We’ve got you under our wing.

Aflac Incorporated
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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 insurance company in terms of individual insurance policies in force in Japan, providing financial protection to more than 50 million people.

Ryosuke Itoh is one of the 50 million people in Japan and the United States protected by Aflac insurance. See Page 14 for his story.
Aflac’s Goal:
To provide customers with the best value in voluntary insurance products in Japan and the United States
Our Strategy for Growth

**PROTECTING AGAINST:**
- Asset Loss
- Income Loss
- Supplemental Medical Expenses

**REACHING CUSTOMERS AT:**
- The Worksite
- Home
- Retail Locations

**INSURING:**
- 50 Million People

**RELEVANT PRODUCTS**

**EXPANDED DISTRIBUTION CHANNELS**

**NEW ACCOUNTS AND CUSTOMERS**
In good times or bad, we continue to stick to what we do best: protecting people when they need it most. Our focus on this simple approach has helped Aflac achieve solid financial results. Our administrative efficiency and ability to control expenses in both Japan and the United States are reflected in low operating expense ratios in both markets. This allows us to create products that provide excellent value to consumers and pay competitive commissions.

Our strategy has also allowed us the privilege of providing more than 50 million people in the United States and Japan with financial protection “under our wing,” while enhancing shareholder value.

**Disciplined Strategy Produces Results**

Importantly, in 2010 we continued more than two decades of achieving our operating earnings per share objective, which is the principal financial metric we use internally to assess the growth of our business. Operating earnings is defined as the growth of net earnings per diluted share, excluding items that are inherently uncontrollable or unpredictable. We view this measure as the best indicator of both the growth of our business and management’s role in generating that growth. Operating earnings per diluted share rose 10.1% in 2010, excluding 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.

Additionally, net earnings in 2010 increased 56.6% over 2009 to $2.3 billion. Results for the full year benefited from the stronger yen and from lower realized investment losses in 2010, compared with 2009. Losses from securities transactions and impairments impacted net earnings by $273 million. In addition, net earnings were suppressed by $1 million due to the impact from ASC 810.

**Capital Strength Means Capital Deployment to Shareholders**

In addition to delivering shareholder value through our earnings growth, we are very proud that 2010 marked the 28th consecutive year in which Aflac has increased the cash dividend. The decision by Aflac’s board of directors to increase the cash dividend is a function of our strong capital position. Maintaining this capital strength is a priority for us and is primarily measured using the statutory accounting risk-based capital, or RBC, ratio. Our goal was to end 2010 with a higher RBC ratio than our year-end 2009 ratio of 479%, and we surpassed our goal, ending 2010 at 555%. I believe our ability to maintain a strong RBC ratio exemplifies our ability to effectively manage our capital. Our capital strength gave us the confidence to resume our share repurchase program in the fourth quarter of 2010, when we purchased two million shares of Aflac Incorporated stock. We anticipate purchasing six to 12 million shares of Aflac’s common stock in 2011.

Despite our intense focus on the balance sheet, we never lost sight of growing our business. Combined, we generated more than $2.9 billion in new annualized premium sales in the United States and Japan in 2010. Total revenues rose 13.6% to $20.7 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.
Investing In a Low-Interest-Rate Environment

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, and paying them promptly. We continue to review our investments to ensure that they best represent the interests of our policyholders and of you, our shareholders.

It is a challenge to invest large cash flows in a low-interest-rate environment. In Japan alone, we will invest about $28 million each day in 2011. In order to take advantage of higher interest yields in a low-interest-rate environment, we started increasing the amount Aflac Japan invests in dollar-denominated securities.

The Promise of “We’ve got you under our wing”

To Aflac, the phrase “We’ve got you under our wing,” isn’t just a saying; it’s a promise. From a customer standpoint, that promise means stepping up as a financial protector, to help shield claimants from income and asset loss. From a shareholder perspective, it means operating the company in a way that rewards those who invest their hard-earned money in Aflac Incorporated stock.

There is only one Aflac Duck, and he is one of our most persistent sales agents in both Japan and the United States. But he is not flying solo. The Aflac Duck’s wingspan represents the determination of an Aflac team that is hundreds of thousands of people strong. This wingspan includes Aflac sales agents, employees, and constituents across the globe who work hard each day to back up our promise: “We’ve got you under our wing.”

I want to personally thank you, our shareholders, for supporting Aflac and helping establish and maintain a strong foundation for our company. We have done, and will continue to do, our best as good stewards of your trust.

Daniel P. Amos
Chairman and
Chief Executive Officer
**A CONVERSATION WITH CHAIRMAN AND CEO DAN AMOS**

**Q:** What do you think is your greatest challenge in the next couple of years?

**A:** The low interest rate environment, especially in Japan – and how to invest our huge cash flows to achieve strong investment returns while maintaining a high credit quality investment portfolio.

