Here to Help
For more than 64 years, Aflac has had the extraordinary opportunity and privilege to help provide financial protection and peace of mind to now more than 50 million people. Though many things have changed over the decades, one thing has not: Aflac is committed to all of our stakeholders, and we’re here to help. We make good on this commitment by delivering on our promise to be there for our policyholders when an illness, health event or life situation occurs — the times when they need us most. This promise lies at that heart of what we do, but Aflac is much more than the promise we sell each day. Aflac is committed to helping provide financial protection and peace of mind for our policyholders. We are committed to empowering people to pursue their dreams and careers through a team of employees, independent sales agents and sales distribution networks. We are committed to our decades-long track record of creating value and rewarding our shareholders for their investment and the trust they place in us. We are devoted to the cause of the child facing cancer. Simply put, this is who we are — we are Aflac, and we’re here to help.
As we look back on 2018 and ahead to the future, delivering on our promise will remain our top priority. After all, that is a large aspect of what sets Aflac apart. We’re here for all of our stakeholders, and we’re here to help.
Each year, more than 15,000 children are diagnosed with cancer in the United States. Aflac’s goal is to gift each newly diagnosed child in the United States, ages 3-13, his or her very own My Special Aflac Duck™ completely free of charge.

Ms. Emiri Tsuji feels that receiving empathetic support from her boss and the company truly helped her get back on her feet and in the office.
Ethan, a 13-year-old patient at the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta, was presented with his own My Special Aflac Duck at the initial launch in September 2018.

Aflac Japan pioneered a volunteer employee community called “All Ribbons” for employees who experienced cancer. Members of this group provide support to employees who are battling cancer and struggling to balance treatment and their jobs.
AFLAC’S GOAL

日米両国のお客様に補完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 supplemental insurance products in the United States and Japan

Aflac’s supplemental 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 presents financial challenges. Aflac is the leading provider of supplemental 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.

*Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2017. Avon, CT: June 2018; Supplemental sales are defined as 100% employee-paid through payroll deduction.
**Based on the 2018 number of households published by Japan’s Ministry of Internal Affairs and Communications.
OUR LONG-TERM GROWTH STRATEGY

RELEVANT PRODUCTS

PROTECTING AGAINST:
RISING OUT-OF-POCKET MEDICAL EXPENSES, COPAYS AND DEDUCTIBLES

WIDE-REACHING DISTRIBUTION

REACHING CUSTOMERS:
AT THE WORKSITE
THROUGH AGENTS AND BROKERS
THROUGH PARTNERSHIPS

NEW ACCOUNTS AND CUSTOMERS

INSURING:
MORE THAN 50 MILLION PEOPLE
At Aflac, we’re here to help. In fact, it has been our privilege to help provide financial protection and peace of mind to more than 50 million people in Japan and the United States for more than six decades. Aflac is unique because our product is intangible, yet we view it as invaluable. Simply put, we sell a promise to be there for those whom we insure when they need us most by paying claims fairly and promptly.

2018 was another year in which Aflac extended our record of success and achieved our adjusted earnings per diluted share objective, excluding the impact of foreign currency*, which grew 21.5%. This metric is one of the principal financial measures used to evaluate management’s performance, and we believe it continues to be a key driver of shareholder value. We are continually working on our foundation of sustainable growth, particularly related to these strategic areas of focus:

- Industry-leading market share and scale in Japan and the U.S.
- Recognized and powerful brand
- Diverse and productive distribution
- Product innovation and customized, high-quality service
- Strong capital position marked by stable earnings and strong cash flows

Today, we are leveraging technology like automation and robotics to improve our efficiencies and reduce our risk of errors, allowing us to handle heavy work volumes better than ever. Through investments in Aflac Corporate Ventures, we are looking ahead to the next wave of digital and mobile innovation to extend our reach and provide even better service to our customers.

AFLAC JAPAN
In Japan, we are proud to insure one in four households. In 2018, Aflac emerged once again as the leading provider of both medical and cancer insurance in Japan. As a result, we met our sales objectives and generated solid financial results. In fact, 2018 marked Aflac Japan’s largest sales of third and first sector protection combined in a decade.

2018 also marked some significant milestones for Aflac Japan, beginning with its successful conversion from a branch to a subsidiary in April. This important step better aligns Aflac with global regulatory frameworks and reaffirms our long-term commitment to serving our policyholders in Japan. We have continued to enhance our product line to ensure we meet the evolving needs of consumers and strengthen relationships with our sales channels. To that end, we were pleased to enhance our longstanding distribution partnership with Japan Post Holdings Co., Ltd. (Japan Post Holdings) and align financial interests through their announced intention to purchase approximately 7% of Aflac Incorporated’s outstanding common shares through a trust.

AFLAC U.S.
In the United States, Aflac again earned the distinction of being the leader in supplemental insurance sales at the worksite.** In 2018, Aflac U.S. met its new annualized premium sales objectives and generated solid financial results while also actively investing in our platform. In fact, in terms of volume, Aflac U.S. produced record new annualized premium sales, and more importantly, record pretax adjusted earnings. We remain enthusiastic about opportunities for longer-term sales.

STRONG CAPITAL PROFILE SUPPORTS OUR PROMISE
We regularly assess our capital adequacy to ensure these levels remain strong, even against extreme economic scenarios. Aflac holds among the highest financial strength ratings in the industry. We’re proud that 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, A+ by Standard & Poor’s (S&P), A+ by Fitch, AA- by Rating & Investment Information Inc. (R&I) and AA by Japan Credit Rating Agency Ltd. (JCR). These financial strength ratings are for both our primary insurance subsidiaries: Aflac of Columbus and Aflac Life Insurance Japan, Ltd. Our strong capital position reinforces what I believe is our most important promise to our policyholders – to provide protection to them when they need us most by paying claims fairly and promptly.
While our policyholders are always top of mind, we also strive to enhance shareholder value through capital deployment. In 2018, we repurchased $1.3 billion, or 28.9 million of our common shares. I am pleased with the Board’s decision to increase the dividend, coming off our 36th consecutive year of dividend increases and a recognition of the stability of our earnings and capital generation. This has placed us among a very elite category of companies, including recognition on the S&P 500 Dividend Aristocrat listing, and demonstrates our commitment to rewarding our shareholders. Coming off of back-to-back increases that raised dividends paid by 19.5% in 2018, Aflac’s Board of Directors increased the first quarter 2019 dividend by 3.8%. This reflects the overall strength of the company’s capital position and an outlook for stable growth in earnings and deployable capital generation. Including dividends and share repurchase, we returned more than $2.1 billion to our shareholders in 2018. I am pleased with these actions, as well as with the Board of Directors’ decision to declare a two-for-one stock split facilitated through a stock dividend.

Having covered various financial metrics and performance results, I want to touch on an important element of our company’s purpose that is made possible by the business results we achieve: social responsibility. At Aflac, we have worked to be a strong corporate citizen for decades because it’s the right thing to do. In fact, since 1995, the Aflac family has been focused on the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta. We have given more than $130 million, with more than half of that coming from our field force of independent agents and employees. In Tokyo and Osaka, the three Aflac Parents House locations have supported more than 130,000 children and families over the last 17 years.

We are taking our efforts against pediatric cancer to the next level in a very innovative way that you may have heard about: through My Special Aflac Duck, a social robot that uses medical play, lifelike movement and emotions to engage and help comfort kids during their cancer care. My Special Aflac Duck embodies the compassion of our brand and gives us a symbol of Aflac that they can touch and feel. As people see My Special Aflac Duck, they will attain a better understanding of our company’s purpose and a greater desire to be a part of it, as an agent, employee, business partner, shareholder, customer or policyholder. Ultimately, we believe this is a more sustainable approach to business and one that will continue to increase shareholder value.

As we look back on 2018 and ahead to the future, delivering on our promise will remain our top priority. After all, that is a large aspect of what sets Aflac apart. We’re here for all of our stakeholders, and we’re here to help.

Daniel P. Amos  
Chairman and CEO, Aflac and Aflac Incorporated

*Adjusted earnings per diluted share excluding the impact of foreign currency is a non-U.S. GAAP financial measure. See page 48 for a definition of this measure and a reconciliation to the most directly comparable U.S. GAAP measure, net earnings per diluted share.

How would you characterize 2018?

From Aflac’s perspective, 2018 was an excellent year all around. The initiatives we undertook helped build a solid bridge into Aflac’s future. The entire Aflac team joined together to accomplish many great achievements. First and foremost, we achieved all of our major objectives – most importantly, our adjusted earnings. In Japan, we successfully completed the conversion of the Aflac Japan branch to a subsidiary and enhanced our alliance with Japan Post Holdings. In the U.S., we continued to enhance our distribution network through sales agents and expanded relationships with brokerage partners on a local, regional and national level. Aflac U.S. has undertaken the important task of better defining how our product solutions work and, through our advertising, how they can help people. This entails building upon Aflac’s brand recognition and focusing on improving consumer understanding of what we do. We believe that if consumers better understand our products, they’ll appreciate the value they provide. In both segments, we developed innovative products that we think will make a difference in consumers’ lives and leveraged technology to make us that much more efficient at what we do.

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

I see my role as CEO as both strategic and tactical. Strategically, I work hard to set a vision for where we want to go as a company, being extremely transparent to ensure our constituents, including investors, understand that vision. Tactically, I am involved with overseeing the initiatives we undertake to get there, while monitoring our progress along the way and ensuring that we have the right people in the right roles at the right time. Of course, one of my greatest responsibilities as CEO is making sure that we strike the right balance in leading our operations effectively and efficiently, meeting our objectives and maintaining Aflac’s financial strength, which ultimately protects our policyholders and enhances shareholder value.

