

About the Cover



Without it, no insurance is complete.

This year's cover features an AFLAC family — Marty Adams, his wife, Sandra, and their children, Cameron and Rachel. The Adamses live in Clinton, North Carolina, where Marty — who has sold AFLAC insurance since 1987 — is a district sales coordinator, and Sandra is a part-time sales associate. For the Adamses, AFLAC is truly a family affair. Marty's late father, Hallie Adams, was a long-time sales associate, and his mother, Wyonita Adams, still sells for AFLAC. In addition, his sisters, two brothers-in-law, a cousin and an aunt have all been members of AFLAC's sales force.

As sales representatives of AFLAC, the Adamses work daily to make sure their customers' insurance needs are met. And as claimants, they have personal experience with the value that AFLAC's products provide. AFLAC's hospital indemnity and intensive care policies helped pay expenses that major medical insurance didn't cover when both of their children, Cameron, 9, and Rachel, 7, were born prematurely. Since then, the Adamses have also used their AFLAC accident policy. It's clear that for the Adamses, without AFLAC, no insurance is complete.

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AFLAC's Mission

Providing the Best Supplemental Insurance Value in the Marketplace

AFLAC insures more than 40 million people in the United States and Japan with a variety of supplemental insurance products. AFLAC is the leading provider of individual insurance at the worksite in the United States. AFLAC is also the largest foreign insurance company in Japan, insuring one out of every four Japanese households.

Our mission is to provide the best supplemental insurance value in the marketplace. AFLAC's products are designed to help fill gaps in existing insurance coverage that are created by out-of-pocket expenses. Out-of-pocket expenses include co-payments and deductibles, as well as noncovered medical expenses. In addition, our policies help pay for nonmedical expenses such as child care, travel and lost wages that arise from a serious illness or accident. Our

supplemental products are guaranteed-renewable. The policy benefits are fixed rather than open-ended, and they are paid directly to the policyholder. Benefits are also paid regardless of other insurance a consumer might have, and our policies are portable. We summarize the need for our products by saying, "Without it, no insurance is complete."

AFLAC Incorporated, a Fortune 500 company, is traded on the New York Stock Exchange under the symbol "AFL" and is included in the Standard and Poor's 500 Index. AFLAC is rated 'AA' by Standard & Poor's and 'Aa3' by Moody's for financial strength. Fitch IBCA, Duff & Phelps also rates AFLAC 'AA' for financial strength. A.M. Best assigns AFLAC an 'A+, superior' rating for financial strength and operating performance.

The Composition of AFLAC's Market

What We Sell

| JAPAN | U.S. |
|---|---|
| Supplemental insurance products, including: Cancer life Care Living benefit life Medical | Supplemental insurance products, including: Accident/disability Cancer expense Short-term disability Intensive care Hospital indemnity Long-term care Specified event Dental |
| Supplemental insurance riders, including: Living benefit life Rider MAX | Life insurance products, including: Payroll life |
| Life insurance products, including: Term life Whole life Fixed annuity | |

Who Buys It

| JAPAN | U.S. |
|---|---|
| At the worksite: Employees at 95% of the companies listed on the Tokyo Stock Exchange, including workers at Fujitsu, Hitachi, Kirin Brewery, Canon, Toyota, Matsushita and Takashimaya as well as employees of 221,200 small businesses | At the worksite: Employees at more than 171,600 payroll accounts, including businesses of all sizes, credit unions, hospitals, school districts, and city and state governments. Customer groups include the city of Atlanta, U.S. Office Products, Winnebago Industries, United Rentals, Genesis Health Ventures, United Parcel Service and the state of Florida |
| At the home: Individuals seeking specific insurance coverages | At the home: Individuals seeking specific insurance coverages |

Who Sells It For Us

| JAPAN | U.S. |
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| More than 43,300 licensed sales associates, representing 2,550 affiliated and independent corporate agencies and 6,380 individual agencies | More than 37,500 licensed sales associates, including approximately 10,800 who, on average, produce business every month |

Who Else Sells It

| JAPAN | U.S. |
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| American International Group AXA Nichidan Daido Fukoku GE Edison INA Himawari ING Mitsui Murai Nippon Orix Prudential Saison Sony Sumitomo Marine Yu-Yu Taiyo Tokio Marine Anshin Zurich | Aegon N.V. The Allstate Corporation American International Group Aon Corporation Conseco, Inc. GE Capital National Travelers Protective Life Corporation Torchmark Corporation UnumProvident Corporation Several regional carriers |