

Company name: Japan Post Holdings Co., Ltd.
Representative: Masatsugu Nagato
Director and Representative
Executive Officer, President & CEO
(Ticker code: 6178, Tokyo Stock
Exchange First Section)
Contact: IR Office
(TEL. 03-3477-0205)

Company name: Aflac Incorporated
Chairman & CEO
Daniel P. Amos
(Ticker code: 8686, TSE First Section)
Contact: Masatsura Kadota
Attorney, Law Offices of Nagashima
Ohno & Tsunematsu
(TEL. 03-6889-7000)

Company name: Aflac Life Insurance Japan Ltd.
Representative: Masatoshi Koide
Representative Director and President
Contact: IR Support Section, Corporate
Secretariat Dept.
(TEL. 03-5931-2779)

Japan Post Holdings, Aflac Incorporated, and Aflac Japan Enter into Strategic Alliance Based on Capital Relationship

Japan Post Holdings Co., Ltd. (Director and Representative Executive Officer, President & CEO: Masatsugu Nagato; hereinafter “Japan Post Holdings” or “JPH”), Aflac Incorporated (Chairman and Chief Executive Officer: Daniel P. Amos), and Aflac Incorporated’s wholly owned subsidiary Aflac Life Insurance Japan Ltd. (President and Representative Director: Masatoshi Koide; hereinafter “Aflac Japan”) today reached an agreement to enter into a “Strategic Alliance Based on Capital Relationship” (hereinafter “Strategic Alliance”) as follows.

Strategic Alliance Purpose and Overview

Japan Post Holdings and Aflac Japan have established a strong relationship of trust as business partners over the years through the various initiatives regarding cancer insurance undertaken together with Japan Post Co., Ltd. (hereinafter “Japan Post Company”) and Japan Post Insurance Co., Ltd. (hereinafter “Japan Post Insurance”).

This Strategic Alliance reaffirms the cancer insurance initiatives undertaken thus far and, through an investment by Japan Post Holdings in Aflac Japan’s parent company Aflac Incorporated, aims to create a sustained cycle of growth for both companies by which Aflac Japan’s business growth will contribute to Japan Post Holding earnings.

The Strategic Alliance is comprised of the following three pillars:

(1) Capital Relationship

Japan Post Holdings will acquire through a trust approximately 7% of Aflac Incorporated outstanding common shares. Upon voting rights reaching at least 20%* four years after acquisition of the shares, Japan Post Holdings will aim to reflect a portion of Aflac Incorporated earnings in its consolidated earnings via application of the equity method of accounting. The purpose of this capital relationship is not for Japan Post Holdings to acquire rights to control, manage, or intervene in management of Aflac Incorporated.

* The Articles of Incorporation of Aflac Incorporated, in principle, stipulate each share is entitled to ten votes after continuous holding of Aflac Incorporated common shares for 48 months by the same beneficial owners.

(2) Reaffirm cancer insurance sales initiatives

Japan Post Holdings, Japan Post Company, and Japan Post Insurance (hereinafter “the three Japan Post Group companies”) and Aflac Japan implement customer-centric business practices by providing peace of mind to their many customers with cancer insurance.

(3) Consideration of new initiatives for cooperation

In addition to initiatives regarding cancer insurance, consider new initiatives for cooperation, including leveraging digital technology, cooperation in new product development, domestic and/or overseas business expansion and joint investment in third party entities, and cooperation regarding asset management, aiming to generate further synergy benefits.

1. Details of the Strategic Alliance’s three pillars

(1) Capital relationship

Subject to the necessary regulatory approval, Japan Post Holdings will acquire through a trust approximately 7% of Aflac Incorporated outstanding common shares (excluding treasury shares) in U.S. market transactions or private block transactions over a target period of no more than one year (See Appendix 1). The specific terms, etc. of the share acquisition are currently undecided. Upon voting rights reaching at least 20%* four years after acquisition of the shares, Japan Post Holdings will aim to reflect a portion of Aflac Incorporated earnings in its consolidated earnings via application of the equity method of accounting.

The purpose of this capital relationship is not for Japan Post Holdings to acquire rights to control, manage, or intervene in management of Aflac Incorporated. The purpose is to create a sustained growth cycle for both companies in which Aflac Japan’s business growth contributes to Japan Post Holdings earnings and enhance mutual shareholder value.

