system that provides a baseline level of medical insurance for its citizens, it does not cover all of its citizens' medical-related expenses. Over the last three decades, more out-of-pocket health care expenses have been shifted to Japanese consumers. For example, when Aflac entered Japan in 1974, there were no copayments for medical services for most citizens. Over the years, Japanese citizens have gradually been required to take on more financial responsibility for their medical care. Under Japan's national health care system, most consumers currently pay 30% of all covered medical costs. Rising health care costs have driven the majority of Japanese consumers to seek private insurance to help cover rising out-of-pocket expenses. Aflac products provide options that millions of Japanese citizens continue to seek as they cope with higher medical expenses.

AFLAC JAPAN DISTRIBUTION CHANNELS

TRADITIONAL SALES CHANNEL		
		<ul style="list-style-type: none"> Aflac Japan was represented by approximately 14,500 sales agencies at the end of 2014, equating to more than 121,000 licensed sales associates employed by those agencies, including individual agencies.
STRATEGIC ALLIANCES	Dai-ichi Life	<ul style="list-style-type: none"> Our alliance with Dai-ichi Life was first launched in 2001. In 2014, Dai-ichi Life sold more than 76,300 of our market-leading cancer policies.
	Bank Channel	<ul style="list-style-type: none"> Aflac Japan was represented by 371 banks at the end of 2014, or more than 90% of the total number of banks in Japan.
	Japan Post Group	<ul style="list-style-type: none"> The number of post offices selling Aflac's cancer product had increased to approximately 10,000 by October 1, 2014. Japan Post intends to increase the number of post offices selling Aflac cancer products to approximately 20,000 by the end of March 31, 2016. Kampo, an insurance subsidiary of Japan Post Holdings, sells Aflac cancer products through its 79 directly managed branches.
	Daido Life	<ul style="list-style-type: none"> In September 2013, Aflac Japan and Daido Life Insurance entered into an agreement for Daido to sell Aflac's cancer insurance products specifically to the Hojinkai market, which is an association of small businesses.

Hokuyo Bank

Since December 2007, Japan's bank channel has been allowed to sell third sector products to their customers. Banks like Hokuyo Bank have experienced success in selling Aflac products – and 2014 was no exception. Hokuyo Bank, headquartered in Sapporo, Japan, on the country's northernmost island of Hokkaido, is a regional bank that strives to offer a broad portfolio of financial solutions that best respond to its customer needs throughout various stages of life. This includes offering Aflac's products, such as cancer and medical insurance, as well as other life insurance products, such as WAYS and Child Endowment. With 164 branches, Hokuyo Bank is the largest local bank in Hokkaido as well as one of the largest regional banks in Japan.



Akiko Nagami (shown above, left) is now in her fifth year working as a consulting advisor. One of her responsibilities is to advise the banks' customer-facing sales staff to appropriately provide consulting based on customers' needs. She is working alongside **Yumiko Miyazaki**, a member of the sales staff at the Sapporo branch, to respond to a customer.

A team of **Hokuyo Bank's Personal Banking Promotion** headquarters employees (left), known as consulting advisors, discuss how to best support the sales staff at their branches and strategies for sales promotion of financial products. The bank has 29 consulting advisors, each of whom is responsible for partnering with several bank branches to provide training and support to the sales staff, ensuring they have a broad range of knowledge about a variety of products. Hokuyo Bank's consulting advisors are driven by a common goal of providing customers with a broad range of advisory services relevant to their life planning.

Takeda Life

Nobukazu Takeda (*left*), chairman of **Takeda Life**, and **Atsushi Suzuki**, president of Takeda Life, view Aflac products as far more than a sales opportunity. To them, Aflac products represent an opportunity to make a difference in the lives of everyone they touch. Mr. Takeda has always been medically inclined, as he comes from a family with several physicians, including his grandfather, father and uncles. In 1977, just three years after Aflac Japan opened its doors, Mr. Takeda started with Aflac as an individual agent who had no experience in selling insurance. But along with a keen interest in medicine, he possessed something even more important: a desire to help save lives by promoting cancer awareness. He was an early advocate of wellness checks and sought to help his customers detect cancer as early as possible, thus setting the stage for the best medical outcome possible. To accomplish this, he partnered with a local cancer center by helping his customers sign up for an early detection exam program which was not very popular at that time in Japan. This demonstrated his commitment to helping, allowing him to build trust with his customers. Since then, with a lot of hard work, dedication and effort, he has opened Takeda Life as a corporate agency



in 1982. In the spirit of living the legacy of Aflac, Mr. Suzuki, his son-in-law, joined Takeda Life in 1992 after having worked in another field. He brought yet another valuable perspective of business expertise to the business. In 2005, Takeda Life opened its service shop in Nagoya, Japan, and they now sell other Aflac products as well, including medical and life insurance. Takeda Life is a success story that demonstrates how businesses can survive – and even thrive – by helping to provide financial protection in the face of cancer or other serious illness. Each day, Mr. Takeda, Mr. Suzuki and the employees at Takeda Life live the dream of a startup that transformed into a thriving business known for its active cancer-awareness activities, deep compassion and empathy for others, and community involvement. This has led to trust, support and a successful business, all while living the legacy of Aflac.

The foundation of our product portfolio has been, and continues to be, supplemental health products, like cancer and medical insurance, that fall into what is referred to as the third sector insurance category in Japan. Over the last four decades, we've customized our products to respond to the changing needs of Japanese consumers and advances in medical treatments. Additionally, Aflac sells various life products that are part of Japan's first sector insurance category. Our focus remains on selling third sector products, while the limited sale of first sector products will be used to facilitate cross-selling of third sector products.