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

**A:** Keep on doing what Aflac does best – and then doing it even better. Our focus is squarely on voluntary products. That’s all we do, so we better be the best.

**Q:** As CEO, what do you see as your most important responsibility?

**A:** To be extremely transparent and ensure that the investors and employees understand what our objectives are and how we are going to achieve them.

**Q:** You’ve just finished 21 years as CEO and you’re 59 years old. How long do you plan on staying?

**A:** Well, since I don’t play golf, I wouldn’t make a “good” retiree. I plan to be around for at least another 10 years. As long as our shareholders and board of directors are happy with me, I am honored to have this privilege here at Aflac.

**Q:** What is the biggest differentiator between Aflac and your competitors in the U.S. and Japan?

**A:** Our ability to pay claims quickly and accurately. For example, in the U.S., we pay most claims within four days. Also, our tight expense control allows us to offer the best value to consumers in both countries.

**Q:** What is the biggest misperception about Aflac in the U.S.?

**A:** Because of our national advertising campaign, some small businesses have the impression that our products are geared only for big employers. That’s not true – our focus has always been on small businesses, and in fact, 90% of our accounts have fewer than 100 workers.
**Q:** Has health care reform in the U.S. eliminated the need for Aflac products?

**A:** No — in the U.S., most citizens with insurance are covered by a health plan through their employer or other entity and in Japan, citizens are covered by a nationally sponsored health plan. But no matter what type of plan, we know people still have to pay out-of-pocket expenses, and we want to be there to lighten their financial burden.

**Q:** How important is the Aflac Duck to you?

**A:** More than a decade ago, I bet my career on the Aflac Duck. Fortunately, it paid off. The duck commercials increased our name recognition from less than 10% to where nine out of 10 people know who we are. I think he’s been one of our most persistent sales agents.

**Q:** What’s the best business advice you’ve received?

**A:** I learned three risk management principles in college, and since then I’ve used them to run Aflac and my life. These principles are: Never risk a lot for little; never risk more than you can afford to lose; and consider the odds. These principles have served me well.

**EARNINGS PER DILUTED SHARE**

Net and operating earnings per diluted share benefited from record operating results. In 2010, we achieved our primary financial target, growth in operating earnings per diluted share, excluding the impact of the yen, for the 21st consecutive year. Operating earnings is an internal financial measure we use to assess management’s performance. Operating earnings exclude items that are outside management’s control or inherently unpredictable.
**TOTAL REVENUES**

(In billions)

Total revenues rose 13.6% to a record $20.7 billion in 2010, benefiting from a stronger yen.

**NET INVESTMENT INCOME**

(In billions)

Net investment income increased 8.7% to a record $3.0 billion.

**PREMIUM INCOME**

(In billions)

Premium income rose 8.7% in 2010, benefiting from improved persistency in Japan and a stronger average yen/dollar exchange rate.
TOTAL ASSETS
(In billions)
Total assets were $101 billion at the end of 2010, benefiting from a stronger yen/dollar exchange rate.

TOTAL INVESTMENTS AND CASH
(In billions)
Aflac’s total investments and cash rose 20.5% to $88.2 billion at the end of 2010, benefiting from a stronger yen/dollar exchange rate and improved market values.

BENEFITS AND CLAIMS
(In billions)
Aflac paid or provided for $12.1 billion in benefits for insureds in 2010.
**AFLAC JAPAN**

*Aflac Japan Takes Off!*

2010 was a year in which Aflac Japan remained focused – and very effective – in executing our strategy for growth: offering relevant products that provide financial protection to consumers through expanded distribution channels. As a result, Aflac Japan generated an 11.0% increase in 2010 new annualized premium sales, surpassing our sales target for the second year in a row. Our 2010 sales growth was a particularly significant accomplishment for Aflac Japan after facing extremely difficult comparisons from the prior year.

In terms of the distribution side of our strategy, 2010 was the year of the bank channel, as bank branch participation gained momentum throughout the year. On the product side of our strategy, not only did Aflac Japan remain the number one seller of cancer and medical insurance policies in Japan, but we also leveraged our presence in the banks by offering products that banks want to sell. Once again, our stable block of in-force business was marked by strong persistency and improved profitability. Additionally, Aflac Japan produced solid financial results and enhanced our portfolio of products that respond to the wants and needs of consumers and distribution channels.