In both the United States and Japan, how is the Aflac brand positioned?

Our advertising campaign featuring the Aflac Duck has had a dramatic impact on our business and our corporate culture, both in the United States since 1999 and in Japan since 2003. 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 a loud duck. We’re pleased that Aflac has become both well known and well respected. In the United States, most people know the Aflac name, but not enough know exactly what we do. We are working hard to convey how our products work so they can see how Aflac differs from other kinds of insurance – and convey how we can help them.

Can Aflac continue its strong rate of growth?

Success can be a double-edged sword. It can create difficult comparisons for the future. Having said that, our size is beneficial to us because of the financial stability and administrative efficiency it provides. This allows us to offer low-cost products, which gives us a competitive edge in the marketplace. Simply put, we see enormous potential in both of
our markets. With rising copayments, deductibles and other out-of-pocket expenses in the United States and Japan, there is still a need for our products, which we believe provides great opportunity for Aflac in the future. We stick to what we do best, which is a strategy that has helped us achieve our earnings targets. It’s also one we believe will extend our record of growth over the long term.

Q Why is Aflac here to stay for the long-term?

A Over the years, we have expanded and refined our product line to remain in step with consumer’s wants and needs, but Aflac’s products still provide the same value and peace of mind they always have. Our products are based on the concept of paying cash when a health event disrupts life. Although some of the policy details will be different years from now as specific consumer needs evolve, I believe the concept on which our products are based will be just as relevant decades from now as it is today. We’ll continue our strategy of keeping our products in tune with market trends and maintaining an effective sales force to deliver them. Add to that our financial strength, brand recognition, and operational efficiencies, and Aflac is positioned to provide a measure of financial security to millions. Additionally, many signs point to future trends that may involve larger gaps in health care coverage. As a result, I believe the United States and Japan afford us enormous opportunities.

Q How does Aflac continue to stay relevant to consumers in a continually changing market environment?

A We maintain our leading market position by staying focused on benefits consumers want and need. We always try to stay on the cutting edge of innovations that can make our existing products better and give consumers more reasons to become our customers and employers more reasons to engage our product solutions. As we’ve watched copayments and deductibles increase in both of our markets, we’ve seen the need for our products grow more than ever, and I believe that will continue.

Q How do you view Aflac’s role in the community?

A I have always believed that taking an active role in the community and being a good corporate citizen is not just the right thing to do, but it also makes good business sense. More recently this philosophy has become an investor focus, but it has simply always been an approach Aflac has naturally embraced thanks to the beliefs and actions of our predecessors decades ago. As an example of our philanthropic focus, 24 years ago we began sponsoring the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta, and 16 years ago we established the Aflac Parents House in Japan. In the years since, this cause has become a part of who we are as a company. Working together on this has strengthened our corporate culture beyond anything I could have ever imagined. We know that the healing and recovery process is an arduous journey for any and every child, so we have taken our involvement to the next level by creating My Special Aflac Duck, a smart web-based comforting “feathered friend” that is by the child’s side through each treatment as he or she faces cancer. At Aflac, it’s our pleasure and privilege to do what we can to improve the lives of those in and around our communities.
**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.

The impact of foreign 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. As you can see below, the yen strengthens and weakens periodically. In 2018, the average yen/dollar exchange rate strengthened 1.6% from 112.16 yen to the dollar to 110.39 yen to the dollar, which magnified Aflac’s income statement in dollar terms. We believe that viewing our results excluding the impact of foreign currency is the most meaningful way to evaluate our financial performance. Japan pretax segment adjusted earnings for the full year of 2018 were $3.21 billion. Excluding the impact from the stronger yen, Japan pretax segment adjusted earnings were $3.17 billion.

**Weighted-Average Yen/Dollar Exchange Rates**

Source: Internally calculated weighted-average yen/dollar exchange rates.

*Amount excluding current period foreign currency impact (a non-U.S. GAAP measure) was computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.
It’s noteworthy that Aflac’s currency exposure is primarily translation-related as opposed to currency transactions. Due to the significant contribution of Aflac Japan’s operations to overall earnings, a weaker yen suppresses Aflac Japan’s results as reported in dollars. The weighted average yen weakened in 2017 and strengthened in 2018.

**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 Japan’s balance sheet is translated using the exchange rate at the end of the period. Given the recent strengthening of the yen, Aflac’s balance sheet was likewise only slightly magnified in dollar terms. The year-end exchange rate for 2018 strengthened 1.8% from the prior year to 111.00 yen to the dollar. Aflac Japan’s total segment assets at the end of December 2018 were $118.3 billion. Excluding the impact from the yen at year end, total segment assets were $116.7 billion.

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*Amount excluding current period foreign currency impact (a non-U.S. GAAP measure) was computed using the year-end spot yen/dollar exchange rate for the prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.
### 2018 AFLAC JAPAN FINANCIAL HIGHLIGHTS

#### IN YEN
- Total third sector sales increased 1.6% to ¥88.8 billion.
- Earned premium* decreased 1.5% to ¥1.4 trillion.
- Total revenues decreased 0.5% to ¥1.7 trillion.
- Pretax segment adjusted earnings increased 3.1% to ¥354.2 billion.

#### IN DOLLARS**
- Total third sector sales increased 3.2% to $804.7 million.
- Earned premium* increased 0.1% to $12.8 billion.
- Total revenues increased 1.2% to $15.2 billion.
- Pretax segment adjusted earnings increased 5.0% to $3.2 billion.

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*Earned premium represents amount including reinsurance.
**Dollar amount reflects impact of foreign currency.
WE ARE AFLAC: BUILDING A BRAND — AND A STRONG REPUTATION

Aflac has established a strong, trusted brand in Japan, and we continually seek opportunities to leverage our highly regarded reputation through innovative and unique advertising to drive sales. In 2003, Aflac Japan began using the Aflac Duck in its advertising, and its popularity continues to reach customers today. On an ongoing basis, Aflac Japan has leveraged opportunities to create separate and unique offshoot characters related to the Aflac Duck to market specific products and help drive sales. Also helped by the popularity of the Aflac Duck through different characters over the years, about nine out of ten people now recognize the Aflac brand.

Aflac’s recent commercial for its Cancer Days 1 insurance features cancer survivor and leading Paralympian athlete Mami Tani. With her characteristic smile, Tani-san describes how, despite her arduous fight against osteosarcoma that led to losing her right leg during college, she is happy and grateful for the little things in life. She believes that happiness provides the energy to live life to the fullest. Her exuberance fueled her passion to participate in three Paralympic Games. After giving birth, she also trained as a triathlete and won the 2017 International Triathlon Union (ITU) World Triathlon Grand Final Rotterdam and won third place in the 2018 ITU World Triathlon Grand Final Gold Coast. She is also busy training for the 2020 Paralympics in Tokyo.
Aflac strives not only to provide peace of mind to our policyholders, but also compassionate help to our employees. With that in mind, Aflac Japan pioneered a volunteer peer-based employee community called “All Ribbons” for employees who experienced cancer. At All Ribbons, members themselves provide support to employees who are battling cancer and struggling to balance treatment and their jobs by leveraging their own unique experiences and by presenting opportunities such as archiving and posting of “experiences for cancer/job balancing talks” or “employee consulting services.”

Ms. Emiri Tsuji, who works in Aflac’s Shop Support Section, was diagnosed with breast cancer in September 2016. Ms. Tsuji shared, “Aflac has various work and leave systems that can be flexibly utilized to cope with cancer treatment. After my diagnosis, my supervisor advised me again and again how I could make the most of such systems in order to minimize physical burden and to continue my job. As a result, I could balance the cancer treatment and my job by working from home, working part-time and working flexible shifts. I deeply appreciated this, and as a way of showing how grateful I am, I joined ‘All Ribbons’ in April 2018 to share my personal experience.” Looking back, she feels that receiving empathetic support from her boss and the company truly helped her get back on her feet and back in the office.

“All Ribbons” is a unique and compassionate Aflac initiative that currently consists of more than twenty employees who volunteered to join the group after experiencing cancer. Through All Ribbons, members offer mutual support between employees who share anxiety and distress, with the goal of creating an environment that balances cancer treatment and jobs while also supporting the development of products and services that leverage the experiences of cancer treatment.
Established in 1974, Aflac Japan was the first company, or “pioneer,” to offer cancer insurance in Japan. In the subsequent decades, Japan has navigated significant changes in its social, economic, regulatory and governmental landscape. Throughout these changes, Aflac Japan has stayed true to its core values and endeavored to create new value for its stakeholders, including our policyholders, shareholders and Japanese society overall.

In April 2018, Aflac's Japan branch was successfully converted to a local subsidiary, Aflac Life Insurance Japan, which we refer to as Aflac Japan. This conversion, which was completed on time and on budget, marked an historic and important milestone in Aflac Japan’s history. It not only reinforces Aflac’s presence in Japan, but also better aligns Aflac with more widely accepted global regulatory frameworks, laying the foundation for our continued long-term success in Japan.

“VISION 2024” is Aflac Japan’s mid- to long-term strategy that guides the company’s operations toward the 50th anniversary of its founding. The strategy of VISION 2024 is centered around Aflac Japan’s core capabilities, values and principles, including our unwavering commitment to be there for policyholders in their time of need; our founding principle to relieve the economic burden of cancer; and finally, our brand promise to support policyholders in “creating living in your own way.”