AFLAC JAPAN PRODUCTS

FIRST SECTOR PRODUCTS	THIRD SECTOR PRODUCTS
<ul style="list-style-type: none"> ▶ Life <ul style="list-style-type: none"> • Term • Whole • Hybrid (WAYS) ▶ Child Endowment ▶ Fixed Annuity 	<ul style="list-style-type: none"> ▶ Cancer ▶ Medical
<p><i>Aflac has been selling first sector life products with smaller face amounts since 1996. Starting in December 2007, banks were permitted to sell the traditional health-related products that Aflac offers to its customers, and the bank channel quickly became a larger contributor to sales.</i></p> <p>WAYS In 2006, WAYS was introduced, and banks started selling this unique hybrid whole-life product in 2008. WAYS can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age.</p> <p>Child Endowment In 2009, Aflac introduced a competitive child endowment product that pays a lump-sum benefit at the time of a child's entry into high school and an educational annuity for each of the four years of college.</p> <p>Fixed Annuity In 1999, Aflac introduced a fixed annuity product to enhance our product portfolio.</p>	<p><i>The foundation of our product portfolio has been, and continues to be, supplemental health products, like cancer and medical insurance.</i></p> <p>Cancer Insurance In 1974, Aflac pioneered the cancer product in Japan, and we remain the number one provider of cancer insurance today. As part of our continual efforts to ensure we're responding to customer and distribution needs, we introduced New Cancer DAYS in September 2014.</p> <p>Medical Insurance In early 2002, we first introduced EVER, a stand-alone, whole-life medical product, as a solution to help Japanese citizens with rising copayments related to Japan's universal health care coverage. Within one year of the introduction of EVER, Aflac became the leading seller of medical insurance in Japan.</p>

To ensure we remain in step with the wants and needs of Japanese consumers and our distribution channels, Aflac Japan continually enhances its portfolio of products. In September 2014, we introduced New Cancer DAYS, the latest revision to our cancer product offering, which also includes an exclusive product sold through Japan Post. Sales of cancer insurance surged following this product introduction, with sales through all distribution outlets up a tremendous 176% for the fourth quarter and 36.6% for the year, solidifying our position as the number one provider of cancer insurance. This dramatic increase in cancer insurance sales was critical to Aflac Japan nearing the high end of our 2% to 7% annual sales target.



Aflac Japan created “Hajimete,” or “Pioneer,” Duck to promote our New Cancer DAYS product. This character reminds customers that Aflac was the pioneer of cancer insurance in Japan.

The Importance of Aflac’s Trusted Brand

Aflac has been, and continues to be, a trusted brand in Japan. We have been able to leverage our brand through innovative advertising campaigns in our efforts to drive sales. Our advertising stands out in what has become an increasingly crowded and competitive market, especially within the medical insurance arena. In 2003, Aflac Japan began using the Aflac Duck, and its popularity continues to resonate with consumers today.

Aflac Japan continues to create separate and unique spin-off characters related to the Aflac Duck to market specific products and help drive sales. Most recently, we introduced an advertising campaign in Japan featuring a new character called “Hajimete,” or “Pioneer,” Duck to promote New Cancer DAYS, our most recent product offering. This character was developed to remind customers that Aflac was the “pioneer” of cancer insurance in Japan. This campaign follows several years of success with other characters created to promote Aflac Japan-specific products. In 2009, the first character combined the Aflac Duck with the traditional Japanese cat character called Maneki Neko to promote a new medical product.

Another character, Black Swan, was featured in an advertising campaign related to a medical plan introduced in August 2013. As part of the campaign, Black Swan, the archenemy of the Aflac Duck, was on a quest to convince consumers, particularly the younger generation who tend to postpone insurance decisions, to make unwise life choices. Fortunately, the Aflac Duck steps in to remind customers to make sound, positive and healthy choices in life as he also reminds them of the need for Aflac products, which provide financial protection and peace of mind. This popular advertising campaign continued throughout 2014 and is still shown on TV as a series of nine commercials.

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



“Hajimete,” or **“Pioneer,”** Duck was introduced in 2014 to promote our new cancer product and remind consumers that Aflac is the pioneer of cancer insurance in Japan.



Black Swan, the archrival of the Aflac Duck, was introduced in 2013 as part of our campaign to promote our revised EVER medical product.



Maneki Neko Duck is a combination “cat duck” character that was introduced in 2009 to promote a revised version of EVER, our medical product.

Yuta Ietsuka – Aflac Parents House



“You have cancer,” are the devastating words no one – especially not a teenager – ever expects to hear. But unfortunately those are the words the oncologist was saying to **Yuta Ietsuka** (pictured with his mother) and his family 10 years ago when he was diagnosed at the tender age of 16. That diagnosis meant it would be necessary for Yuta to leave the picturesque and familiar mountain town of Kamisuwa in Japan’s Nagano prefecture to undergo a series of treatments in Tokyo, which is about three hours away by train. Yuta is no stranger to taking on challenges; as an avid baseball player, he is used to playing to win and will accept nothing less. But he would be in for the fight of his life as he took on this dreaded disease. With sheer determination, outstanding medical care, spirituality and support from friends, family and the Aflac Parents House, he won his battle with cancer and remains in remission today. Even while he was undergoing many difficult treatments, he remained optimistic about his ability to recover. To provide comfort and encouragement for himself and other patients staying at the hospital, he turned to music, another hobby he is passionate about, and played his favorite red guitar.

Throughout a very challenging year of treatment in Tokyo, the encouraging smiles and unending support of the staff at the Aflac Parents House helped provide a setting where Yuta, his parents and two siblings could summon the strength to overcome his treatment journey. Today, Yuta has grown up to be a successful, hard working young man who is living his legacy of playing baseball and making music.

The Aflac Parents House provides cheerful and spacious accommodations where pediatric patients and their families can stay together in a home-away-from-home environment while they fight cancer or other serious diseases. Through generous donations from Aflac Japan’s sales agents, employees and officers, three Parents House locations – two in Tokyo and one in Osaka – Aflac Japan is living the legacy of helping thousands of children and adolescents battling health issues, while also supporting the families that love them.

Administrative Efficiency Improves Productivity, Service and Value

Paying claims accurately and promptly has always been, and continues to be, the cornerstone of our business, and we are proud of the highest priority we place on being there for our policyholders when they need us most. Our long-term drive to pay claims accurately and promptly has further enhanced the relationship of trust we’ve built with our customers over the years.

We continually strive to improve our administrative efficiency through technology. When we began business in Japan in 1974, our systems were specifically built to administer third sector products, which are characterized by a large volume of low-premium products. The administrative efficiencies we’ve gained through the years have enhanced the value we deliver to customers.