### Aflac Japan 2010 Financial Highlights in Yen

- Premium income rose 3.8% to ¥1.18 trillion, compared with ¥1.14 trillion in 2009
- Total revenues increased 3.4% to ¥1.40 trillion, compared with ¥1.35 trillion in 2009
- Pretax operating earnings rose 10.0% to ¥287.9 billion in 2010, compared with ¥261.7 billion in 2009

### Aflac Japan 2010 Financial Highlights in Dollars

- Premium income rose 10.8% to $13.5 billion, up from $12.2 billion in 2009
- Total revenues were up 10.3% to $16.0 billion, compared with $14.5 billion in 2009
- Pretax operating earnings increased 17.3% to $3.3 billion from $2.8 billion in 2009

### 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. Conversely, growth rates in dollar terms are suppressed when the yen weakens against the dollar, compared with the preceding year. During 2010, the yen averaged 87.69 to the dollar, or 6.6% stronger than the average of 93.49 in 2009, enhancing our reported results in dollar terms.

**YEN/DOLLAR EXCHANGE RATE**

(Closing rates)

During 2010, the average yen/dollar exchange rate strengthened 6.6%, which magnified Aflac Japan’s growth rates in dollar terms.
In addition to offering a broad portfolio of financial solutions that best-respond to customer needs throughout various stages of life, Resona Bank, the fourth largest banking group in Japan, also strives to respond to the needs of a growing market segment of decision makers: women. Through an initiative called the “Power of Mine,” more than 150 female employees meet regularly to share ideas about how to empower female Japanese consumers. One such solution selected by the group is Aflac’s Corsage product, a female-specific cancer rider we launched in June 2010 to respond to the needs of younger Japanese females. Corsage offers surgery benefits that address the high cost of treating female-specific cancers. Resona Bank also offers Aflac’s EVER medical products and WAYS, our hybrid whole-life policy.

Employees at Resona Bank’s corporate offices research and select insurance products that meet a wide variety of their customer’s needs. In turn, Resona’s bank branch employees like Yukari Makino, pictured below at the Takenozuka branch, build relationships by interacting with their customers on an everyday basis. She listens intently to her customers’ situations to ensure she offers customized, consultative service and relevant products to each person. Ms. Makino has added her own personal touch to her meeting space with a display of pink bows and balloons to promote cancer awareness among women and create a colorful, warm atmosphere.
Employees are the heart and soul of Aflac. These Aflac Japan employees are members of the company’s hula club, which gathers regularly to perform and celebrate this ancient Hawaiian dance that has been described as the “soul of Hawaii expressed in motion.” In doing so, the club members find fellowship and relaxation as they embody the grace and spirit of the hula. Providing opportunities like this to participate in dozens of clubs is one way Aflac Japan says to employees, “We’ve got you under our wing.”

AFLAC JAPAN PRODUCTS

**INCOME-LOSS PROTECTION**
- Life
  - Term
  - Whole-life
  - Hybrid (WAYS)
- Fixed Annuity
- Child Endowment

**ASSET-LOSS PROTECTION**
- Cancer
- Care
- Life
  - Hybrid (WAYS)

**SUPPLEMENTAL MEDICAL**
- Medical (fixed-benefit)
- Life
  - Hybrid (WAYS)
Aflac Japan Distribution
The Bank Channel
Soars to New Heights

- Sales of Aflac products through banks increased 165.1% over 2009
- Aflac Japan was represented by 364 banks at the end of 2010, or more than 90% of the total number of banks in Japan
- There are still many bank branches that are not actively selling Aflac products, suggesting there’s growth potential remaining in this channel

Traditional Sales Channels and Strategic Alliances

- Aflac Japan recruited approximately 4,800 new sales agencies, up 4.4% over 2009, and new sales agencies’ productivity has been steadily improving
- Aflac Japan was represented by more than 19,600 sales agencies at the end of 2010, equating to more than 115,400 licensed sales associates employed by those agencies
- Dai-ichi Life: We believe this alliance has been one of the most successful partnerships in the insurance industry since it was first launched in 2001, selling about 97,000 of our market-leading cancer policies in 2010

Aflac Japan’s Products: Proactive Protection for Soaring Expenses

Product Need: Japan’s population is covered by a compulsory and universal health care insurance system. Over the last three decades, Japanese consumers have been required to pay more out of their own pockets toward this system, with copayments incrementally rising to 30% due to Japan’s aging population, declining birthrate, and the expense of state-of-the-art medical advances. Aflac Japan’s product development team researched specific financial burdens consumers face and how these increased expenses have affected Japanese consumers. These findings equipped Aflac Japan with valuable information to create innovative and customized products and benefits. Our administrative efficiency and ability to control expenses have resulted in low operating expense ratios in Japan, which allows us to create products that provide excellent value to consumers while paying competitive commissions.