As part of VISION 2024, the concept of Aflac insurance is just as relevant today as it was in 1974, when cancer was the second leading cause of death in Japan. Cancer would become the number one cause of death in 1981, which it remains today. Aflac’s groundbreaking cancer insurance product addressed a significant need in Japan. By offering a product that helped Japanese citizens cope with the expenses that arise when battling cancer, Aflac Japan has established a strong and trusted reputation for providing Japanese citizens with options to protect their finances when a health event or life situation presents challenges. Aflac Japan has successfully met various challenges over the course of its nearly 45 years of operations, which more recently have included a declining birthrate and aging population, low-interest-rate environment and increased competition within the marketplace. Conditions such as these have put the national health care system under increasing financial strain, and consumers have continued to be faced with higher out-of-pocket health care expenses, which we believe provides a natural catalyst for future growth. Through it all, one aspect of our business has remained unwavering: our commitment to keep the promises we make to our policyholders to be there for them in their time of need.
We recognize that it is vitally important to have a presence where people want to make insurance-buying decisions, and we believe Aflac’s multifaceted distribution platform remains one of the strongest in Japan. While Aflac insurance policies already provide protection to one in four Japanese households, we believe there are still opportunities to reach even more customers through product innovation and leveraging our powerful brand and broad distribution networks. Aflac Japan’s traditional channels, which include individual agencies, independent corporate agencies and affiliated corporate agencies, remain key to our success, once again representing a significant portion of our sales in 2018. One of our strategic alliances unites Japan Post Group – the largest nationwide distribution network in Japan – with Aflac Japan, the industry leader in cancer insurance. Aflac Japan is the only provider of cancer insurance distributed through Japan Post’s postal outlets nationwide in Japan, and our cancer insurance is offered through more than 20,000 postal outlets and Japan Post Insurance’s 76 directly managed sales offices.

In December 2018, Aflac Incorporated announced that it has further strengthened its long-standing distribution and business relationship with Japan Post Holdings. In conjunction with this announced agreement, Japan Post Holdings plans to purchase approximately 7% of Aflac Incorporated’s outstanding common shares through a trust, subject to regulatory approval.

This deepened strategic alliance renewed the parties’ mutual commitment to the cancer insurance marketplace in Japan. Japan Post continues to offer Aflac’s cancer products through more than 20,000 postal outlets across Japan, as well as through Japan Post Insurance and its 76 directly managed sales offices. The parties will also continue to collaborate on the promotion of cancer awareness and education, cancer screening, and philanthropic sponsorship of cancer-related causes in Japan. At the same time, the companies will explore opportunities for further collaboration in product development, in leveraging digital technology to improve customer experience, in domestic and overseas business expansion and in utilizing the asset management expertise of Aflac Global Investments in certain capacities.
The Miyamae Post Office in Kawasaki-city, Kanagawa, Japan, offers an array of postal services as well as financial and insurance products to serve wide-ranging customer needs. The post office offers insurance products including Aflac’s core cancer insurance product, “Cancer DAYS 1 insurance for daily living.” Pictured here is Mr. Takeo Yokokawa, a field sales section chief, who has been achieving significant results in the sale of cancer insurance. In the spirit of helping customers and building close relationships, Mr. Yokokawa frequently visits customers at their homes by way of motorcycle. Through day-to-day conversations with customers, he gathers information about the customers’ needs and offers the most appropriate coverage based on their needs and stage of life. With his dedication to customers and never-ending efforts, he has been achieving the highest cancer sales results among all post offices nationwide since 2016 to date. With cancer insurance sales growing each year, his activities are frequently at the center of the attention of employees of many post offices.

Employees at the Miyamae Post Office perform many duties to serve their customers’ wide-ranging needs, including selling postal products, financial products and insurance products.
Aflac’s adaptability and resilience over time have been significant factors in expanding Aflac Japan’s business through a diversified distribution network to meet the ever-changing needs of Japanese customers. Every initiative we undertake is designed to fulfill our unwavering promise to be there for our policyholders in their time of need, with an emphasis on paying claims accurately and promptly. We also have successfully leveraged our brand and fine-tuned our knowledge and experience in the market to maintain our position as an innovator. Each day, we are driven to remain dedicated stewards of the trust that our Japanese policyholders have placed in us for nearly 45 years. The trust and relationships we’ve established have driven Aflac’s position as the leading provider of medical and cancer insurance in Japan, where we are proud to provide insurance protection to one in four households.

Most recently, the focus of Aflac Japan’s annual sales objective has been on third sector products, including cancer and medical insurance and protection type first sector products.

**OPPORTUNITIES TO CONTINUE OFFERING VALUED PRODUCTS THAT RESPOND TO CUSTOMERS’ NEEDS**

Japanese citizens are covered by a national health care insurance system that provides a standardized level of medical insurance. Amid decades of Japan’s aging population and declining birthrate, consumers have continued to experience an increasing level of financial strain from growing health care costs. As a result, Japanese citizens have had to assume more financial responsibility for their medical care over the years, including greater out-of-pocket health care expenses. To help cover these costs, most Japanese consumers turn to private insurance. Aflac’s trusted brand and valued products provide valuable solutions to help alleviate that financial burden. The foundation of our product portfolio has been, and continues to be, third sector Aflac products such as cancer and medical insurance (see chart on page 19). Over the decades, we’ve continually customized our products to account for the evolving needs of Japanese customers as well as advances in medical treatments and modifications to Japan’s national health care system. While third sector products are our focus, Aflac Japan also offers its customers first sector protection policies to provide more comprehensive coverage.

To ensure we remain in step with Japanese customers and our distribution channels, Aflac Japan continually enhances its portfolio of product offerings. We have a long history of developing and revising innovative products that deliver value and help to relieve financial burdens associated with changes in the national health care coverage, while remaining in sync with the evolving wants and needs of Japanese customers. To accomplish this, we will continue to introduce innovative new and revised products to the third sector insurance market, while also delivering sustainable growth.

Third sector policies are more profitable and less interest rate sensitive than life insurance or savings-type products such as WAYS or child endowment. Given the pervasive low-interest-rate environment in Japan, this is especially important as we look for effective strategies to navigate various market cycles. In 2016, we further expanded our portfolio of third sector offerings to include our Income Support Insurance, designed for those unable to work due to illness or injury.

Aflac Japan launched two new cancer products in April 2018: DAYS 1 – Cancer insurance for daily living, which provides more comprehensive coverage to align with medical advances, and DAYS 1 Plus, which targets existing policyholders seeking to upgrade their cancer insurance for more up-to-date protection.

In October 2018, Aflac Japan launched an innovative new medical product named Aflac Health Promotion Medical Insurance, which refunds a portion of premiums if the policyholder’s “health age,” measured by health check items of body mass index, blood pressure and certain blood testing, is lower than his or her actual age. This is the first such health promotion medical insurance in the industry in Japan to be offered and purchased online.
### AFLAC JAPAN INSURANCE PRODUCTS

#### THIRD SECTOR INSURANCE
- Cancer
- Medical
- Income Support

#### FIRST SECTOR INSURANCE
- Life insurance products, including:
  - Protection type:
    - Term life
    - Whole life
    - GIFT
  - Savings type:
    - WAYS
    - Child Endowment

### CANCER INSURANCE
In 1974, Aflac pioneered the cancer product in Japan, and we remain the number one provider of cancer insurance today. For the nearly 45 years since Aflac introduced Japan’s first cancer insurance, we have revised our cancer insurance products to match the changing medical environment, the potential financial burden that serious illnesses can bring and the advancement of health care and medical technology. In keeping with our commitment to provide our customers with innovative, relevant and valuable products, in April 2018 Aflac Japan launched “Days 1 – Cancer insurance for daily living,” and “Days 1 Plus,” which targets existing policyholders seeking to upgrade their cancer insurance for more up-to-date protection.

### MEDICAL INSURANCE
In early 2002, Aflac introduced EVER, a standalone, 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. In October 2018, Aflac Japan introduced a new health promotion medical insurance product exclusively sold online that will encourage policyholders to maintain a healthy lifestyle by rewarding them with partial premium refunds if the policyholder’s health age is lower than his or her actual age.

### INCOME SUPPORT INSURANCE
In July 2016, we launched a new third sector product, Income Support Insurance, designed to provide cash benefits when insureds are unable to work due to illness or injury. These benefits complement coverage within the social security system, including the disability pension provided by the Japanese government.

### TERM LIFE AND WHOLE LIFE
Aflac first introduced term-life and whole-life insurance products in 1996. These products have smaller face amounts and provide death benefits. They are available as stand-alone policies and riders. Aflac Japan also launched Prepare Smart Whole-Life Insurance in 2018, with lower cash surrender value and lower premium for non-smokers. This product also enables Aflac Japan to provide agents with a full range of product offerings.

### GIFT
In February 2017, we introduced a revised version. Upon the death of the insured, this product provides beneficiaries, typically family members, with a monthly benefit until the insured would have reached a predetermined age.