Living Aflac’s Legacy

While we’ve achieved great success reaching consumers in Japan, we know there

Aflac Japan – Key Operational Metrics

	Total Policies and Riders in Force*	Annualized Premiums in Force**	New Annualized Premiums**	Total Number of Agencies and Banks Representing Aflac	Licensed Sales Associates
2014	37,028	¥1,594,433	¥114,513	14,870	121,143
2013	36,117	1,567,112	149,308	16,293	126,584
2012	34,880	1,492,451	210,620	18,855	125,266
2011	33,372	1,343,663	161,033	20,146	120,744
2010	31,665	1,255,600	135,813	19,982	115,406
2009	29,934	1,200,437	122,345	19,635	110,528
2008	29,020	1,161,662	114,692	18,882	107,458
2007	28,443	1,125,561	114,636	18,461	100,810
2006	27,334	1,083,127	117,455	18,432	90,226
2005	26,014	1,027,762	128,784	17,960	81,751

*In thousands

**In millions

are many other Japanese citizens who both need and want our products. We are striving to simultaneously reach them while serving our current policyholders with compassion and dedication.

As consumers contend with ongoing challenges related to Japan's strained financial system, growing medical expenses and an aging population, it is likely the national health care system will face additional financial pressure. This means Japanese citizens will bear even more of the health care burden. We believe these additional costs will continue to drive consumers to pursue financial solutions to help manage financial costs related to the increasing health care burden. Aflac Japan will be there to provide relevant solutions that can help.

As we look to the future, we believe Aflac products will continue to provide valuable insurance options for consumers. As we plan upcoming product and distribution activities, we believe consumers will continue to benefit from our policy offerings in the future and we will continue the solid legacy we've built over the last 40 years.



Ansley Riedel with **William G. Woods, M.D.**, professor and director of the Aflac Cancer and Blood Disorders Center of Children's Healthcare of Atlanta.



A little over 21 years ago, the children's hospital in Atlanta needed \$25,000 to make renovations on the floor where they cared for children with cancer. Thinking there might be a connection, the development officer, **Vicki Riedel**, called upon Aflac to hear the appeal. Vicki was skilled in much more than raising money – she was the mother of a young cancer survivor.

Vicki shared her story about how her one-year-old daughter, **Ansley**, was diagnosed with acute myeloid leukemia (AML) and needed a bone marrow transplant to save her life. Unfortunately, there was not a facility in Georgia that could provide the transplant. Ansley and her family had to travel across the country in order for her to receive the transplant. After three months, Ansley returned to Georgia for her follow-up care. After Aflac heard her story, we took the opportunity to build a preeminent childhood cancer and blood disorders center so that no family would have to travel across the country to save their child's life.

The original gift was \$3 million to name the Aflac Cancer Center in 1995. Due to the generosity of the Aflac Field Force, the Aflac Foundation and Aflac employees, the Aflac family has now contributed more than \$96 million.

The Aflac Cancer and Blood Disorders Center is recognized as one of the largest and most renowned programs in the country, annually caring for more than 2,000 children with cancer and more than 4,300 children with sickle cell disease, hemophilia and other blood disorders.

As for Ansley, fast-forward 20 years, and her time in the hospital helped shape her future career goals. After developing strong bonds with the nurses whom she was surrounded by each day and remembering their impact on her life, Ansley is now a registered nurse at Children's Healthcare of Atlanta.

AFLAC U.S.
LIVING THE LEGACY



Living the Legacy of Protecting our Policyholders

AFLAC U.S. 2014

FINANCIAL HIGHLIGHTS:

- ▶ **Premium income** rose 1.1% to \$5.2 billion.
- ▶ **Total revenues** rose 1.2% to \$5.9 billion.
- ▶ **Pretax operating earnings** rose by 3.3% to \$1.1 billion.

In 2014, Aflac U.S. continued its legacy and longstanding vision to be the number one provider of voluntary insurance at the worksite in the United States* – a position we’ve held for many years. We strive to accomplish our vision by remaining true to our strategy for growth: offering relevant products through expanded distribution channels to reach more accounts and customers. This requires being both proactive and reactive to changes in the U.S. health care environment and workplace demographics while also leveraging our company’s strengths.

In 2014, we concentrated our efforts on the following strategic pillars that are core to our growth strategy in the United States:

- Focusing on our product innovation
- Improving and expanding our distribution
- Owning our customer experience
- Strengthening our low-cost model

We believe focusing on these strategic pillars affords us the opportunity to increase our presence in the voluntary worksite markets and enhance profitability going forward.

In 2014, new annualized premium sales for Aflac U.S. were \$1.4 billion, representing an increase of .7% over prior year sales. In the latter half of 2014, we made structural changes to our sales management model and infrastructure designed to improve our future growth. We believe these changes will enhance the value we deliver to our shareholders and bondholders.

We believe the need for our products will continue to grow, and we are supporting various distribution channels to reach more businesses of all sizes. At the same time, we seek opportunities to leverage our strong brand to support product growth in the evolving health care environment.

**Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2013. Avon, CT: April 2014*

AFLAC U.S. PRODUCTS

INCOME-LOSS PROTECTION	ASSET-LOSS PROTECTION	SUPPLEMENTAL MEDICAL
<ul style="list-style-type: none"> ▶ Short-Term Disability ▶ Life (term, whole) 	<ul style="list-style-type: none"> ▶ Accident ▶ Cancer ▶ Critical Illness 	<ul style="list-style-type: none"> ▶ Hospital Indemnity ▶ Dental ▶ Vision

Note: Cancer, Hospital Indemnity and Vision products are available as individual policies only in the U.S.; Benefits of group and individual policies may vary.

Innovative Aflac Products Help Protect Consumers from Financial Burdens

Offering competitive and valued products has long been one of Aflac's strengths. Aflac policies provide cash benefits that can be used to help consumers cope with out-of-pocket medical expenses, help cover household costs, or protect against income and asset loss. We believe our portfolio of individual and group products provides consumers with outstanding value while offering businesses the opportunity to give their employees a valuable and comprehensive selection of benefit solutions. We are focused on providing valuable, cost-effective products to employees at businesses of all sizes.

In 2014, we sought creative solutions to the challenges consumers face by introducing revised policies on both an individual and group basis. Among these, we introduced a revised critical care and protection plan, a new guaranteed-issue term-life product and a critical care rider that provides various benefits and can be attached to three different stand-alone policies.



