Financial Highlights

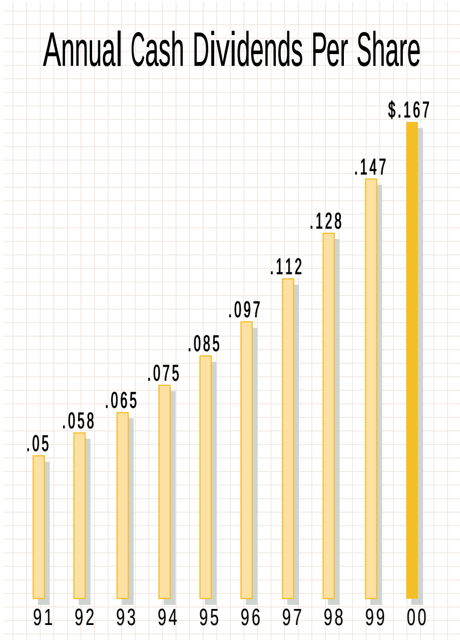
AFLAC Incorporated and Subsidiaries

	2000	1999	1998	% Change 2000 – 1999
For the Year:				
(In millions)				
Total revenues	**$ 9,720**	$ 8,640	$ 7,104	12.5%
Pretax earnings	**1,012**	778	551	30.1
Net earnings	**687**	571	487	20.3
At Year-End:				
(In millions)				
Total investments and cash	**$ 32,167**	$ 32,024	$ 26,994	.4%
Total assets	**37,232**	37,041	31,222	.5
Shareholders' equity	**4,694**	3,868	3,770	21.3
Per Common Share:				
Net earnings (basic)	**$ 1.30**	$ 1.07	$ .91	21.5%
Net earnings (diluted)	**1.26**	1.04	.88	21.2
Shareholders' equity	**8.87**	7.28	7.09	21.8
Cash dividends	**.167**	.147	.128	13.6
Supplemental Data:				
Operating earnings* (In millions)	**$ 657**	$ 550	$ 429	19.4%
Operating earnings per share* (basic)	**1.24**	1.03	.81	20.4
Operating earnings per share* (diluted)	**1.20**	1.00	.78	20.0
Number of common shares outstanding	**529,209,956**	531,481,632	531,368,068	
Number of registered common shareholders	**67,995**	69,899	62,525	
Approximate number of common shareholders	**143,400**	148,600	145,500	
Number of full-time employees	**5,278**	4,673	4,345	

* Excludes realized investment gains/losses, the benefits of Japanese tax rate reductions and provisions for the policyholder protection fund in 1998 and 1999, and a benefit from the termination of a retirement liability in 2000

Share and per-share amounts have been adjusted to reflect the two-for-one stock split payable on March 16, 2001.

For 18 consecutive years, AFLAC has increased its annual dividend. In 2000 we paid annual cash dividends per share that were 13.6% higher than in 1999.



Adjusted for two-for-one stock split payable on March 16, 2001

Message from Management

AFLAC – Without it, no insurance is complete.

2000 was a tremendous year for AFLAC. Sales rose to record levels. Revenues were also at an all-time high. Most importantly, we achieved our earnings per share target for the 11th year in a row. There are many reasons for our lengthy record of success. Distribution, technology and brand awareness have contributed to our growth. But ultimately, our success is derived from providing our customers with the affordable protection they need.

AFLAC's products offer valuable coverage to consumers in the United States and Japan. Aging populations and rising medical costs have heightened the need for supplemental insurance. In the United States, millions of people need broader coverage than the insurance their employers provide. In Japan, businesses and consumers are struggling with the effects of a decade-long economic malaise. American and Japanese consumers alike are looking for ways

AFLAC Chairman Paul S. Amos, left, and President and Chief Executive Officer Daniel P. Amos

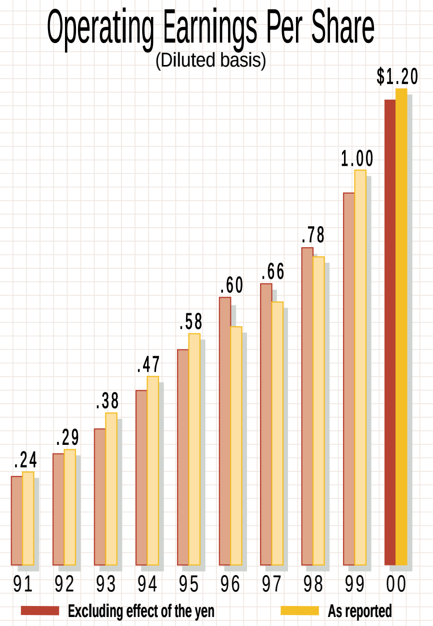
to help protect their savings from the effects of a serious illness or accident. For them, supplemental insurance has become an essential part of their health care coverage. That's why we say, "AFLAC – Without it, no insurance is complete."