### WAYS*
In 2006, WAYS was introduced. WAYS can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age.

### CHILD ENDOWMENT*
In 2009, Aflac introduced a 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.

*As of 3/1/19, Aflac Japan currently curtails sales of first sector savings-type products due to persistent low interest rates in Japan.
AFLAC PARENTS HOUSE

Part of being a well-respected and trusted company includes being a compassionate company. At Aflac Japan, we recognize social responsibility as an important element of our purpose, and we care deeply about our communities. When a child is diagnosed with cancer or other serious medical conditions, he or she often must travel to Tokyo or Osaka from other parts of Japan to receive ongoing treatment. To help provide a level of assistance to those facing this struggle, the first Aflac Parents House was established by a donation from Aflac Japan in 2001 as a home-away-from-home where pediatric patients and their families can live together temporarily in clean and comfortable accommodations while they support their child’s battle with cancer or numerous other serious diseases. Parents House is also utilized as a comprehensive support center for consultation and events related to pediatric cancer. Supported by generous donations from Aflac Japan’s sales agents, employees and officers, three Parents House locations – two in Tokyo and one in Osaka – have helped to provide assistance to more than 130,000 people, including children battling serious diseases as well as the families that support them.
After obtaining a university degree and returning to his home town of Ishinomaki, where he served at the city’s municipal office until retirement, Mr. Yoshitomo Akizuki became an Aflac sales agent in 2010 and founded Akizuki Total Agency. Ever since then, he has embodied Aflac’s spirit of supporting others. Akizuki-san is pictured standing in front of a billboard sign that was hand-painted by members of his community and reads, “Never give up, Ishinomaki!” This sign isn’t just a positive message; it has become the rallying cry and a vital inspiration for the entire Ishinomaki community following the aftermath of the Great Eastern Japan Earthquake of 2011 and the subsequent devastating tsunami that affected more than 18,000 lives, with approximately 4,000 being from Ishinomaki.

The sign has become a poignant gathering spot for those who have lost loved ones and who seek solace and motivation to rebuild following the devastation. Akizuki-san said: “Following the tsunami, I was initially concerned about even whether to continue as an Aflac sales agent, given the fragile state of the community and the timing of the disaster. However, my personal mantra is ‘spring always comes after winter.’ With encouragement from the people of Ishinomaki, I became more committed than ever to make a difference and provide a chance for a ‘second life,’ or a fresh start, through offering Aflac insurance. I feel Aflac products live up to the slogan that empowers policyholders to ‘live life in their own way,’ and this is very important for everyone, especially the people of my community. The benefits of Aflac’s products are easy to explain, and Aflac has a strong reputation for upholding its promise to our policyholders, which makes marketing Aflac products straightforward. I am honored to be a part of Aflac and plan to continue to offer Aflac products to the community for the rest of my life. Having started out as an Aflac agent around the same period as the post-earthquake reconstruction, I feel that my business has been progressing hand in hand with the Ishinomaki community rebuilding. I hope to contribute to the revitalization of my hometown by continuing to provide security to our community through Aflac’s products.”

The Hiyoriyama Park overlooks the marina, which is one of the locations where, approximately one hour after the Great Eastern Japan Earthquake struck on March 11, 2011, the tsunami ravaged the coastline in Ishinomaki. Many citizens scrambled to this overlook seeking higher ground. Ever since, this poignant overlook has become a gathering spot to reflect on those tragically lost in the tsunami and to contemplate ways to “Never give up, Ishinomaki!”
Aflac Japan not only strives to provide peace of mind to its policyholders, but it's also here to help its employees in new and innovative ways. One way is by offering Aflac employees access to excellent child care services for their children. The Aflac Duck Hidamari (“Sunny”) Nursery in Chofu, a suburb of Tokyo, accommodates children up to age two in a warm and bright environment. This facility is located inside Aflac Japan’s main administrative building, which handles various functions including claims, call center activities and IT and infrastructure services, making the Aflac Duck Hidamari (“Sunny”) Nursery very convenient for parents to drop their children off with a sense of security. Pictured, Masanori Tani and his wife Haruna, who both work at Aflac, are just about to drop off their son, Soma, at the Hidamari Nursery before starting a productive workday at Aflac Japan.

Staff at The Aflac Duck Hidamari (“Sunny”) Nursery in Chofu, Japan continually lead the babies and toddlers in a variety of quality enriching activities, including singing, dancing, playing educational games and early-stage learning. It also provides the children with nutritious meals prepared fresh daily on location.
Founded in 1951 and headquartered in beautiful Matsuyama City, Ehime Shinkin Bank has an extensive history of helping its customers from the community by not only offering general banking transactions, but by also helping identify insurance solutions that cater to customer needs throughout various stages of life. Ehime Shinkin Bank money advisers (from left to right, Naho Fujioka, Saori Miyazaki, Serina Mukai) arrive at work refreshed and ready to take on the day and build relationships with customers.

Ehime Shinkin Bank believes that a consultative sales approach helps them meet the financial and insurance needs of customers. The bank focuses on building relationships with customers by creating ties with the community and providing effective services. As part of the insurance sales process, the bank’s money advisers learn about the family composition and then identify customer needs to ensure they offer relevant services and products among the lineup of products the bank offers, including Aflac policies. Typically, products are offered to customers who visit one of the bank’s branches; sometimes a customer’s home becomes a place for consultation, where money advisers visit via motor scooter.
TECHNOLOGY AND DIGITAL INVESTMENTS DRIVE PRODUCTIVITY, SERVICE AND VALUE

Our highest priority is delivering on our promise to serve our customers accurately and promptly, especially related to the payment of claims. Our long-term dedication to meeting this commitment is the cornerstone of our business, and it has further enhanced the relationship of trust we’ve built with our customers over Aflac Japan’s decades of operations. As such, we continually strive to improve our administrative efficiency and enhance the customer experience using innovation and technology. Over recent years, we have expanded the digital service capabilities of our website and mobile device applications; implemented voice recognition in our call centers; and utilized artificial intelligence enhanced optical character recognition (AIOCR) in our operations. In December 2018, we launched a quick pay service for certain transactions that uses fingerprints and facial recognition as biometric authentication to confirm the identity of the claimant. In these instances, same-day payment is available through the smartphone-based application. These efficiencies not only drive strong margins and profitability, but also enhance the value and experience we provide our customers.

AFLAC JAPAN – KEY OPERATIONAL METRICS

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Policies and Riders in Force</th>
<th>New Annualized Premiums in Force</th>
<th>New Annualized Premiums</th>
</tr>
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</table>

*In thousands  **In millions

LOOKING AHEAD

As we assess our accomplishments and strategize for the future, we believe Aflac products will continue to provide valuable insurance options for Japanese customers. The competitive strengths that have made Aflac the leading provider of cancer and medical insurance are just as relevant today as they’ve ever been, and we have a solid framework in place that incorporates inclusiveness and transparency into everything we do. This is accomplished by bringing new and varied perspectives to the table. Over the last several years, the introduction of an initiative in Japan known as “Womenomics” by Prime Minister Shinzo Abe highlights what Aflac has done for decades – celebrating and promoting women in the workforce. Aflac Japan’s Women’s Leadership Program began in 2014 and has successfully helped raise the percentage of women in leadership positions from 17.5% in 2014, to about 29% as of September 2018. Our goal is to have women occupy 30% of Aflac Japan’s leadership positions by 2020, and we are squarely on track to meet, and perhaps, exceed that goal. Aflac Japan was the first life insurer to be awarded the highest grade of “Eruboshi,” which is the Ministry of Health, Labour and Welfare’s certification for a company’s promotional efforts for women’s advancement in the workplace. The successful conversion of Aflac Japan from a branch to a subsidiary in April of 2018 not only reaffirms our long-term commitment to serving our policy-holders in Japan, but also reinforces our commitment to all of our Japanese partners and stakeholders. We believe this step, combined with our innovative product development strategies and enhancements to current product offerings, will benefit customers now and in the future, supporting our commitment to deliver on our promises just as we have for more than four decades.”
AFLAC U.S.: OUR STRATEGIC VISION

In the United States, Aflac is proud to be the leading provider of supplemental insurance at the worksite*, where approximately 98% of our products are sold on a payroll deduction basis.

Taking that distinction one step further, our vision for Aflac U.S. is to be the number one distributor of benefits solutions supporting the U.S. workforce.

*Source: Eastbridge Consulting Group, Inc. U.S. Worksite/Voluntary Sales Report. Carrier Results for 2017. Avon, CT: June 2018; Supplemental sales are defined as 100% employee-paid through payroll deduction.

2018 AFLAC U.S. FINANCIAL HIGHLIGHTS

- Earned premium* increased 2.6% to $5.7 billion.
- Total Sales increased 3.2% to $1.6 billion.
- Total revenues increased 2.4% to $6.4 billion.
- Pretax segment adjusted earnings increased 3.2% to $1.3 billion.

*Earned premium represents amount including reinsurance.
Paola Dunaway joined Aflac’s Hispanic Marketing department in 2012, where she helped to develop Hispanic consumer and recruiting marketing materials, including point of sale tools for successful employee enrollments. In 2016, she was promoted to consumer marketing manager, where she has been responsible for supporting the entire customer lifecycle, enrollment marketing for the worksite, and growth efforts for alternative distribution. Throughout her career with Aflac, Paola has been committed to maintaining work/life balance and enhancing her health through fitness and nutrition. She has been a weightlifting and nutrition coach for the past three years. Paola says, “I firmly believe that prioritizing my health makes me more productive. By getting my daily workout at 5:00 a.m., I come into work ready to tackle whatever the day holds for me. I nourish my body with food that keeps me alert and focused at work, and my goal is to find ways to incorporate this into my job at Aflac.” Paola enjoys channeling her passion for health and fitness into finding ways to help others achieve their personal, health and fitness goals. Here, Paola is pictured in one of Aflac’s on-site fitness centers.
Independent Aflac sales agent Lisa Bates will be one of the first people to tell you that Aflac is definitely here to help. Lisa has been an independent agent with Aflac since 2010, managing her business in the Houston area of Texas. In August 2017, Hurricane Harvey roared into southeast Texas, bringing catastrophic flooding to Lisa’s neighborhood. Hearing no news of voluntary or mandatory evacuations in their neighborhood, Lisa, husband, Sherwin, and baby, Sofia, were shocked to see the water quickly rising, and within a matter of hours, flooding into their home. Amid the flooding brought on by the storm, they found themselves in dire need of quick help to escape the rising waters in their home, and Lisa posted on social media, asking for help. Along with some of Lisa’s Aflac colleagues, longtime Aflac policyholder Billy Cable, and his son, Chase, answered that call and helped rescue Lisa and her family after chest-high flood waters had overtaken her neighborhood and home. Lisa reflects, “I know God was in control that day, and if I ever have doubted my purpose, I am shown once again what it is. Aflac has truly given me more opportunities to serve and be served through its people, its promise and its core values. I am so grateful to this company and what it stands for; being a caring organization is the foundation of what we do. Without Him, truly nothing else matters.”
Today, the overall cost of health coverage continues to rise, and premiums, copayments and deductibles have steadily increased for both individuals and families alike. These challenging trends continue to limit the spending power of many American workers and leave many workers financially unequipped to handle an unexpected illness or accident.