Hammie Ward III, Aflac agent (*left*), and **Lauren Baker, D.C.**, licensed chiropractor, have developed a long-lasting friendship that illuminates the unique bonds that form between Aflac agents and our policyholders. After being referred to Lauren's chiropractic office in early 2014, Hammie and Lauren have established a professional relationship where they often refer business to one another.

When Hammie became an Aflac agent in 2004, he thought that he would only be in the profession for a year. Ten years later, being an Aflac agent has meant more to him than just opportunity – it has meant being a part of a supportive team that has aided in his growth both professionally and personally. “When you love what you do time flies by,” says Hammie. “Aflac provides all of the support, tools and training needed for you to be successful and rewards you for your effort. You are surrounded by an environment where you feel appreciated and there are no limits to your success.”

After hearing her mother discuss the benefits of having Aflac when she received cash benefits from an accident and yearly exams, Lauren became a policyholder herself. “Thanks to Aflac, my mom now remembers her checkups and it serves as an incentive for her to go,” says Lauren. “As a wellness and prevention advocate, I believe wellness and prevention are key to preventing sickness and disease as well as improving the livelihood of my patients. I have encouraged many of my patients to get Aflac and have even helped them fill out their claims forms. I enjoy the fact that Aflac pays benefits for these features and am proud to offer Aflac products to my employees.”



Since 1955, Aflac has been cultivating our distribution system to deliver products that offer valuable benefits consumers need. Aflac continues to explore opportunities to expand our distribution presence, while taking into account the needs of various customer demographic segments. **Trevor Garbers**, vice president of HUB International, is just one of the many brokers who partner with Aflac to allow us greater access to businesses and their employees. “As a key national carrier partner, we have found great success in selling Aflac products in multiple offices across the U.S. to our groups,” Trevor says. “To date, we are very excited about the results we are seeing. Most importantly, we continue to receive positive feedback from our valued clients and policyholders with regards to the added value Aflac is providing everyone.”

We are focused on developing products that will work well in the evolving health care environment – and we’re dedicated to delivering our products to the market more quickly. With change comes opportunity, and in the dynamic health care environment, we are positioning Aflac to provide solutions for consumers and employers while leveraging our opportunities for growth. As we anticipate the changing benefits landscape for consumers, we will introduce innovative products we believe they want and need.

Expanding and Developing Our Distribution to Reach More Consumers

We believe sales will benefit from our multifaceted approach to distribution. Our goal is to be where consumers want to purchase our products. In this endeavor, we are continually working to enhance our sales capabilities, both through our traditional sales force and the broker channel. Because the needs of our distribution channels are different, we strive to customize our approach to support their particular sales efforts.

At the end of 2014, our extensive distribution network was made up of more than 70,000 licensed sales associates and brokers. Following a thorough evaluation of the market and our business model, we made significant changes to the structure of our sales management model in the second half of 2014. These included tactical initiatives centered on better performance management and competitive compensation more closely tied to corporate goals. In essence, we wanted to more effectively link sales management’s success to Aflac’s success.

Additionally, we continue to expand our relationships with insurance brokers on a local, regional and national basis to give us better access to businesses with more than 100 employees. As we work at enhancing relationships with larger brokers, we are pursuing opportunities to have our products offered on their private exchanges. We are committed to partnering with brokers and expanding our opportunities to have Aflac products offered on their private exchanges.

As consumers’ preferences change with respect to how and where they want to buy health insurance, we will enhance our distribution opportunities and provide more product solutions to help consumers dealing with a major health event.

Owning Our Customer Experience by Leveraging the Aflac Brand

We’ve established a strong brand that is tremendously popular with consumers, along with a reputation for paying claims fairly and promptly. We believe Aflac’s trusted market-leading brand position serves to broaden the appeal of our products to consumers throughout the United States.

AFLAC U.S. DISTRIBUTION

DISTRIBUTION CHANNEL	EMPLOYEE MARKET SEGMENT	PRODUCTS	ENROLLMENT CONDITIONS
Career Agent	< 100	▶ Individual	▶ Face to Face ▶ Self-Service
Broker	100 – 1,000	▶ Individual ▶ Group	▶ Agent Assisted ▶ Self-Service ▶ Call Center
	> 1,000	▶ Custom Group	

Aflac Cancer and Blood Disorders Center

The team at the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta is committed to providing a brighter future for children fighting cancer and blood disorders by continuing to deliver advanced medical treatment, family-centered care, a child-friendly environment and innovative research. The Aflac Cancer Center is a national leader among childhood cancer, hematology, and blood and marrow transplant programs, serving infants through young adults and giving children like **Veronica Mata**, 11, the opportunity to receive world class care.

Since January 2013, Aflac has participated in the TOMODACHI Initiative. **Junjiro Ohshima, M.D.**, assistant professor, Hokkaido University Hospital in Japan, is the second participant in a series of Japan-based pediatric cancer specialists invited to the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta through the TOMODACHI-Aflac Program to observe and share best practices related to research, care and treatment protocols of children with cancer.

Aflac is proud to be a part of the TOMODACHI Initiative and its specific involvement in the area of pediatric cancer research and treatment. The TOMODACHI Initiative is a public and private partnership that invests in the next generation of Japanese and American citizens in meaningful disciplines that strengthens relationships between the United States and Japan over the long term.



(Left to right) **Junjiro Ohshima, M.D.**, **Veronica Mata**, **William G. Woods, M.D.** and **Ansley Riedel**



The “**Duck Does Yoga**” commercial premiered in August 2014 and continued Aflac’s campaign of contrasting activities that the Duck does not do well to how quickly the company pays claims. In this commercial, the Duck found himself quite out of place in a serene yoga studio. While the Aflac Duck might not be great at yoga, or many other activities, what he *does* do well is help Aflac pay claims quickly so policyholders can focus on recovering from injury or illness without worrying about their finances.

The Aflac Duck has been the protagonist in one of the most successful advertising campaigns ever. Since the Aflac Duck first appeared on the scene 15 years ago, he’s appeared in more than 80 commercials that have placed our rambunctious feathered friend in situation after hilarious situation, propelling Aflac’s brand awareness to new heights. Over the years, by leveraging the popularity of the Aflac Duck, more than nine out of ten Americans recognize the Aflac brand.