* The Articles of Incorporation of Aflac Incorporated, in principle, stipulate each share is entitled to ten votes after continuous holding of Aflac Incorporated common shares for 48 months. Exercise of the voting rights associated with shares acquired through the trust will be executed by a trustee based on the trustee’s judgment. JPH has agreed to enter into a Shareholder Agreement with Aflac Incorporated as part of the investment. The Shareholder Agreement shall stipulate that voting rights to be exercised by the trustee in excess of 20% will be voted on a pro rata basis reflecting the results of other shareholders’ votes. As a result, voting rights held by the trust are effectively limited to 20%.

After acquiring Aflac Incorporated common shares, Japan Post Holdings will be able to receive dividends declared on Aflac Incorporated common shares, which have a 36-year track record of consecutive dividend increases. Japan Post Holdings can also enjoy the benefit of shareholder returns from share repurchases conducted by Aflac Incorporated.

(2) Reaffirming cancer insurance sales initiatives

Japan Post Holdings and Aflac Japan reaffirm the initiatives regarding cancer insurance that have been implemented among Japan Post Company and Japan Post Insurance and shall make reasonable efforts to further develop them as follows.

- a. Demand for cancer insurance products and customer-centric business management
The three Japan Post Group companies and Aflac Japan are putting customer-centric business management into practice by providing peace of mind to more people through cancer insurance.
- b. Position as an important sales product, setting sales targets, etc.
The three Japan Post Group companies position Aflac Japan cancer insurance as an important product in the Japan Post Group sales strategy, promoting cancer insurance sales and managing promotion based on established internal sales targets similar to those for products of Japan Post Insurance.
- c. Agency services provided by Japan Post Company
Japan Post Company acts as a life insurance sales agent to sell Aflac Japan cancer insurance.
- d. Agency and support services provided by Japan Post Insurance
Japan Post Insurance acts as a life insurance sales agent to sell Aflac Japan cancer insurance and provides training support services for sales of Aflac Japan cancer insurance by Japan Post Company.
- e. Reinsurance underwritten by Japan Post Insurance
Japan Post Insurance underwrites reinsurance for a certain percentage of underwriting risk for Aflac Japan cancer insurance sold by Japan Post Company and Japan Post Insurance.
- f. Cancer insurance sales, payment of agency commissions, and payouts of claims and benefits
 - (a) Japan Post Company and Japan Post Insurance have generated results in annualized new premiums for cancer insurance exceeding 20 billion yen annually.
 - (b) Japan Post Company and Japan Post Insurance have received more than 15 billion yen in annual commissions from Aflac Japan.
 - (c) Since 2008, claims and benefit payments to customers based on Aflac Japan cancer insurance sold by Japan Post Company and Japan Post Insurance have cumulatively reached in total more than 16,000 payments totaling more than 13 billion yen.
- g. Cancer awareness and education promotion, etc.
The three Japan Post Group companies and Aflac Japan cooperate regarding cancer awareness and education promotion, cancer screening promotion, and sponsorship of and participation in cancer-related charity events.

(3) Consideration of new initiatives for cooperation

New initiatives for cooperation, including the items set forth below, shall be considered.

1. Strategic initiatives regarding customer-centric business management best practices
Consider leveraging digital technology in various processes as a strategic initiative for best practices in customer-centric business management.
2. Cooperation in new product development to promote customer-centric business management
Consider development of a new Aflac Japan product to be sold by Japan Post Company and/or Japan Post Insurance for the purpose of meeting customers' diverse needs and enhancing the corporate value of the three Japan Post Group companies and Aflac Japan. Also to meet

customers' diverse needs, consider mutual cooperation in development of Japan Post Insurance or Aflac Japan products sold by Japan Post Company and/or Japan Post Insurance.

3. Cooperation in domestic and/or overseas business expansion and joint investment in third-party entities
Consider cooperation in domestic and/or overseas business expansion and joint investment in third-party entities.
4. Cooperation regarding asset management
Consider creating opportunities for Aflac Incorporated group companies to leverage their global asset management platform to conduct asset management for Japan Post Holdings corporate group.