Given this landscape, it’s no surprise that the supplemental benefits market as a whole is projected to grow over the next several years. Amid this backdrop, we believe Aflac U.S. is well positioned to fill the gaps in major medical coverage, and we are executing on our strategies to be where consumers want to make their insurance-purchasing decisions, when they want to make them … at the traditional worksite and beyond. Through this lens, our strategic efforts are focused on positioning Aflac as the number one distributor of benefits solutions supporting the U.S. workforce.

In 2018, new annualized premium sales for Aflac U.S. were $1.6 billion, representing an increase of 3.2% over sales in 2017 and the largest amount of sales in Aflac U.S. history.

INNOVATIVE PRODUCT SOLUTIONS PROVIDE FINANCIAL PROTECTION

Aflac’s insurance policies pay cash benefits directly to the customer. As such, they help provide a layer of protection against income and asset loss associated with an illness or medical event. These benefits can be used to help policyholders cope with unexpected out-of-pocket medical expenses such as medication, copays and even household expenses. Our broad portfolio of both individual and group supplemental product solutions is designed to provide our policyholders with outstanding value and enable businesses of all sizes to offer their employees an affordable and comprehensive array of supplemental benefits solutions.

Our innovative One Day Pay℠ initiative allows us to process, approve and pay eligible claims in just one day, getting cash in the hands of our policyholders fast. More importantly, we believe it reinforces our commitment to be there for them when they need us most.

In 2018, Aflac reaffirmed its long-standing commitment to help those facing cancer with the launch of our Aflac Cancer Protection Assurance plan, designed to better reflect the evolution of patient needs and challenges. Recognizing that cancer treatments continually evolve, Aflac Cancer Protection Assurance covers modern approaches to prevention, early detection and diagnosis, treatment and ongoing care, providing policyholders with more options to help meet their needs through all life stages.

Aflac also introduced a fresh, innovative perspective in the marketplace by combining its supplemental benefits experience with true group fundamentals through the launch of our latest group disability product. This approach created greater value not only for our customers, but also for our broker partners, while better meeting the needs of certificate holders and providing an affordable solution for large employers to offer their employees.

Finally, Aflac enhanced its benefits offerings through the initial launch of its latest lump sum critical illness insurance policy, which was redesigned to include new riders and a wider range of benefits that offer a more holistic approach to recovery and care.
EXPANDING AND DEVELOPING OUR DISTRIBUTION

Aflac’s U.S. distribution is unique to the market in that sales have historically been driven more by agents than brokers. However, over the last decade, Aflac’s broker sales have more than doubled, and now account for approximately 37% of our overall sales. As the dynamics of the workforce continue to shift and merge, we believe the need for Aflac’s product solutions and the value they provide will continue to grow. To that end, we actively search for additional avenues to leverage our strong brand and support product growth in this evolving landscape.

In 2018, we continued to seek innovative ways of expanding our distribution, reach and sales among existing accounts and small businesses through our traditional field force of independent agents. Additionally, we continued to establish and nurture relationships with our broker sales team on local, regional and broader national levels to improve our access to businesses employing more than 100 workers. Finally, we broadened our growth strategy to focus on meeting workers where they are and in particular, the growing portion of contingent workers who are not at the worksite in the U.S. This workforce does not have easy access to the supplemental benefits that are generally offered at traditional worksite locations. To meet this growing need, we are looking to expand with multifaceted approaches, including digital distribution, that position us to meet consumers when, where and how they prefer to be reached to purchase Aflac’s products.

We continually refine our approach to support sales efforts and accommodate customers’ specific and evolving supplemental insurance needs with about 8,500 average weekly producer equivalents. As we look ahead, we see promising opportunities for expanded distribution and sales through our fully aligned distribution team of independent agents and brokerage sales professionals, as well as our partnerships and digital strategies for distribution. We believe that Aflac will further enhance the value we deliver to our policyholders and shareholders as we reach more consumers through our innovative approach to distribution.

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

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<tr>
<th>Years</th>
<th>Policies and Certificates in Force*</th>
<th>Annualized Premiums in Force**</th>
<th>Total New Annualized Premium**</th>
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<td>$1,601</td>
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<td>12,310</td>
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<tr>
<td>2012</td>
<td>12,232</td>
<td>5,451</td>
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<td>2011</td>
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<td>2010</td>
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<td>1,382</td>
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<tr>
<td>2009</td>
<td>11,688</td>
<td>4,956</td>
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</tr>
</tbody>
</table>

*In thousands  **In millions
Aflac continues to build and expand relationships with brokerage partners on a local, regional and national level. This is critical to extending Aflac’s distribution network and delivering valuable benefits solutions to clients.

Kim Bell brings more than 30 years of experience in employee benefits management and consulting to Aflac’s partnership with NFP, a leading insurance broker and consultant that provides employee benefits, property and casualty, retirement, and individual private client solutions through its licensed subsidiaries and affiliates. In her role as senior vice president of Health Services, Kim directs the overall strategy and operations for NFP’s Health Services practice. Through strategic partnerships, innovative solutions and focused collaboration, she has reinforced NFP’s health services value proposition, created market differentiation and increased scale. She is also a member of Aflac’s Broker Advisory Panel, which provides valuable feedback regarding the products and services Aflac offers to the broker community.
OWNING OUR CUSTOMER EXPERIENCE BY LEVERAGING THE AFLAC BRAND

Through leveraging the popularity of the Aflac Duck, more than nine out of ten Americans now recognize the Aflac brand. Over the last two decades, Aflac has aired approximately 80 commercials that have placed our rambunctious feathered friend in one comical situation after another. Since the beloved Aflac Duck made his debut on the eve of the new millennium, he’s been the star of one of the most successful advertising campaigns ever. These days, he’s also the “spokes-duck” for the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta, shining the spotlight on Aflac’s efforts to support this worthwhile cause. The Aflac Duck was very busy in 2018, hitting the road and making high-profile appearances at the GRAMMY’s, the Macy’s Thanksgiving Day parade and the Academy of Country Music Awards, to name a few. The Aflac Duck is also working very hard not only to emphasize Aflac’s commitment to fighting pediatric cancer, but also to illustrate the exceptional value and protection that Aflac’s policies provide. Through a series of television commercials, the Aflac Duck continued to demonstrate Aflac’s commitment to putting cash in the hands of our policyholders when they need it most, so that they can focus on recovering from an illness or injury rather than financial burden.

2018 marked the eighth consecutive year that the Aflac Duck has appeared in the Macy’s Thanksgiving Day Parade.
Here, the Aflac Duck walks the red carpet at the 52nd annual CMA Awards in November 2018.

Aflac’s “Not That Kind” commercial, in which the Aflac Duck suddenly appears when he believes policyholders need help, debuted in March 2018.
**MY SPECIAL AFLAC DUCK**

In 2018, Aflac took its commitment to childhood cancer one step further, when we introduced **My Special Aflac Duck™**, a smart comforting companion that helps children feel less alone by using interactive technology during their cancer treatment. My Special Aflac Duck was unveiled at the *Consumer Electronics Show* in Las Vegas, where it was recognized as *Engadget’s Best of Show* in the Unexpected Product Category. It also received the *Tech for a Better World Innovation Award* and the IHS Markit Showstoppers Award for Robotics among 3,900-plus vendors, generating more than two billion media impressions. In December, My Special Aflac Duck was named to *Time Magazine’s* list of the *Top 50 Inventions of 2018*. A compatible web-based app enables children to mirror their care routines, including medical play, lifelike movement and emotions to engage and help bring comfort to children during their cancer care journey.

Each year, more than 15,000 children are diagnosed with cancer in the United States, and Aflac’s goal is to gift each newly diagnosed child in the United States, ages 3-13, his or her very own My Special Aflac Duck completely free of charge. Through the Aflac Childhood Cancer Campaign, Aflac Cancer Center, #Duckprints, and now, My Special Aflac Duck, Aflac is committed to providing support, hope, time and resources to children with cancer.

**AFLAC CANCER AND BLOOD DISORDERS CENTER**

Since its doors first opened in 1995, the **Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta** has become nationally renowned as one of the leading childhood cancer, hematology, and blood and marrow transplant programs in the United States. With innovative research programs and cutting-edge treatment options, the five-year survival rate for childhood cancer has improved dramatically, from 20% in 1965 to greater than 80% today. This worthwhile cause is very near and dear to the heart of the Aflac family, including the **Aflac Foundation**, our executives, employees and the field force, whose generous contributions help to provide a steady flow of funding for research. In total, Aflac’s contributions to the Aflac Cancer Center exceeded the $130 million mark in 2018. This generosity has greatly contributed to the Aflac Cancer Center’s success and distinction in research, which has earned the Aflac Cancer Center recognition as one of the top pediatric cancer programs in the United States by *U.S. News and World Report*. 
In September of 2018, Aflac delivered the very first My Special Aflac Ducks to the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta. At the delivery event, attendees enjoyed a demonstration of My Special Aflac Duck, showcasing how it helps comfort children and serves as a tool for health care professionals to help their patients through their unique treatment journeys. After the introduction, children and their parents enjoyed a fun scavenger hunt, finding clues and visiting various locations throughout the hospital, eventually leading them to the discovery of their very own My Special Aflac Duck.