But the Aflac brand isn’t just about the Aflac Duck or our advertising – it’s about how we take care of our customers, including policyholders and payroll accounts. We believe it’s important to not just meet, but to exceed the service expectations of all of our customers whenever possible. With that in mind, in 2014, the Aflac Duck was back in action, conceding that while he may not be the world’s best yoga student, handyman or golfer, he’s an expert at paying claims fast. This campaign was designed to convey Aflac’s mission to pay claims quickly so policyholders can focus more on recovering from injury or illness and less about financial worries.

We further emphasized our ability to pay claims fast, launching One Day PaySM in February 2015. One Day Pay is an industry-first initiative that allows us to process, approve and pay eligible claims in just one day, getting cash in the hands of policyholders. We estimate that 70% of our policyholders can use One Day Pay for their claims, and in 2015, we expect to process a large number of claims within the parameters of One Day Pay. We will continue to pursue initiatives designed to “own the customer experience” and further enhance customer satisfaction.

Aflac U.S. – Key Operational Metrics

	Policies and Certificates in Force*	Annualized Premiums in Force**	Total New Annualized Premiums**	Licensed Sales Associates and Brokers
2014	12,407	\$5,659	\$1,433	70,828
2013	12,310	5,570	1,424	76,305
2012	12,232	5,451	1,488	76,462
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


*In thousands

**In millions

Strengthening Our Low-Cost Model

Aflac has always focused on being a low-cost producer. As the U.S. market has become increasingly competitive, we believe it's essential that we focus on technology solutions while enhancing our efficiency in running our day-to-day operations. Our goal is to allocate resources more deliberately toward initiatives that help us support our product, distribution and branding efforts, thus helping us achieve our sales objective.

Looking to the Future

We are positioning Aflac in a way that we believe we can enhance our footprint in the evolving health care environment. The United States continues to be well-suited for the types of products we offer, and we believe there is significant room for growth. As businesses and consumers look for solutions to the challenging health care market in the United States, we believe the type of products we sell will continue to grow. We are confident that our leading brand, vast array of products and expanding distribution system will position us as the voluntary insurance company of choice. We believe these attributes, along with innovative solutions like One Day Pay, will help Aflac stand out in this increasingly competitive market. Our promise is to live the Aflac legacy by being there for our policyholders when they need us most by paying claims fairly and promptly. 



Our employees dedicate their time and efforts to deliver on the promise of being there for our policyholders in their time of need. **Deborah Charlson**, supervisor of Operations at Aflac's location in Omaha, Nebraska, says this is one of the things she most appreciates about working for Aflac. "The founders of our company gave us a solid foundation and it is an honor to carry on their legacy daily. They set the bar very high and are the best example of who we are and where we continue to aim as a company."

SELECTED FINANCIAL DATA

For the Year (In millions, except for share and per-share amounts)	2014	2013	2012	2011	
Revenues:					
Net premiums, principally supplemental health insurance	\$ 19,072	\$ 20,135	\$ 22,148	\$ 20,362	
Net investment income	3,319	3,293	3,473	3,280	
Realized investment gains (losses)	215	399	(349)	(1,552)	
Other income	122	112	92	81	
Total revenues	22,728	23,939	25,364	22,171	
Benefits and expenses:					
Benefits and claims, net	12,937	13,813	15,330	13,749	
Expenses	5,300	5,310	5,732	5,472	
Total benefits and expenses	18,237	19,123	21,062	19,221	
Pretax earnings	4,491	4,816	4,302	2,950	
Income taxes	1,540	1,658	1,436	1,013	
Net earnings	\$ 2,951	\$ 3,158	\$ 2,866	\$ 1,937	
Share and Per-Share Amounts					
Net earnings (basic)	\$ 6.54	\$ 6.80	\$ 6.14	\$ 4.15	
Net earnings (diluted)	6.50	6.76	6.11	4.12	
Items impacting net earnings, net of tax:					
Realized investment gains (losses):					
Securities transactions and impairments	\$.26	\$.09	\$ (.69)	\$ (1.81)	
Impact of derivative and hedging activities:					
Hedge costs related to foreign currency investments	(.05)	(.04)	(.01)	—	
Other derivative and hedging activities*	.03	.49	.22	(.34)	
Other and non-operating income (loss)	.10	.04	(.01)	—	
Cash dividends paid	\$ 1.50	\$ 1.42	\$ 1.34	\$ 1.23	
Shareholders' equity	41.47	31.82	34.16	27.76	
Weighted-average common shares used to calculate basic EPS (In thousands)	451,204	464,502	466,868	466,519	
Weighted-average common shares used to calculate diluted EPS (In thousands)	454,000	467,408	469,287	469,370	
At Year-end					
Assets:					
Investments and cash	\$ 107,341	\$ 108,459	\$ 118,219	\$ 103,462	
Other	12,426	12,848	12,875	12,775	
Total assets	\$ 119,767	\$ 121,307	\$ 131,094	\$ 116,237	
Liabilities and shareholders' equity:					
Policy liabilities	\$ 83,933	\$ 89,402	\$ 97,720	\$ 94,239	
Income taxes	5,293	3,718	3,858	2,308	
Notes payable	5,282	4,897	4,352	3,285	
Other liabilities	6,912	8,670	9,186	3,459	
Shareholders' equity	18,347	14,620	15,978	12,946	
Total liabilities and shareholders' equity	\$ 119,767	\$ 121,307	\$ 131,094	\$ 116,237	
Supplemental Data					
Stock price range:	High	\$ 66.69	\$ 67.62	\$ 54.93	\$ 59.54
	Low	54.99	48.17	38.14	31.25
	Close	61.09	66.80	53.12	43.26
Yen/dollar exchange rate at year-end (yen)	¥ 120.55	¥ 105.39	¥ 86.58	¥ 77.74	
Weighted-average yen/dollar exchange rate (yen)	105.46	97.54	79.81	79.75	

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

Amounts in 2010 and 2011 have been adjusted for retrospective adoption of revised accounting guidance related to deferral of policy acquisition costs effective January 1, 2012.

Amounts in 2003 and 2004 have been adjusted for adoption of SFAS 123R on January 1, 2005.