2. Executive Management Meeting and Strategic Alliance Committee

Japan Post Holdings, Aflac Incorporated, and Aflac Japan shall continue to leverage the regular meetings that have been held between the CEOs of Japan Post Holdings and Aflac Incorporated as the Executive Management Meeting, also discussing items related to the Strategic Alliance.

In addition, Japan Post Holdings, Aflac Incorporated and Aflac Japan shall continue leveraging the regular meetings that have been held among representative officers, representative directors, etc. of the three Japan Post Group companies and Aflac Japan as the "Strategic Alliance Committee", also discussing items related to the Strategic Alliance.

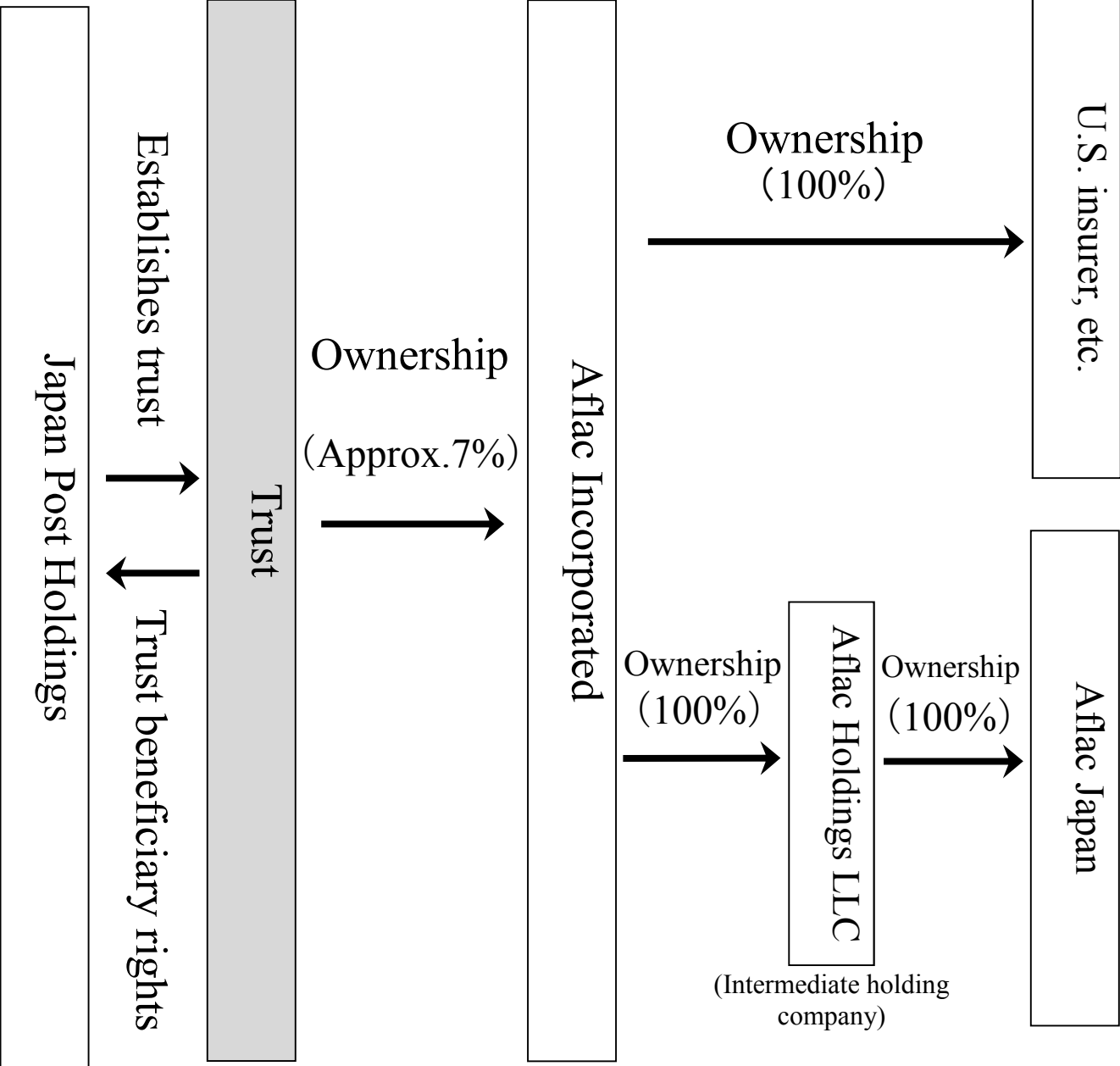
3. Schedule

(1)	Board of Directors resolution date (Japan Post Holdings Co., Ltd.)	December 19, 2018
(2)	Board of Directors resolution date (Aflac Life Insurance Japan Ltd.)	December 19, 2018
(3)	Execution date of Basic Agreement regarding "Strategic Alliance Based on Capital Relationship"	December 19, 2018
(4)	Share acquisition	Within one year after acquiring the first share (estimate)
(5)	U.S. and Japan regulatory approvals and administrative procedures (as needed)	By the end of 2019 (estimate)

4. Future outlook

At this time, the impact on FY2019 results is expected to be immaterial for Japan Post Holdings, Aflac Incorporated, and Aflac Japan. We will give prompt notification should there any development requires disclosure.

Trust Structure to Establish Capital Relationship



The purpose of this capital relationship is not for JPH to acquire rights to control, manage, or intervene in management of Aflac Incorporated. The purpose is to create a sustained growth cycle for both companies in which Aflac Japan’s business growth contributes to Japan Post Holdings earnings.

Appendix 2

Summary of the companies concerned in the Strategic Alliance

(1)	Company name	Japan Post Holdings Co., Ltd.		