“The first chance to see My Special Aflac Duck in the arms of patients makes today a red letter day. To expand the Aflac Duck’s role to that of a tangible companion through the cancer journey of brave and special patients here and beyond is a wonderful opportunity for our duck and for Aflac,” The Aflac Foundation, Inc. President Kathelen Amos said.

Following the September launch of My Special Aflac Duck at the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta, approximately 2,000 were delivered to hospitals across the country, providing a My Special Aflac Duck to any newly diagnosed child, ages 3-13, free of charge.
ONE DAY PAY
Illustrating Aflac’s commitment to paying claims faster than ever, in 2018 we paid 2.6 million claims through One Day PaySM, our industry-leading initiative that allows us to process, approve and pay eligible claims in just one day. We once again maintained our One Day Pay commitment in 2018 for claims that met the One Day Pay criteria.

TECHNOLOGY DRIVES VALUE AND EFFICIENCY
Our disciplined risk management and emphasis on improving operating efficiency helped us drive strong profitability in 2018. We continue to make broad-based investments in digital enhancements and innovation within our U.S. platform, in response to rapidly changing market trends. We believe our platform investments are contributing to improved persistency and high customer satisfaction levels. We’ve also increased our agents’ adoption of our Everwell® enrollment platform, which is now being used by more than 350,000 businesses across the country.

LOOKING TO THE FUTURE
As we look to the future, we believe the strengths that have positioned Aflac as the leading provider of supplemental insurance products at the worksite are firmly established and will help us expand our footprint beyond the traditional worksite to position Aflac as the number one distributor of benefits solutions supporting the U.S. workforce. As businesses and consumers continue to seek valuable, practical and affordable solutions to help better navigate the challenging health care market the United States faces, we believe the desire and the need for the type of valuable and affordable benefits solutions Aflac provides will only increase. Though many things have changed over the course of our six plus decades, one thing remains unwavering—Aflac’s commitment to be there for our policyholders and deliver on our promise to them when they need us most.
Dan Amos, chairman and chief executive officer of Aflac Incorporated, and Ethan, a 13-year-old patient at the Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta, admire a newly presented My Special Aflac Duck at the initial launch in September 2018, following more than 18 months of child-centered research conducted with children, parents and medical providers at the Aflac Cancer Center.
As part of our ongoing initiatives to help accelerate innovation across the insurance value chain, enhance Aflac’s strategic and innovative focus, and create digital solutions that enhance the customer experience in both the U.S. and Japan, Aflac Corporate Ventures continues to pursue investment opportunities in innovative companies whose mission is relevant to Aflac’s core business.

In September of 2018, the company increased its original allocation in the Aflac Ventures Fund from $100 million to $250 million of capital to be invested over three to four years, as opportunities emerge. Since the launch in early 2017, Aflac Ventures Fund has deployed a total capital of approximately $52 million by making investments in 15 companies in both Japan and the U.S. In addition to equity investments, in most cases Aflac U.S. and Aflac Japan maintain commercial relationships with target companies in support of mutual growth initiatives. As Aflac increases the fund size, Aflac Corporate Ventures is diversifying into later-stage deals and fund-of-fund opportunities, in support of its overall strategy. Such investments also provide greater market reach and drive deal flow by building partnerships with startups and other corporate and strategic investment groups.

In addition to funding activities, Aflac Corporate Ventures is the holding company for Empowered Benefits, which Aflac purchased in 2015 and rebranded as “Empowered” to highlight its broadened scope within this increasingly digital environment. Empowered specializes in the benefits administration space and is the technology engine that powers Aflac’s Everwell enrollment platform in the U.S. Empowered recently expanded its technology center to include digital innovation and the development of growth opportunities in the digital distribution space.

Employees at Aflac Corporate Ventures work on a variety of initiatives to enhance Aflac’s strategic and innovative focus and create digital solutions to enhance the customer experience.
The Aflac Japan Innovation Lab opened its doors in August 2018 to facilitate enhanced cross-functionality and agility between functions including marketing, information technology, sales forecasting, product development, and various other areas that frequently work in unison on initiatives. This uniquely modern and open-concept office is designed to drive innovation by encouraging and empowering collaboration to break down any obstacles that may exist between functions within the company.

From left to right, Tetsuya Sakamoto, general manager of the New Business Development Department, collaborates with Bruce Appleby, vice president, Chief Digital Officer, and Naoko Takahashi, general manager of the Digital Innovation Promotion Department, at the Aflac Japan Innovation Lab in Minami-Aoyama, Tokyo.
During 2018 Aflac Global Investments became an asset management subsidiary with distinct legal business operations in Aflac Asset Management, LLC, in New York and Aflac Asset Management Japan, LTD in Tokyo. The Global Investments team has more than 125 investment and support professionals who are responsible for the management of over $120 billion in general account assets of Aflac U.S. and Aflac Japan. The team seeks investment opportunities around the globe to ensure diversification, while earning a competitive rate of return generating net investment income.

Pictured left to right are Jeffrey Lenamon, director and head of credit trading, and Thomas Lynch, vice president and trader at Aflac Global Investments.
Our investment strategy is designed around sound principles of asset and liability management, strategic asset allocation, world class credit analysis, and strong risk management disciplines to support Aflac’s goals to maintain strong capital and liquidity ratios. Aflac’s investments management discipline ensures we navigate through the volatility of the financial markets, including risks related to interest rates, credit quality and foreign exchange to help ensure our portfolio performs well through market cycles. The company’s strong financial strength and high average portfolio quality support our ability to uphold our commitments to our policyholders, namely, to pay claims when they need it most.
### SELECTED FINANCIAL DATA

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

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<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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<tr>
<td>Realized investment gains (losses)</td>
<td>(430)</td>
<td>(151)</td>
<td>(14)</td>
<td>106</td>
</tr>
<tr>
<td>Other income</td>
<td>69</td>
<td>67</td>
<td>70</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>21,758</td>
<td>21,667</td>
<td>22,559</td>
<td>20,872</td>
</tr>
<tr>
<td><strong>Benefits and expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits and claims, net</td>
<td>12,000</td>
<td>12,181</td>
<td>12,919</td>
<td>11,746</td>
</tr>
<tr>
<td>Expenses</td>
<td>5,775</td>
<td>5,468</td>
<td>5,573</td>
<td>5,264</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td>17,775</td>
<td>17,649</td>
<td>18,492</td>
<td>17,010</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$2,920</td>
<td>$4,604</td>
<td>$2,659</td>
<td>$2,533</td>
</tr>
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</table>

#### Share and Per-Share Amounts

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings (basic)</td>
<td>$3.79</td>
<td>$5.81</td>
<td>$3.23</td>
<td>$2.94</td>
</tr>
<tr>
<td>Net earnings (diluted)</td>
<td>3.77</td>
<td>5.77</td>
<td>3.21</td>
<td>2.92</td>
</tr>
<tr>
<td>Items impacting net earnings:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Realized investment (gains) (losses)</td>
<td>$0.38</td>
<td>$–</td>
<td>$(0.10)</td>
<td>$(0.10)</td>
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<tr>
<td>Other and non-recurring (income) loss</td>
<td>0.10</td>
<td>0.08</td>
<td>0.16</td>
<td>0.26</td>
</tr>
<tr>
<td>Income tax (benefit) expense on items excluded from adjusted earnings</td>
<td>(0.11)</td>
<td>(0.03)</td>
<td>(0.02)</td>
<td>(0.05)</td>
</tr>
<tr>
<td>Tax reform adjustment</td>
<td>0.02</td>
<td>(2.42)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>$1.04</td>
<td>$0.87</td>
<td>$0.83</td>
<td>$0.79</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>31.06</td>
<td>31.50</td>
<td>25.24</td>
<td>20.86</td>
</tr>
<tr>
<td>Weighted-average common shares used to calculate basic EPS (In thousands)</td>
<td>769,588</td>
<td>792,042</td>
<td>822,942</td>
<td>861,307</td>
</tr>
<tr>
<td>Weighted-average common shares used to calculate diluted EPS (In thousands)</td>
<td>744,650</td>
<td>797,861</td>
<td>827,841</td>
<td>866,344</td>
</tr>
</tbody>
</table>

#### At Year-end

<table>
<thead>
<tr>
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<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments and cash</td>
<td>$126,243</td>
<td>$123,659</td>
<td>$118,219</td>
<td>$108,459</td>
</tr>
<tr>
<td>Other</td>
<td>14,163</td>
<td>13,558</td>
<td>13,458</td>
<td>12,359</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$140,406</td>
<td>$137,217</td>
<td>$131,697</td>
<td>$120,818</td>
</tr>
<tr>
<td><strong>Liabilities and shareholders’ equity:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy liabilities</td>
<td>$103,188</td>
<td>$99,147</td>
<td>$93,726</td>
<td>$87,631</td>
</tr>
<tr>
<td>Income taxes</td>
<td>4,020</td>
<td>4,745</td>
<td>5,387</td>
<td>4,340</td>
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<tr>
<td>Notes payable</td>
<td>5,778</td>
<td>5,289</td>
<td>5,360</td>
<td>4,971</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>3,958</td>
<td>3,438</td>
<td>4,864</td>
<td>3,606</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>23,462</td>
<td>24,598</td>
<td>20,482</td>
<td>17,708</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>$140,406</td>
<td>$137,217</td>
<td>$129,819</td>
<td>$118,256</td>
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</table>

#### Supplemental Data

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Stock price range:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>$48.19</td>
<td>$44.91</td>
<td>$37.25</td>
<td>$33.27</td>
</tr>
<tr>
<td>Low</td>
<td>41.41</td>
<td>33.25</td>
<td>27.29</td>
<td>25.71</td>
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<tr>
<td>Close</td>
<td>45.56</td>
<td>43.89</td>
<td>34.80</td>
<td>29.95</td>
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<tr>
<td><strong>Yen/dollar exchange rate at year-end (yen):</strong></td>
<td>$111.00</td>
<td>113.00</td>
<td>116.49</td>
<td>120.61</td>
</tr>
<tr>
<td><strong>Weighted-average yen/dollar exchange rate (yen):</strong></td>
<td>110.39</td>
<td>112.16</td>
<td>108.70</td>
<td>102.99</td>
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</table>

Amounts in 2009 and prior years have not been adjusted for retrospective adoption of revised accounting guidance related to deferral of policy acquisition costs effective January 1, 2012.