Pillar Products: Medical and Cancer Insurance

It’s important to remember that the foundation of our product portfolio has been, and continues to be, medical and cancer products, both of which were the number one and number two contributors, respectively, to 2010 total sales. In 2010, we maintained our position as the number one seller of medical and cancer products in Japan, which confirms the continued popularity and demand for our innovative plans.

Building from this solid foundation, we continue to update our two pillar products and leverage our competitive advantages, such as branding and administrative efficiency, 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. Almost immediately, Aflac became the number one seller of medical insurance in Japan. Since then, we have been expanding our suite of EVER products to appeal to new market segments. In 2009, a new generation of 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.

CANCER PRODUCTS: In September 2007, we introduced Cancer Forte, the first major product revision we 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. And in 2011 our newest cancer policy, called Days, will further strengthen our cancer portfolio, most notably with enhanced outpatient and anticancer medication benefits.

Emerging Products: WAYS and Child Endowment

In December 2007, banks were permitted to sell the traditional health-related products Aflac offers to their 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, including WAYS and child endowment products, which were key drivers to sales growth in 2010.

Aflac’s child endowment product was a strong contributor to sales growth in 2010. Our strong brand and its unmatched returns help make our endowment policy the product of choice.

WAYS was another driver of sales growth in 2010. It is a unique hybrid whole-life product that can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age. WAYS is popular, particularly among older consumers as they search for ways to better protect their assets. We believe there is strong growth potential for WAYS as the bank channel continues to become a greater contributor to sales.
### AFLAC JAPAN – KEY OPERATIONAL METRICS

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<th>Year</th>
<th>Total Policies and Riders in Force*</th>
<th>Annualized Premiums in Force**</th>
<th>Total New Annualized Premiums**</th>
<th>Total Number of Agencies</th>
<th>Total Number of Banks Representing Aflac***</th>
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</table>

*In thousands

**In millions

***Limited bank deregulation occurred in October 2002 and full bank deregulation occurred in December 2007

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Japanese consumers place a high priority on fiscal responsibility and education – attributes that have made child endowment policies very popular in Japan for many years. Mr. Junji Itoh, a dentist with his own private practice, and his wife, Emiko, have two young sons who are covered by Aflac Japan’s child endowment policy, which is primarily used to help fund the higher costs associated with a child entering high school and college in Japan. We believe Aflac’s strong brand and this product’s unmatched returns are factors that have contributed to the success of our child endowment product.
Investment Results in a Low-Interest-Rate Environment

We looked for, and identified, opportunities to improve our investment income in a low-interest-rate environment while ensuring that our investment quality withstood challenging credit markets while mitigating our risks. In doing so, we improved net income, which we believe ultimately benefits shareholder value.

We accomplished this through our primary focus of matching our assets to our policy liabilities with long-duration, yen-denominated, investment-grade securities as well as incrementally increasing the amount Aflac Japan invests in dollar-denominated securities.

Despite global credit downgrades from rating agencies, Aflac Japan’s overall credit quality remained high. At the end of 2010, 93.8% of Aflac Japan’s debt and perpetual securities were rated investment grade on an amortized cost basis.

Aflac Japan Investment Highlights for 2010

- Investments and cash increased 21.3% to $77.9 billion at the end of 2010. In yen, investments and cash were up 7.3%
- Net investment income increased 8.3% to $2.5 billion. In yen, net investment income was up 1.6%
- The average yield on new investments was 2.63% in 2010, compared with 3.03% in 2009

Looking to the Future

Japan’s government continues to face fiscal pressure. With rising medical expenses, an aging population, and a declining birthrate, Japan’s already-stressed national health care system may come under even more pressure in the future. 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 2010 will continue to benefit us in the future.

Administrative Efficiency

Liftoff from Technology

Technology has long been the essence of what is perhaps Aflac Japan’s most significant competitive strength – administrative efficiency. Our maintenance expenses per policy in force remain lower than every other life insurance company operating in Japan, allowing us to give consumers quality products at affordable prices while compensating our sales force with competitive commissions.

AFLAC DUCK + GOOD LUCK CAT = STRONG BRAND

In 2009, Aflac Japan designed a campaign character to grab the attention of Japanese consumers: We combined the popular Aflac Duck with a traditional character, called “maneki neko,” to promote New EVER, our revised medical product. Maneki neko is the cat icon that is very widely known in Asia. Its raised paw is said to attract good luck. This campaign character, called “maneki neko duck” contributed to a medical sales increase of 15.6% in 2009. Building on this success, Aflac Japan continued to feature this character in 2010. The maneki neko duck became so popular, especially among children and their mothers, that Aflac Japan expanded the use of this “maneki neko duck” to promote the cross-selling of our child endowment product as well.