Aflac Incorporated and Subsidiaries

2010	2009	2008	2007	2006	2005	2004
\$ 18,073	\$ 16,621	\$ 14,947	\$ 12,973	\$ 12,314	\$ 11,990	\$ 11,302
3,007	2,765	2,578	2,333	2,171	2,071	1,957
(422)	(1,212)	(1,007)	28	79	262	(12)
74	80	36	59	52	40	34
20,732	18,254	16,554	15,393	14,616	14,363	13,281
12,106	11,308	10,499	9,285	9,016	8,890	8,482
5,065	4,711	4,141	3,609	3,336	3,247	3,026
17,171	16,019	14,640	12,894	12,352	12,137	11,508
3,561	2,235	1,914	2,499	2,264	2,226	1,773
1,233	738	660	865	781	743	507
\$ 2,328	\$ 1,497	\$ 1,254	\$ 1,634	\$ 1,483	\$ 1,483	\$ 1,266
\$ 4.96	\$ 3.21	\$ 2.65	\$ 3.35	\$ 2.99	\$ 2.96	\$ 2.49
4.92	3.19	2.62	3.31	2.95	2.92	2.45
\$ (.58)	\$ (1.67)	\$ (1.37)	\$.04	\$.10	\$.33	\$ (.01)
—	—	—	—	—	—	—
—	(.01)	—	—	—	(.02)	(.03)
—	.02	—	—	—	.07	.26
\$ 1.14	\$ 1.12	\$.96	\$.80	\$.55	\$.44	\$.38
22.44	17.96	14.23	18.08	16.93	15.89	15.04
469,038	466,552	473,405	487,869	495,614	500,939	507,333
473,085	469,063	478,815	493,971	501,827	507,704	516,421
\$ 88,230	\$ 73,192	\$ 68,550	\$ 57,056	\$ 51,972	\$ 48,989	\$ 51,955
12,013	10,914	10,781	8,749	7,833	7,372	7,371
\$ 100,243	\$ 84,106	\$ 79,331	\$ 65,805	\$ 59,805	\$ 56,361	\$ 59,326
\$ 82,310	\$ 69,245	\$ 66,219	\$ 50,676	\$ 45,440	\$ 42,329	\$ 43,556
1,689	1,653	1,201	2,531	2,462	2,577	2,445
3,038	2,599	1,721	1,465	1,426	1,395	1,429
2,666	2,192	3,551	2,338	2,136	2,133	4,320
10,540	8,417	6,639	8,795	8,341	7,927	7,576
\$ 100,243	\$ 84,106	\$ 79,331	\$ 65,805	\$ 59,805	\$ 56,361	\$ 59,326
\$ 58.31	\$ 47.75	\$ 68.81	\$ 63.91	\$ 49.40	\$ 49.65	\$ 42.60
39.91	10.83	29.68	45.18	41.63	35.50	33.85
56.43	46.25	45.84	62.63	46.00	46.42	39.84
¥ 81.49	¥ 92.10	¥ 91.03	¥ 114.15	¥ 119.11	¥ 118.07	¥ 104.21
87.73	93.49	103.46	117.93	116.31	109.88	108.26

Aflac's Total Return to Shareholders

2014 marked the 32nd consecutive year Aflac Incorporated increased its annual dividend. Including reinvested cash dividends, Aflac's total shareholder return declined 6.3% in 2014. This compares with a total shareholder return of 1.9% for the S&P Life & Health Index, 13.7% for the S&P 500 and 10.0% for the Dow Jones Industrial Average.

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

- ▶ Over the last five years, Aflac's total shareholder return, including reinvested dividends, was 50.0%.
- ▶ Over the last 10 years, Aflac's total return to shareholders, including reinvested dividends, was 90.5%.

AFL Shareholder Mix*

Number of registered shareholders	86,997
Percentage of outstanding AFL shares owned by institutional investors	66%
Percentage of outstanding AFL shares owned by individual investors	34%

*Approximate, as of 12/31/14

First Shareholders

Cost of 100 shares purchased in 1955 when Aflac was founded	\$1,110
Number of shares those 100 shares grew into (after 28 stock dividends and splits)	187,980 shares
Value at 12/31/14 (excluding reinvested dividends)	\$11.5 million
Dividends paid in 2014	\$281,970