Prior-year amounts have been adjusted for the two-for-one stock split of the company’s common stock in March 2018.

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

2 Amounts in 2012 and prior have not been adjusted for the reclassification related to foreign currency gains (losses) from other income to realized investment gains (losses).

3 Amounts in 2011 and prior are shown net of tax.

4 Amounts in 2011 and prior have not been reclassified to reflect the change in methodology of calculating the hedge costs related to foreign currency investments.

5 Adjusted for reclassification of amortized hedge costs for consistency with current period presentation.

6 Amounts in 2010 and prior have not been adjusted for the adoption of accounting guidance on January 1, 2016 related to debt issuance costs.
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net earnings (basic)</strong></td>
<td>$ 3.27</td>
<td>$ 3.40</td>
<td>$ 3.07</td>
<td>$ 2.07</td>
<td>$ 2.48</td>
<td>$ 1.60</td>
<td>$ 1.33</td>
</tr>
<tr>
<td><strong>Net earnings (diluted)</strong></td>
<td>3.25</td>
<td>3.38</td>
<td>3.05</td>
<td>2.06</td>
<td>2.46</td>
<td>1.59</td>
<td>1.31</td>
</tr>
<tr>
<td><strong>Tax reform adjustment</strong></td>
<td>$(0.30)</td>
<td>$(0.47)</td>
<td>$ 0.36</td>
<td>$ 1.07</td>
<td>$ 0.29</td>
<td>$ 0.83</td>
<td>$ 0.68</td>
</tr>
<tr>
<td><strong>(In thousands)</strong></td>
<td>0.11</td>
<td>0.17</td>
<td>(0.13)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 0.75</td>
<td>$ 0.71</td>
<td>$ 0.67</td>
<td>$ 0.61</td>
<td>$ 0.57</td>
<td>$ 0.56</td>
<td>$ 0.48</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td>20.73</td>
<td>15.91</td>
<td>17.08</td>
<td>13.88</td>
<td>11.22</td>
<td>8.98</td>
<td>7.11</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>902,408</td>
<td>929,004</td>
<td>933,736</td>
<td>933,038</td>
<td>938,076</td>
<td>933,104</td>
<td>946,810</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>907,999</td>
<td>934,816</td>
<td>938,574</td>
<td>938,740</td>
<td>946,170</td>
<td>938,126</td>
<td>957,630</td>
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<tbody>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>107,341</td>
<td>108,459</td>
<td>118,219</td>
<td>103,462</td>
<td>88,230</td>
<td>73,192</td>
<td>68,550</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>12,386</td>
<td>12,809</td>
<td>12,838</td>
<td>12,757</td>
<td>12,013</td>
<td>10,914</td>
<td>10,781</td>
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<tr>
<td><strong>Net earnings</strong></td>
<td>119,727</td>
<td>121,268</td>
<td>131,057</td>
<td>116,219</td>
<td>100,243</td>
<td>84,106</td>
<td>79,331</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>83,933</td>
<td>89,402</td>
<td>97,720</td>
<td>94,239</td>
<td>82,310</td>
<td>69,245</td>
<td>66,219</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>5,293</td>
<td>3,718</td>
<td>3,858</td>
<td>2,308</td>
<td>1,689</td>
<td>1,653</td>
<td>1,201</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>5,242</td>
<td>4,858</td>
<td>4,315</td>
<td>3,267</td>
<td>3,038</td>
<td>2,599</td>
<td>1,721</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td>6,912</td>
<td>8,670</td>
<td>9,186</td>
<td>3,459</td>
<td>2,666</td>
<td>2,192</td>
<td>3,551</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>18,347</td>
<td>14,620</td>
<td>15,978</td>
<td>12,946</td>
<td>10,540</td>
<td>8,417</td>
<td>6,639</td>
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<tr>
<td><strong>Net earnings</strong></td>
<td>119,727</td>
<td>121,268</td>
<td>131,057</td>
<td>116,219</td>
<td>100,243</td>
<td>84,106</td>
<td>79,331</td>
</tr>
</tbody>
</table>

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net earnings</strong></td>
<td>33.35</td>
<td>33.81</td>
<td>27.47</td>
<td>29.77</td>
<td>29.16</td>
<td>23.88</td>
<td>34.41</td>
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<tr>
<td><strong>Net investment income</strong></td>
<td>27.50</td>
<td>24.09</td>
<td>19.07</td>
<td>15.63</td>
<td>19.96</td>
<td>5.42</td>
<td>14.84</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>30.55</td>
<td>33.40</td>
<td>26.56</td>
<td>21.63</td>
<td>28.22</td>
<td>23.13</td>
<td>22.92</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>¥ 120.55</td>
<td>¥ 105.39</td>
<td>¥ 86.58</td>
<td>¥ 77.74</td>
<td>¥ 81.49</td>
<td>¥ 92.10</td>
<td>¥ 91.03</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>105.46</td>
<td>97.54</td>
<td>79.81</td>
<td>79.75</td>
<td>87.73</td>
<td>93.49</td>
<td>103.46</td>
</tr>
</tbody>
</table>
INVESTOR FACTS

AFLAC’S TOTAL RETURN TO SHAREHOLDERS

2018 marked the 36th consecutive year Aflac Incorporated increased its annual dividend. Including reinvested cash dividends, Aflac’s total shareholder return increased 6.2% in 2018. This compares with total shareholder return declines of 20.8% for the S&P Life & Health Index, 4.4% for the S&P 500 and 3.5% 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 53.7%.

► Over the last 10 years, Aflac’s total shareholder return, including reinvested dividends, was 157.0%.

AFL SHAREHOLDER MIX*

Number of registered shareholders ........................................... 85,822
Percentage of outstanding AFL shares owned by institutional investors ........ 70%
Percentage of outstanding AFL shares owned by individual investors ........ 30%
*Approximate as of 12/31/18

FIRST SHAREHOLDERS

Cost of 100 shares purchased in 1955 when Aflac was founded ................. $1,110
Number of shares those 100 shares grew into (after 29 stock dividends and splits) ...................... 375,960 shares
Value at 12/31/18 (excluding reinvested dividends) .................................. $17.1 million
Dividends paid in 2018 ..................................................................... 390,998

AFLAC FINANCIAL STRENGTH*

Standard & Poor’s ................................................................. A+
Moody’s Investors Service .......................................................... Aa3
A.M. Best ........................................................................ A+
Fitch .................................................................................. A+
Rating & Investment Information Inc. (R&I) ........................................ AA-
Japan Credit Rating Agency (JCR) ................................................. AA
*As of 3/1/19; for both primary insurance subsidiaries: Aflac of Columbus and Aflac Life Insurance Japan, Ltd.

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 36 consecutive years. Total cash dividends paid in 2018 were 19.5% higher than in 2017.

**Adjusted for stock splits.
Comparison of Five-Year Cumulative Total Shareholder 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, 2013, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2019 Standard & Poor’s, a division of S&P Global. All rights reserved.

Comparison of Ten-Year Cumulative Total Shareholder 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, 2008, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2019 Standard & Poor’s, a division of S&P Global, Inc. All rights reserved.
Board of Directors

Daniel P. Amos, 67, 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 joined Aflac Incorporated’s board in 1983.

W. Paul Bowers, 62, is chairman, president and chief executive officer of Georgia Power. Previously, he was CFO of Southern Company, and held executive leadership positions such as President and CEO at Southern Power, Southern Company Generation and the company’s former United Kingdom subsidiary. Additionally, he received the National Human Relations Award from the American Jewish Committee, the Council for Quality Growth’s Four Pillars Award and was inducted by the Governor as a Georgia Trustee. He joined Aflac Incorporated’s board in 2013.

Toshihiko Fukuzawa, 62, is president and chief executive officer of Chuo Real Estate Co., Ltd. He previously served as president and CEO of Yushu Tatemono Co., Ltd.; managing executive officer of Mizuho Bank Ltd.; and deputy president & executive officer of Mizuho Trust & Banking Co., Ltd. Over his 36-year career as a banker in Japan, he has gained extensive business and IT knowledge and experience with a wide range of Japanese financial services. He joined Aflac Incorporated’s board in 2016.