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We entered 2010 amid an environment of record unemployment levels and ongoing low confidence levels from consumers and small businesses. With about 90% of our accounts being small businesses with fewer than 100 employees, our primary market is the slice of America that’s been hit the hardest by the economic turmoil over the last two years. As such, we were challenged in our U.S. sales growth and finished 2010 with a decline in new annualized premium sales of 4.9%. This result included 2010 new annualized premium sales from Aflac Group Insurance of $83 million, which equated to about 6% of our total sales.

Supporting our field force is a priority for Aflac, and each year in December, Aflac’s field force gathers at an event called FOCUS, where our field force leaders energize and strategize for the upcoming year. Aflac Worldwide Headquarters employee Jennelle Primm, market development analyst in the Business to Business department, shares the latest marketing tools and technologies with field force leaders to empower them to succeed in 2011.

**Aflac U.S.**

**2010 Financial Highlights**

- Premium income increased 3.2% to $4.6 billion, up from $4.4 billion in 2009
- Total revenues were up 3.9% to $5.1 billion, increasing from $5.0 billion in 2009
- Pretax operating earnings rose 19.2% to $924 million, compared with $776 million in 2009
Aflac Products: Group and Individual Options Under One Wing

We are continually working on initiatives designed to serve consumers and employers by offering them protection under Aflac’s strong wing. Our administrative efficiency and ability to control expenses have resulted in low operating expense ratios in the United States, which allows us to create products that provide excellent value to consumers while paying competitive commissions.

For more than five decades, Aflac U.S. focused on equipping sales associates with individually underwritten voluntary products, with premiums paid by the employee through payroll deduction at the worksite. Market conditions have been evolving over the years, and a 2009 study by Eastbridge showed that group products represent almost 50% of the total voluntary insurance market in the United States. We acquired Continental American Insurance Company (CAIC), now rebranded as Aflac Group Insurance, in October 2009, to augment our product portfolio with an attractive offering of voluntary group insurance products. The group product categories we gained through this acquisition synchronized very well with our current individual product portfolio and included accident, critical illness, hospital indemnity, life, and disability policies. These group products are well-suited for distribution by insurance brokers to larger-case accounts with 100 or more employees. Sales from our traditional field force of individual sales associates were enhanced by our new group products as well. As we integrate these group offerings into our product portfolio, we are aligning the design of our group and individual product offerings to respond to the needs of our customers. From the customer perspective, this provides the opportunity to supplement their existing benefit package in the best way, whether it’s through group, individual, or both. From a sales associate or broker perspective, it will allow them to focus more on the group/individual product option and less on explaining the differences in benefits.

Aflac’s Sales Force: Focused on the Future

No other company has been able to establish a dedicated field force network like we have at Aflac. We have more than 72,500 licensed sales associates and brokers to sell our products. However, we believe extended unemployment benefits negatively impacted our ability to recruit new sales associates. In addition,
The Aflac Cancer Center and Blood Disorders Service of Children’s Healthcare of Atlanta provides a nurturing environment of hope for kids fighting cancer and blood disorders, as well as their families. At the state-of-the-art facilities, pediatric-trained staff provide a unique and comprehensive course of treatment — both clinically and emotionally — to help children and their families through their often difficult journeys. The Aflac Cancer Center is recognized as one of the top childhood cancer centers in the country by U.S. News & World Report. Pictured, Dr. William G. Woods, Director of the Aflac Cancer Center, visits with Elizabeth Wesley and Patrick Chance, two of the courageous patients who count on the expert care and nurturing staff at the Aflac Cancer Center.

Beyond expanding the size and capabilities of our traditional sales force, we remain excited about developing relationships with insurance brokers. Our broker distribution initiative is still in its early stage, but our efforts are translating into sales.

The Aflac Duck Celebrates a “Duckade”
Since the Aflac Duck arrived on the scene on New Year’s Eve 1999, he has appeared in more than 50 commercials that have taken him places no duck has previously gone. And he shows no signs of slowing down in promoting the protection Aflac products can provide. Nine out of ten people recognize the Aflac brand, thanks to the Aflac Duck’s persistent efforts. He continues his mission to help employers and consumers better understand just what we do and how we can help — while having fun with some entertaining antics along the way.

Aflac Cancer Center: Wings That Nurture and Protect Kids Fighting Cancer
Since 1995, the combined Aflac family has given more than $62 million to the Aflac Cancer Center and Blood Disorders Service of Children’s Healthcare of Atlanta — 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 field force to our employees, managers, officers, and board of directors, and championing this cause has become consumer confidence and small business sentiment continued to hover at low levels for most of 2010. Recruitment in the fourth quarter declined 8.5%, but showed significant improvement over the 25.4% decline in recruiting for the first nine months of 2010. Although 2010 was challenging, we averaged about 5,500 new recruits per quarter. That’s a lot of people — but we know we can do better. Despite a slightly more positive outlook on the job market late in the year, some lingering uncertainty remained. To address this, we developed an integrated sales and marketing recruiting campaign, including Aflac’s first national recruiting efforts on television and other media. In conjunction with the new marketing, the sales efforts were aligned to include more people-centric recruiting criteria, expanded recruiting contests and weekly measured recruiting targets. Additionally, we anticipate that our group product offerings and broker initiatives will grow our base of brokers while also making the Aflac sales opportunity more attractive to individual sales agents.