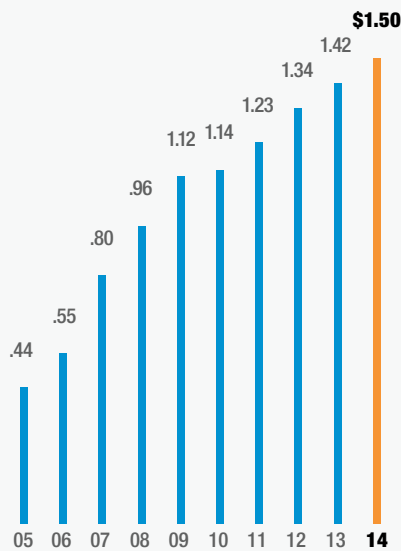
Aflac Financial Strength*

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

*Ratings as of 3/1/15

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

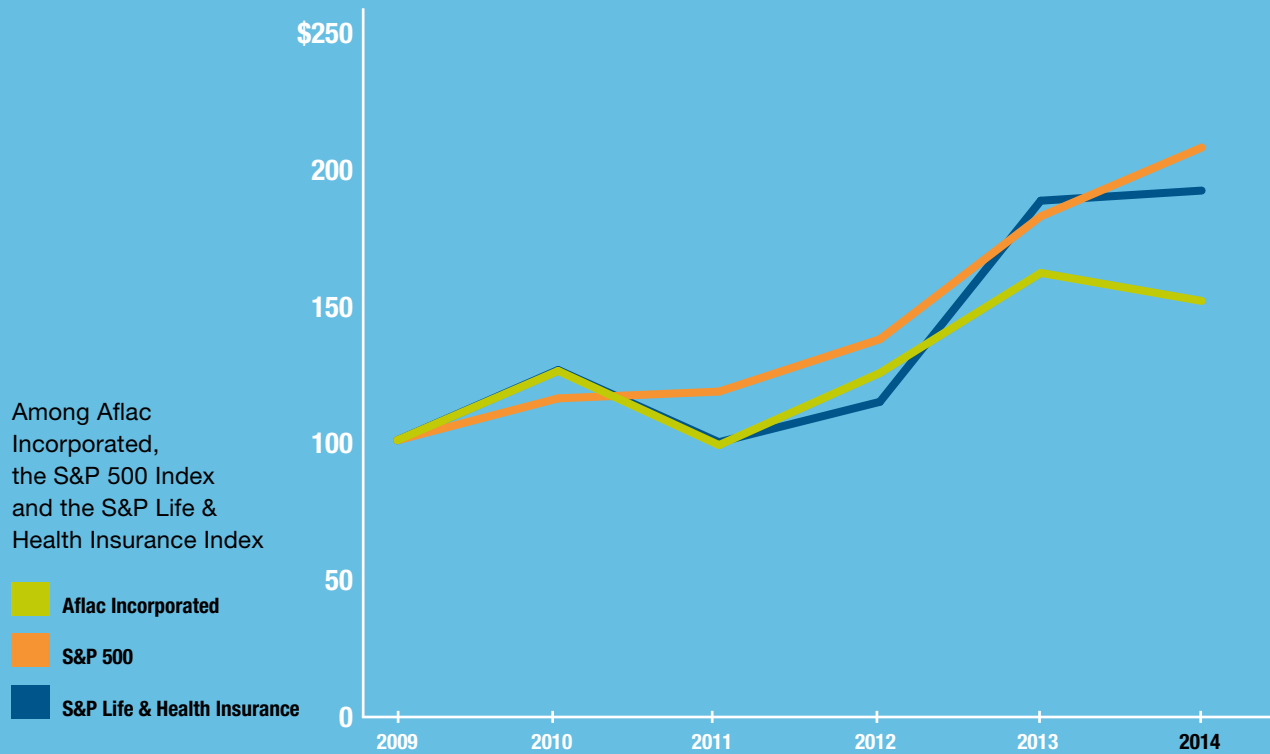
- ▶ Your AFL shareholder account through *aflinc*®
- ▶ Aflac's financial information
- ▶ A calendar of events
- ▶ Dividend reinvestment plan (DRIP) information



Annual Cash Dividends Paid Per Share

Aflac has increased its annual dividend for 32 consecutive years. Total cash dividends paid in 2014 rose 5.6% over 2013.

Comparison of Five-Year Cumulative Total Return*



*\$100 invested on December 31, 2009, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2015 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.

Comparison of Ten-Year Cumulative Total Return*



*\$100 invested on December 31, 2004, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2015 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.

BOARD OF DIRECTORS



Daniel P. Amos, 63, chairman and chief executive officer of Aflac and Aflac Incorporated, has been with the company full time since 1973. He was named president of Aflac in 1983 and chief operating officer in 1987. He became chief executive officer of Aflac Incorporated in 1990 and was named chairman in 2001. He has been a member of Aflac Incorporated's board since 1983.



Paul S. Amos II, 39, president of Aflac, joined Aflac in 2002 as state sales coordinator of Georgia-North Territory. He was promoted to executive vice president in 2005 and assumed additional responsibilities as chief operating officer of Aflac U.S. in 2006. He was promoted to president of Aflac in 2007. In 2013, he assumed reporting responsibilities for Aflac Japan and Aflac's Global Investment Division. He currently resides in Tokyo, Japan, as he oversees the operation. He joined Aflac Incorporated's board in 2007.



W. Paul Bowers, 58, chairman, president and chief executive officer of Georgia Power. Prior to being named to his current position, he was chief financial officer of Southern Company. He has held executive leadership positions across Southern Company in Southern Company Generation, Southern Power and the company's former U.K. subsidiary. He is the 2015 chairman of the Georgia Chamber of Commerce and a member of the Nuclear Electric Insurance Limited board of directors. He was elected to Aflac Incorporated's board in 2013.



Kriss Cloninger III, 67, president and chief financial officer of Aflac Incorporated, joined Aflac in 1992 as senior vice president and chief financial officer after working with Aflac as a consulting actuary since 1977. He was named president of Aflac Incorporated and elected to its board in 2001.



Elizabeth J. Hudson, 65, chief communications officer for the National Geographic Society, previously held similar positions with iVillage, the Reader's Digest Association and NBC. She was also previously a director in Spencer Stuart's Media & Communication Practice. She joined Aflac Incorporated's board in 1990.



Douglas W. Johnson, 71, 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, 70, retired from his position at Porter Novelli in 2014, at which he had been senior advisor since 2003. He was formerly chairman and CEO of the One America Foundation (an organization that promotes dialogue and solidarity among Americans of all races). He also previously served in President Clinton's White House as an assistant to the president and director of the president's initiative for One America. He has been on Aflac Incorporated's board since 2002.



Thomas J. Kenny, 51, has served as a TIAA-CREF trustee since December 2011. He also currently serves as the chair of the TIAA-CREF Funds Investment Committees as well as the TIAA-CREF Funds Operations Committees. Prior to his role at TIAA-CREF, he held a variety of leadership positions at Goldman Sachs. He was appointed to Aflac Incorporated's board in 2015.



Charles B. Knapp, 68, is president emeritus of the University of Georgia. Earlier in his career, he served as U.S. deputy assistant secretary of labor in the Carter Administration. He also served as executive vice president and chief financial officer of Tulane University. He joined Aflac Incorporated's board in 1990.



Barbara K. Rimer, DrPH, 66, dean and alumni distinguished professor of the University of North Carolina at Chapel Hill 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. She was elected to the Institute of Medicine in 2008 and was appointed chair of the President's Cancer Panel in 2011. She joined Aflac Incorporated's board in 1995.



Melvin T. Stith, 68, dean emeritus of the Martin J. Whitman School of Management at Syracuse University, was also previously dean and Jim Moran Professor of Business Administration at Florida State University. Since 1977, he has maintained his role as professor of marketing and business after serving in the U.S. Military Intelligence Command and achieving the rank of captain. He was elected to Aflac Incorporated's board in 2012.



D. Gary Thompson, 68, retired executive vice president of Wachovia Corporation and retired chief executive officer of Georgia Banking, Wachovia Bank, N.A., currently serves on the board of directors for Georgia Power Company, a subsidiary of the Southern Company. He was elected to Aflac Incorporated's board in 2005.