Douglas W. Johnson, 75, is a certified public accountant and retired Ernst & Young audit partner. He has spent the majority of his career working with companies in the life and health segments of the insurance industry. He joined Aflac Incorporated’s board in 2003.

Robert B. Johnson, 74, 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 joined Aflac Incorporated’s board in 2002.

Thomas J. Kenny, 55, was named chairman of the TIAA-CREF Fund’s board in 2017, where he had served as a trustee since December 2011. He previously served as the chair of the TIAA-CREF Fund’s Investment Committee. Prior to his role at TIAA-CREF, he held a variety of leadership positions at Goldman Sachs and the Franklin Templeton Group of Funds over a 25-year career. He joined Aflac Incorporated’s board in 2015.

Karole F. Lloyd, 60, is a certified public accountant and retired vice chair and managing partner for Ernst & Young, LLP. With more than 38 years of experience and leadership, she has extensive experience with large financial services, insurance and health care companies in both the United States and Canada, as well as leadership and consulting experience related to financial reporting, board governance and legal matters, regulatory compliance, internal audit and risk management. She joined Aflac Incorporated’s board in 2017.

Joseph L. Moskovitz, 65, retired as executive vice president of Primerica, Inc. after more than 25 years of service. He led the Product Economics and Financial Analysis Group after previously serving as chief actuary, among various other positions of increasing responsibility. Prior to joining Primerica, he was vice president of Sun Life Insurance Company of America and also worked for KPMG. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. He joined Aflac Incorporated’s board in 2015.

Barbara K. Rimer, DrPH, 70, has been dean and alumni distinguished professor at the University of North Carolina at Chapel Hill Gillings School of Global Public Health for more than 10 years, and was previously director of the Division of Cancer Control and Population Sciences at the National Cancer Institute. She was elected to the Institute of Medicine in 2008 and served as chair of the President’s Cancer Panel from 2011-2019. She joined Aflac Incorporated’s board in 1995.

Katherine T. Rohrer, 65, serves on the Emory University Board of Trustees. She is vice provost emeritus at Princeton University, having served as vice provost for academic programs from 2001 until 2015. Prior to assuming this role, Dr. Rohrer held several academic leadership positions at Princeton starting in 1988, including associate dean of the faculty and assistant dean of the college. At Columbia University, she was as an assistant professor from 1982 to 1988. She joined Aflac Incorporated’s board in 2017.

Melvin T. Stith, 72, dean emeritus of the Martin J. Whitman School of Management at Syracuse University, was previously dean and Jim Moran Professor of Business Administration at Florida State University, where he remains dean emeritus. Before retiring in 2015, Dr. Stith was a professor of marketing and business for more than 35 years, after previously serving in the U.S. Military Intelligence Command and achieving the rank of captain. In January 2018, he became the Interim President at Norfolk State University. He joined Aflac Incorporated’s board in 2012.
EXECUTIVE MANAGEMENT

Daniel P. Amos (see facing page)

Frederick J. Crawford, 55, joined Aflac in June 2015 as executive vice president and chief financial officer of Aflac Incorporated, responsible for overseeing the financial management of company operations. Before joining Aflac, he served as executive vice president and chief financial officer of CNO Financial Group, after spending more than a decade at the Lincoln Financial Group in roles of increasing responsibility, including executive vice president and chief financial officer. Prior to that, he held leadership positions at Bank One Corporation.

Charles D. Lake II, 57, president, Aflac International; chairman and representative director, Aflac Life Insurance 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 practiced law in Washington, D.C.

Masatoshi Koide, 58, president and representative director, Aflac Life Insurance Japan, originally joined Aflac in 1998 and stayed with Aflac until 2006. He worked for Nikko Asset Management before joining Aflac again in December 2008 as vice president. He was promoted to senior vice president in 2012; first senior vice president in 2013; executive vice president, Planning, Government Affairs and Research, Risk Management, Investment, Compliance and General Affairs in 2015; and to president of Aflac Japan in 2017. He is a member of the New York State Bar.

Teresa L. White, 52, president, Aflac U.S., joined Aflac in 1998 and has served in various leadership roles including senior vice president, director of Sales Support and Administration; executive vice president, Internal Operations; chief administrative officer; and chief operating officer of Aflac U.S. She was promoted to her current role in 2014, responsible for strategy and oversight of IT, marketing, corporate communications, sales and distribution. She serves on the board of directors of America’s Health Insurance Plans (AHIP) and is also a Fellow of the Life Management Institute.

Eric M. Kirsch, 58, executive vice president and global chief investment officer; president, Aflac Global Investments, joined Aflac in 2011 and is responsible for the company’s investment efforts, including Aflac’s investment portfolio and investment teams in the U.S. and Japan. Prior to joining Aflac, he served as managing director at Goldman Sachs and for 27 years at Deutsche Asset Management and Bankers Trust. He is a CFA® charterholder and currently serves on the board for the Baruch College Fund and as a Jersey Shore University Medical Center Foundation trustee.

Audrey Boone Tillman, 54, executive vice president and general counsel, joined Aflac in 1996. 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 Aflac’s Legal division, Compliance, Human Resources, State Government Relations, Federal Relations, Global Cyber Security and the office of the Corporate Secretary, in addition to oversight of the General Counsel and Compliance offices of Aflac Japan.

Koji Ariyoshi, 65, director; executive vice president and director of Sales and Marketing, Aflac Life Insurance 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 executive vice president in January 2012. Before joining Aflac, he worked for Alico Japan as vice president and for AXA Life Insurance as senior vice president.

J. Todd Daniels, 48, director and executive vice president; principal financial officer, Aflac Life Insurance Japan, joined Aflac in 2002. He was promoted to vice president, Financial Planning and Analysis in 2011 and to senior vice president; deputy corporate actuary in 2012. He was named global chief risk officer in 2014 and chief actuary in 2015. He assumed his current role in April 2018, responsible for overseeing the financial, actuarial and risk management practices of Aflac Japan. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

John A. Moorefield, 57, director and executive vice president; chief transformation officer, IT, Policy Services, Information Security, Aflac Life Insurance Japan, joined Aflac in 2005 and has held several key positions, including 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. He was promoted to his current position in January 2017.

Virgil R. Miller, 50, executive vice president and chief operating officer, Aflac U.S.; president, Aflac Group Insurance, joined Aflac in 2004. He assumed his current position in 2018 after holding key officer positions in various areas of the organization. He received his MBA from Wesleyan. He serves on the board of trustees for Claflin University, the Palmetto Health Foundation Board and the Columbia Urban League, and is the 2019 co-chairman of SEUS Japan.

Richard L. Williams Jr., 47, joined Aflac in 2017 as executive vice president and chief distribution officer. He is responsible for leading the holistic distribution team of independent career agents, brokerage professionals and distribution expansion, as well as product development, enrollment and account management for Aflac U.S. Prior to joining Aflac, he was senior vice president and general manager, Stop Loss, at Unum U.S. and senior vice president, Growth Markets at Colonial Life and Accident Insurance Company. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.
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.

**Adjusted Earnings Per Diluted Share Excluding the Impact of Foreign Currency** – Adjusted earnings are adjusted revenues less benefits and adjusted expenses. The adjustments to both revenues and expenses account for certain items that cannot be predicted or that are outside management’s control. Adjusted revenues are U.S. GAAP total revenues excluding realized investment gains and losses, except for amortized hedge costs related to foreign currency exposure management strategies and net interest cash flows from derivatives associated with certain investment strategies. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact of interest cash flows from derivatives associated with notes payable but excluding any nonrecurring or other items not associated with the normal course of the company’s insurance operations and that do not reflect Aflac’s underlying business performance. The most comparable U.S. GAAP measure is net earnings. Adjusted earnings per share (basic or diluted) are the adjusted earnings for the period divided by the weighted average outstanding shares (basic or diluted) for the period presented. The most comparable U.S. GAAP measure is net earnings per share. This metric is then adjusted using the average yen/dollar exchange rate for the comparable prior year period, which eliminates dollar based fluctuations driven solely from currency rate changes.

**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.

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**RECONCILIATION OF NET EARNINGS TO ADJUSTED EARNINGS**

(UNAUDITED – IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)

<table>
<thead>
<tr>
<th>TWELVE MONTHS ENDED DECEMBER 31,</th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings per diluted share</td>
<td>$3.77</td>
<td>$5.77</td>
<td>(34.7)%</td>
</tr>
<tr>
<td>Items impacting net earnings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized investment (gains) losses</td>
<td>0.38</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Other and non-recurring (income) loss</td>
<td>0.10</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>Income tax (benefit) expense on items excluded from adjusted earnings</td>
<td>(0.11)</td>
<td>(0.03)</td>
<td></td>
</tr>
<tr>
<td>Tax reform adjustment⁴</td>
<td>0.02</td>
<td>$ (2.42)</td>
<td></td>
</tr>
<tr>
<td>Adjusted earnings per diluted share</td>
<td>4.16</td>
<td>3.40</td>
<td>22.4%</td>
</tr>
<tr>
<td>Current period foreign currency impact⁵</td>
<td>(0.04)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Adjusted earnings per diluted share excluding current period foreign currency impact⁵</td>
<td>$4.13</td>
<td>$3.40</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

1. Amounts may not foot due to rounding.
2. Prior period foreign currency impact reflected as “N/A” to isolate change for current period only.
3. Amounts excluding current period foreign currency impact are computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by yen-to-dollar currency rate changes.
4. The impact of Tax Reform was estimated in 2017, and adjustments were recorded in 2018 for return-to-provision adjustments, various amended returns filed by the company, and final true-ups of deferred tax liabilities.
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This 2018 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, 2018, filed with the Securities and Exchange Commission.

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