(2)	Location	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo		
(3)	Name and position of representative	Masatsugu Nagato, Director and Representative Executive Officer, President & CEO		
(4)	Business description	Formulation of the Group's management strategies		
(5)	Paid-in capital	¥3,500,000 million		
(6)	Date of establishment	January 23, 2006		
(7)	Major shareholders and shareholding ratios	Minister of Finance: 63.29% (calculated excluding treasury stock (456,139 thousand shares); rounded off to the second decimal place)		
(8)	Relationship between the listed company (Aflac Incorporated) and this company	Capital relationship	Not applicable	
		Personnel relationship	Not applicable	
		Transactional relationship	Not applicable	
		Relevance as a related party	Not applicable	
(8)	Relationship between Aflac Life Insurance Japan Ltd. and this company	Capital relationship	Not applicable	
		Personnel relationship	One director of Aflac Life Insurance Japan Ltd. serves as director of this company.	
		Transactional relationship	Aflac Life Insurance Japan Ltd. is under alliance with this company.	
		Relevance as a related party	Not applicable	
(9)	Consolidated financial results and financial position in the last three fiscal years			
	Fiscal year end	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Consolidated net assets	¥15,176,088 million	¥14,954,581 million	¥14,743,234 million
	Consolidated total assets	¥291,947,080 million	¥293,162,545 million	¥290,640,154 million
	Consolidated net assets per share	¥3,327.37	¥3,268.19	¥3,278.11
	Consolidated net sales	¥14,257,541 million	¥13,326,534 million	¥12,920,375 million
	Consolidated net operating income	-	-	-
	Consolidated net ordinary income	¥966,240 million	¥795,237 million	¥916,144 million
	Net income attributable to Japan Post Holdings	¥425,972 million	¥(28,976) million	¥460,623 million
	Consolidated net income per share	¥97.26	¥(7.04)	¥112.97
	Dividends per share	¥25.00	¥50.00	¥57.00