Takuro Yoshida, 62, chairman of Nippon Tochi-Tatemono Co., Ltd., previously served as president of Nippon Tochi-Tatemono Co., Ltd. Prior to this, he served as executive vice president and operating officer. 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)



Kenneth S. Janke, 56, executive vice president; deputy chief financial officer, Aflac Incorporated, joined Aflac Incorporated as manager of Investor Relations in 1985. He was promoted to senior vice president in 1993 and to executive vice president; deputy chief financial officer of Aflac Incorporated in 2010. In July 2013, he assumed the additional role of president, Aflac U.S., before returning full-time to the deputy CFO role in September 2014. Prior to joining Aflac, he served as director of Corporate Services for the National Association of Investors Corporation (NAIC).



Charles D. Lake II, 53, president, Aflac International; chairman, Aflac Japan, joined Aflac International in February 1999 and Aflac Japan in June 1999. Prior to his current position, he served as vice chairman and president of Aflac Japan. Before joining Aflac, he was director of Japan Affairs at the office of the U.S. Trade Representative in the executive office of the president, and he practiced law in Washington, D.C.



Teresa L. White, 48, president, Aflac U.S., joined Aflac in 1998. She has served in various leadership roles within Administration and Sales Support leading to her current position in September 2014 where she is responsible for driving seamless strategy and execution across Aflac's U.S. operations, including oversight and support of the company's extensive insurance distribution network of individual agents and brokers across the country. Teresa is an alumnus of Leadership Columbus and is a fellow of the Life Management Institute.



Susan R. Blanck, 48, executive vice president, Aflac and Aflac Japan; corporate actuary, Aflac, joined Aflac's Actuarial Department in 1993. She has served in various leadership positions leading to her promotion to her current position where she works on Aflac Japan's strategic marketing and corporate initiatives as well as Japan product development, while continuing in her capacity as corporate actuary. She is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries.



Eric M. Kirsch, 54, executive vice president and global chief investment officer, joined Aflac in 2011 and is responsible for overseeing the company's investment efforts, including Aflac's investment portfolio and its investment team. He is a chartered financial analyst and former chairman of the Stable Value Investment Association. Eric is also a trustee of the Jersey Shore University Medical Center Foundation.



Daniel J. Lebish, 60, executive vice president and chief operating officer of Aflac Group Insurance, joined Aflac in 2013 and oversees the day-to-day operating activities, performance goals and strategic initiatives of Aflac Group Insurance. His role expanded in 2014 to also include individual operations in Columbus and management of the U.S. broker channel. Prior to Aflac, he was executive vice president at Highmark Blue Cross Blue Shield, serving as CEO of two of their national subsidiaries, HM Insurance Group and United Concordia Dental. He spent the first 15 years of his career in executive positions in the health care delivery market.



Audrey Boone Tillman, 50, executive vice president and general counsel, Aflac Incorporated joined Aflac in 1996 in Aflac's Legal department. She was promoted to vice president; senior associate counsel, Legal, in 2000; to senior vice president; director, Human Resources in 2008; and to executive vice president, Corporate Services in 2011. She was promoted to her current role in May 2014 where she oversees Compliance, Legal, General Counsel of Aflac International, Corporate Communications, Federal Relations, Government Relations and the Office of the Corporate Secretary.



Hiroshi Yamauchi, 63, president and chief operating officer, Aflac Japan, joined Aflac in 1976 and served in the Actuarial Department as section manager and assistant general manager. He was promoted to general manager in the Policy Maintenance Department in 1998, to vice president in 1999 and to first senior vice president in 2002. In January 2012, he was promoted to executive vice president and assumed his current position as president and chief operating officer of Aflac Japan in January 2015.



Koji Ariyoshi, 61, 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.



Masatoshi Koide, 54, executive vice president, planning and research, risk management, compliance, Aflac Japan, originally joined Aflac in November 1998 and stayed with Aflac until March 2006. He worked for Nikko Asset Management before he joined Aflac again in December 2008 as vice president. He was promoted to senior vice president in January 2012 and to first senior vice president in July 2013. He was promoted to his current position in January 2015. He is a member of the New York State Bar.



Jun Isonaka, 57, first senior vice president, sales, Aflac Japan, joined Aflac in 1980 and served as general manager in various marketing and sales departments from 1999 through 2001. He was promoted to vice president in 2002 and to senior vice president in January 2007. He became chief administrative officer in January 2010 and was promoted to his current position in January 2012.



John A. Moorefield, 53, first senior vice president; chief transformation officer, Aflac Japan, joined Aflac in 2005 and has held several key positions, including senior vice president, Strategic Management for Aflac International, and chief information officer of Aflac Japan. Prior to joining Aflac, he 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. He assumed his current position in January 2015.

GLOSSARY OF SELECTED TERMS

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

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

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

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

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

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

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

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

Operating Earnings Per 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

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

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

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

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

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

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

CONTACT INFORMATION

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Institutional investors with questions about the company	Robin Y. Wilkey <i>Senior Vice President, Investor and Rating Agency Relations</i> tel: 706.596.3264 or 800.235.2667 David A. Young <i>Second Vice President, Investor and Rating Agency Relations</i> tel: 706.596.3264 or 800.235.2667	
Rating agencies with questions about the company	Delia H. Moore <i>Director, Rating Agency and Investor Relations</i> tel: 706.596.3264 or 800.235.2667	
Individual/retail shareholders with questions about the company	Daniel A. Bellware <i>Senior Manager, Investor Relations</i> tel: 706.596.3264 or 800.235.2667	
Information requests such as Form 10-K, quarterly earnings releases and other financial materials	Investor Relations tel: 706.596.3264 or 800.235.2667	
Policyholders/claimants	tel: 800.992.3522 (en Español, tel: 800.742.3522)	
Aflac Japan Shinjuku Mitsui Building 2-1-1, Nishishinjuku Shinjuku-ku, Tokyo 163-0456, Japan	Ichiro Murakami <i>General Manager, Aflac Japan Investor Relations Support Office</i> tel: 011.81.3.3344.0481	aflac.co.jp

This 2014 Year in Review contains forward-looking statements based on expectations, estimates and projections as of the date of this report. These cautionary statements by their nature are subject to risks, uncertainties and assumptions, and are influenced by various factors. As a consequence, actual results may differ materially from those expressed in the forward-looking statements. Aflac undertakes no obligation to update such forward-looking statements. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Information" in Aflac's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission.

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





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