In addition to expanding our product line, Aflac Group Insurance has given us the opportunity to further our 2009 Aflac for Brokers initiative designed to develop stronger relationships with brokers.
a part of our culture. 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 follows more than 2,500 patients with sickle cell disease, hemophilia, and other blood disorders. The Aflac Cancer Center features 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 who support the whole child and the child’s family.

**Employing Emerging Technologies Means Efficiency, Effectiveness, and Excellence**

Effectively employing new technologies allows us to improve our products, attract new sales associates, and allocate more resources to advertising. For instance, for more than 16 years, our sales associates have used our unique laptop-based enrollment system, SmartApp®, to electronically sell and transmit new business from the field directly to headquarters. SmartApp Next Generation®, or SNG, our most recent version, has upgraded features that streamline the application process even further by ensuring greater accuracy and reducing policies that require additional follow-up. We continue to improve the functionality and versatility of SNG to accommodate broker needs and empower our sales associates for success. In 2010, about 93% of our applications for coverage were electronically submitted using SNG and other Internet-based programs. In addition, more than 82% of all new payroll accounts were set up with Online Billing, which results in more efficient and accurate billing, reconciliation, and service to our payroll accounts.

**Aflac U.S. Investment Strategy: Prudent and Effective**

While we’ve dealt with the low-interest-rate environment in Japan for many years, interest rates in the United States have been more stable. In light of the uncertainty in global financial markets, and the resulting investor concerns about insurance companies’ balance sheets, we believe our investment approach proved once again to be prudent and effective. Corporate debt securities accounted for the majority of our U.S. investments in 2010. Based on amortized cost, 95.7% of our holdings were investment grade at the end of 2010.

**Outlook for Aflac U.S. – Great Opportunity to Spread Our Wings**

We are convinced the United States is still a vast market with significant potential to sell the products we offer. We will stay true to our strategy of offering relevant products through an expanding distribution network. For Aflac U.S., that means offering an expanded portfolio of individual and group products through sales agents and brokers to reach the tens of millions of consumers who can benefit from our affordable insurance protection.

---

**AFLAC U.S. – KEY OPERATIONAL METRICS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Policies and Certificates in Force*</th>
<th>Annualized Premiums in Force**</th>
<th>Total New Annualized Premiums**</th>
<th>Licensed Sales Associates and Brokers</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>11,436</td>
<td>$4,973</td>
<td>$1,382</td>
<td>72,535</td>
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<tr>
<td>2009</td>
<td>11,688</td>
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<td>11,437</td>
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<td>2007</td>
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<td>2006</td>
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<td>4,101</td>
<td>1,423</td>
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<tr>
<td>2005</td>
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<td>2004</td>
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<tr>
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<td>7,031</td>
<td>2,238</td>
<td>919</td>
<td>43,188</td>
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*In thousands

**In millions
# SELECTED FINANCIAL DATA

## For the Year (In millions, except for share and per-share amounts)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Premiums, principally supplemental health insurance</td>
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<td>$16,621</td>
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<td>Net investment income</td>
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<td>2,765</td>
<td>2,578</td>
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<td>Realized investment gains (losses)</td>
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<td>(1,212)</td>
<td>(1,007)</td>
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<td>Other income</td>
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<td>80</td>
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<td><strong>Total revenues</strong></td>
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<td>15,393</td>
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<td><strong>Benefits and expenses:</strong></td>
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<td>Benefits and claims</td>
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<td>Expenses</td>
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<td><strong>Total benefits and expenses</strong></td>
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<td>16,019</td>
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<td><strong>Pretax earnings</strong></td>
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<td>Income taxes</td>
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<td><strong>Net earnings</strong></td>
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## Share and Per-Share Amounts

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<tr>
<td>Net earnings (basic)</td>
<td>$5.00</td>
<td>$3.21</td>
<td>$2.65</td>
<td>$3.35</td>
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<tr>
<td>Net earnings (diluted)</td>
<td>4.95</td>
<td>3.19</td>
<td>2.62</td>
<td>3.31</td>
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## Items impacting net earnings per diluted share, net of tax:

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<tr>
<td>Realized investment gains (losses):</td>
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<tr>
<td>Securities transactions and impairments</td>
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<td>Impact from ASC 810</td>
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<td>Impact from ASC 815</td>
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<tr>
<td>Nonrecurring items</td>
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<td>.02</td>
<td>–</td>
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<tr>
<td>Foreign currency translation*</td>
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<td>.26</td>
<td>.23</td>
<td>(.02)</td>
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<tr>
<td>Cash dividends paid</td>
<td>$1.14</td>
<td>$1.12</td>
<td>$.96</td>
<td>$.80</td>
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<tr>
<td>Shareholders’ equity</td>
<td>23.54</td>
<td>17.96</td>
<td>14.23</td>
<td>18.08</td>
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</table>

## Weighted-average common shares used to calculate basic EPS (In thousands)

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<td>469,038</td>
<td>466,552</td>
<td>473,405</td>
<td>487,869</td>
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## Weighted-average common shares used to calculate diluted EPS (In thousands)

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<th>2007</th>
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<td>473,085</td>
<td>469,063</td>
<td>478,815</td>
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## At Year-end

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<th>2007</th>
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<tbody>
<tr>
<td><strong>Assets:</strong></td>
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<tr>
<td>Investments and cash</td>
<td>$88,230</td>
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<td>Other</td>
<td>12,809</td>
<td>10,914</td>
<td>10,781</td>
<td>8,749</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$101,039</td>
<td>$84,106</td>
<td>$79,331</td>
<td>$65,805</td>
</tr>
<tr>
<td><strong>Liabilities and shareholders’ equity:</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Policy liabilities</td>
<td>$82,456</td>
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<td>Notes payable</td>
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<td>Income taxes</td>
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<td>Other liabilities</td>
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<td>Shareholders’ equity</td>
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<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$101,039</td>
<td>$84,106</td>
<td>$79,331</td>
<td>$65,805</td>
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## Supplemental Data

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<td>Stock price range:</td>
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<td>High</td>
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<td>Low</td>
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<td>Close</td>
<td>56.43</td>
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<tr>
<td><strong>Yen/dollar exchange rate at year-end</strong></td>
<td>¥81.49</td>
<td>¥92.10</td>
<td>¥91.03</td>
<td>¥114.15</td>
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<td><strong>Weighted-average yen/dollar exchange rate for the year</strong></td>
<td>87.69</td>
<td>93.49</td>
<td>103.46</td>
<td>117.93</td>
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*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

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Daniel P. Amos, 59, 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, and chairman 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, 58, Alabama/West Florida state sales coordinator for Aflac U.S., has served in a variety of sales positions with the company for the past 36 years. He was first elected to Aflac Incorporated’s board in 1983.

Paul S. Amos II, 35, 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, 73, 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, 63, 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.

Joe Frank Harris, 75, previously a distinguished executive fellow at Georgia State University and a lecturer in its School of Policy Studies, serves as chairman of the board of Harris Georgia Corporation, an industrial development firm. Mr. Harris was governor of Georgia from 1983 to 1991. He joined Aflac Incorporated’s board in 1991.

Elizabeth Hudson, 61, 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, 67, 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, 66, 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, 64, director of educational development for the CF Foundation, is president emeritus at the University of Georgia. Dr. Knapp also serves as Chairman of the Board of the East Lake Foundation. He joined Aflac Incorporated’s board in 1990.

E. Stephen Purdom, M.D., 63, 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, 62, Alumni Distinguished Professor of Health Behavior and Health Education 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. She joined Aflac Incorporated’s board in 1995.

Marvin R. Schuster, 73, 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, 64, 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, 73, 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, 57, 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.
Daniel P. Amos (see facing page)
Kriss Cloninger III (see facing page)
Paul S. Amos II (see facing page)

Susan R. Blanck, 44, 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.

Martin A. Durant III, 62, executive vice president; deputy chief financial officer, joined Aflac in 1990 as vice president and controller of Aflac Incorporated and was promoted to senior vice president, Corporate Services. In 1999, he accepted a position as senior vice president and CFO of Carmike Cinemas, Inc., from which he retired in April 2006. He rejoined Aflac as senior vice president; Corporate Finance in July 2006 and was promoted to executive vice president; deputy chief financial officer in June 2008.

Kenneth S. Janke Jr., 52, 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, 57, 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, 46, 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, 44, 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.


Charles D. Lake II, 49, 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 he practiced law in Washington, D.C.

Koji Ariyoshi, 57, first senior vice president, director of Sales and Marketing, Aflac Japan, joined Aflac as senior vice president responsible for sales planning in 2006. Since then, he has managed various departments, including Retail Marketing, Alliance Management and Hojinkai Promotion. Before joining Aflac, he worked for Alico Japan as Vice President and AXA Life Insurance as Senior Vice President.