(1)	Company name	Aflac Incorporated		
(2)	Location	1932 Wynnton Road Columbus, GA 31999, U.S.A.		
(3)	Name and position of representative	Daniel P. Amos, Chairman and Chief Executive Officer		
(4)	Business description	Group holding company		
(5)	Paid-in capital	\$135 million (as of September 30, 2018)		
(6)	Date of establishment	April 27, 1973		
(7)	Major shareholders and shareholding ratios	(as of June 30, 2018) (calculated excluding treasury stock) The Vanguard Group, Inc. (8.6%) BlackRock, Inc. (6.5%) State Street Corporation (5.2%) Wells Fargo (2.2%) AQR Capital Management, LLC (1.8%) Fidelity Management & Research LLC (1.7%) Norges Bank (1.4%) Northern Trust Corporation (1.4%) APG Asset Management N.V. (1.3%) Geode Capital Management, LLC (1.2%)		
(8)	Relationship between the listed company (Japan Post Holdings Co., Ltd.) and this company	Capital relationship	Not applicable	
		Personnel relationship	Not applicable	
		Transactional relationship	Not applicable	
		Relevance as a related party	Not applicable	
(8)	Relationship between Aflac Life Insurance Japan Ltd. and this company	Capital relationship	Aflac Life Insurance Japan Ltd. is a wholly-owned subsidiary of this company.	
		Personnel relationship	Not applicable	
		Transactional relationship	Aflac Life Insurance Japan Ltd. receives management administration services from this company indirectly via Aflac Holdings LLC.	
		Relevance as a related party	This company is the parent of Aflac Life Insurance Japan Ltd., and thus constitutes a related party, as defined under Article 8, Paragraph 17 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements.	
(9)	Consolidated financial results and consolidated financial position in the last three fiscal years			
	Fiscal year end	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
	Consolidated net assets	\$17,708 million	\$20,482 million	\$24,598 million
	Consolidated total assets	\$118,256 million	\$129,819 million	\$137,217 million
	Consolidated net assets per share	\$20.86	\$25.24	\$31.50
	Consolidated total revenues	\$20,872 million	\$22,559 million	\$21,667 million
	Consolidated earnings before income taxes	\$3,862 million	\$4,067 million	\$4,018 million
	Consolidated net earnings	\$2,533 million	\$2,659 million	\$4,604 million
	Consolidated net earnings per share - basic	\$2.94	\$3.23	\$5.82
	Consolidated net earnings per share - diluted	\$2.92	\$3.21	\$5.77
	Dividends paid per share	\$0.79	\$0.83	\$0.87

Consolidated net assets per share, consolidated net earnings per share - basic, consolidated net earnings per share - diluted, and dividends paid per share have been adjusted to reflect the stock split carried out in March 2018.

(1)	Company name	Aflac Life Insurance Japan Ltd.		
(2)	Location	Shinjuku Mitsui Building, 2-1-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0456		
(3)	Name and position of representative	Charles D. Lake II, Chairman and Representative Director Masatoshi Koide, President and Representative Director		
(4)	Business description	Life insurance business		
(5)	Paid-in capital	¥30,000 million (as of September 30, 2018)		
(6)	Date of establishment	November 15, 1974 American Family Life Assurance Company of Columbus (Japan Branch) (Aflac Life Insurance Japan Ltd. commenced operation on April 2, 2018)		
(7)	Major shareholders and shareholding ratios	Aflac Holdings LLC 100%		
(8)	Relationship between the listed company (Aflac Incorporated) and this company	Capital relationship	This company is a wholly-owned subsidiary of the listed company.	
		Personnel relationship	Not applicable	
		Transactional relationship	This company receives management administration services from the listed company indirectly via Aflac Holdings LLC.	
		Relevance as a related party	The listed company is the parent of this company, and thus constitutes a related party, as defined under Article 8, Paragraph 17 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements.	
(8)	Relationship between the listed company (Japan Post Holdings Co., Ltd.) and this company	Capital relationship	Not applicable	
		Personnel relationship	One Director of this company serves as Director of the listed company.	
		Transactional relationship	This company is under alliance with the listed company.	
		Relevance as a related party	Not applicable	
(9)	Financial results and financial position in the last three fiscal years*			
	Fiscal year end	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Net assets	¥609,018 million	¥633,884 million	¥645,492 million
	Total assets	¥10,775,558 million	¥11,285,697 million	¥11,969,904 million
	Recurring revenues	¥1,850,821 million	¥1,734,898 million	¥1,734,273 million
	Recurring earnings	¥238,116 million	¥227,994 million	¥258,504 million
	Net earnings	¥157,683 million	¥158,090 million	¥181,777 million

* Figures for the financial results and financial position of this company in the last three fiscal years are those of American Family Life Assurance Company of Columbus (Japan Branch), which changed its corporate form from a branch in Japan to a Japanese entity (stock corporation) called Aflac Life Insurance Japan Ltd. on April 2, 2018.