Hisayuki Shinkai, 60, 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.

Hiroshi Yamauchi, 59, first senior 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.
**AFL SHAREHOLDER MIX**
- Number of registered shareholders: 86,200
- Percentage of outstanding AFL shares owned by institutional investors: 67%
- Percentage of outstanding AFL shares owned by individual investors: 33%
  (includes director, employee and sales agent ownership of approximately 4%)
  *Approximate, as of 12/31/10

**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): 187,980 shares
- Value at 12/31/10 (excluding dividends): $10.6 million
- Dividends paid in 2010: $214,297

**AFL FINANCIAL STRENGTH**
- Standard & Poor’s: AA-
- Moody’s Investors Service: Aa2 (Excellent)
- A.M. Best: A+ (Superior)
- Rating and Investment Information Inc. (R&I): AA-
  *Ratings as of 3/1/11

Visit aflac.com and click on Investors to access your AFL account, Aflac’s financial information, calendar of events, and dividend reinvestment plan (DRIP) information.

**ANNUAL CASH DIVIDENDS PAID PER SHARE**

Aflac has increased its annual dividend for 28 consecutive years. Total cash dividends paid in 2010 rose 1.8% over 2009.
COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*

Among Aflac Incorporated, the S&P 500 Index and the S&P Life & Health Insurance Index

Aflac Incorporated
S&P 500
S&P Life & Health Insurance

*$100 invested on December 31, 2005, in stock or index, including reinvestment of dividends. Fiscal year ending December 31.
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COMPARISON OF TEN-YEAR CUMULATIVE TOTAL RETURN*

Among Aflac Incorporated, the S&P 500 Index and the S&P Life & Health Insurance Index

Aflac Incorporated
S&P 500
S&P Life & Health Insurance

*$100 invested on December 31, 2000, in stock or index, including reinvestment of dividends. Fiscal year ending December 31.
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AFLAC MILESTONES


1955  American Family Life was founded on November 17, when John, Paul and Bill Amos started in a small six-room complex in downtown Columbus, Georgia.

1958  American Family Life pioneered the introduction of a cancer policy after identifying the need to lift the financial burden of cancer patients and their families.

1964  Aflac began “cluster selling,” which involved selling our cancer products at the worksite in addition to selling directly to individuals.

The 70s  A Decade of Expansion

1970  Aflac expands from a small regional company into a rapidly growing national insurer licensed in 37 states.

1974  October 1 – Aflac went international and began selling insurance in Japan.

       June 14 – American Family Life Assurance Company of Columbus was listed on the New York Stock Exchange (NYSE), with AFL opening at $7.25 per share.

1975  To accommodate the incredible growth, American Family Life employees excitedly moved into the $7.1 million, fully paid-for nineteen-story headquarters office building.

The 80s  A Decade of Momentum

The 1980s continued our momentum as we developed our strategy of broadening our product line and expanding our distribution system.

1982  The company had total assets of more than $1 billion.

1989  American Family Life Assurance Company of Columbus adopted the acronym “Aflac.”
The 90s  A Decade of Innovation

The early ‘90s marked the launch of Aflac’s first national advertising campaign. Accident/disability insurance became the number one selling product for Aflac U.S.

1995  Aflac focused its national philanthropic efforts on the treatment and cure of childhood cancer with a multimillion dollar donation to the Aflac Cancer Center at Egleston Children’s Hospital.

1996  Aflac U.S. introduced SmartApp®, which revolutionized the policy application process by allowing agents to electronically issue business more quickly and conveniently than ever before.

The 2000s  A Decade of Recognition

Brand Recognition: Aflac’s success and momentum continued into the new millennium with the launch of the Aflac Duck campaign that catapulted Aflac’s consumer awareness to where nine out of 10 people now recognize the Aflac brand in both the United States and Japan. Aflac Japan became the number one insurance company in Japan in terms of the number of individual policies in force.

2008  Corporate Governance Recognition: Aflac became the first publicly owned company in the United States to give shareholders a “Say on Pay” advisory vote on compensation.

Accolade Recognition: In the 2000s, Aflac continued to accomplish great things, and the world was taking notice. Throughout the 2000s, Aflac was included multiple times on Fortune magazine’s list of the Best Companies to Work for in America as well as its list of the Most Admired Companies, and Ethisphere magazine’s list of the World’s Most Ethical Companies, just to name a few.

2010 and Beyond  

Through our simple strategy of offering consumers relevant products through effective distribution, we continue to strive to provide financial protection to our policyholders and create value for you, our shareholders.
**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

**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 their dependants

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

**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, the impacts from ASC 810 and ASC 815, 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

**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

**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

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This 2010 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, 2010, filed with the Securities and Exchange Commission.

Contact Information

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