2000 Results – Setting Records

Our challenges in 2000 were similar to those we faced in 1999. Japan's weak economy provided a difficult environment for growth, and we continued preparing for a deregulated market. In the United States, we faced the task of extending the tremendous record of growth we have produced in the last several years. By executing a proven strategy, we met these challenges while laying a foundation for future growth. Here are some of the highlights from 2000:

- **Excluding the effect of foreign currency translation, operating earnings per share increased 18.0% on a diluted basis, exceeding our target of 15% to 17% growth.**

For the 11th year in a row, we achieved our target for earnings per share growth. In 2000, operating earnings per share increased 18.0%, excluding the effect of currency translation. Including the $.02 per-share benefit from the yen, operating earnings per share rose 20.0% in 2000.



Adjusted for two-for-one stock split payable on March 16, 2001

- **Operating return on average shareholders' equity was 21.7% for the year.**
- **We purchased 9.7 million shares of our stock during the year.**
- **Our board of directors increased the quarterly cash dividend 13.2% in 2000, marking the 18th consecutive year we have increased the dividend.**

We also enjoyed continued recognition for our accomplishments. For the third year in a row, we were rated as one of the top companies to work for by *Fortune* magazine in its annual listing of "The 100 Best Companies to Work For in America." In June our company was included as one of the "100 Best Places to Work in IT" by *Computerworld* magazine. In January 2001 *Forbes* ranked AFLAC 44th in its Platinum 400 listing of "America's Best Big Companies." We were especially pleased to be included in *Fortune* magazine's February 2001 list of the most admired insurance companies.

AFLAC Japan – Preparing for Change

During 2000, AFLAC maintained its position as the leading supplemental insurer in Japan by continuing to offer the best supplemental value in the market. We derive our ability to offer the lowest premiums to our customers and the highest commissions to our agencies through an intense focus on efficiency. We believe our efficiency, which has long been a hallmark of AFLAC Japan, is one of the key reasons we will continue to succeed in a more competitive insurance market.

On January 1, 2001, the "third sector," which is the supplemental segment of Japan's insurance market, was deregulated. Although deregulation brings more companies into our market, we have a lot of experience competing with other insurers. AFLAC Japan has successfully competed against other foreign companies, as well as small to medium-sized Japanese insurers, for nearly two decades. In addition, we bring 45 years of experience in the most competitive insurance market in the world – the United States – to our business in Japan.

As in previous years, we spent much of 2000 preparing for the changes that further liberalization of the insurance industry will likely bring. Because an efficient operation is critical to our success, we continued to look for ways to minimize operating expenses. During the year, we introduced Cyclone, which allows our sales agencies to electronically transmit policy applications to our headquarters in Tokyo. We expect Cyclone to improve the efficiency of our agencies as well as our internal operations. We are also in the process of upgrading our computer systems. Investing in new technology will help us better administer our ever-increasing product line and maintain our expense advantage.

In addition to technology-related initiatives, we added new products and implemented new ways to market those products. For instance, we began marketing over the Internet through a joint venture called aflacdirect.com, which we formed with a subsidiary of NTT, Japan's largest telecommunications company. To meet the specific needs of Internet buyers, we developed special versions of our cancer life, Rider MAX and annuity products. In addition to Internet-related products, we introduced an entirely new cancer life policy late last year. This new plan, which can be customized to meet the needs of each payroll account, gives our customers greater choice in selecting the supplemental benefits they need.

AFLAC's total return to shareholders has compounded at 38.9% annually over the last five years.

Peer Company Comparison
(S&P Life Index Companies)

	Symbol	Year-end Market Value (In billions)	2000 Return*	Five-Year Returns* Total	Annual
AFLAC	AFL	$ 19.1	53.9%	418.4%	38.9%
American General	AGC	20.5	10.2	167.2	21.7
Conseco	CNC	4.3	(25.3)	(10.6)	(2.2)
Jefferson-Pilot	JP	7.7	11.9	168.7	21.8
Lincoln National	LNC	9.1	21.7	103.7	15.3
Metlife	MET	26.8	67.9	**	**
Torchmark	TMK	4.9	34.0	115.5	16.6
UnumProvident	UNM	6.5	(13.9)	6.2	1.2

* Includes reinvested cash dividends

** Not applicable

A major area of attention has been the continued enhancement of our already strong distribution system. In 2000, we again aggressively recruited new agencies, especially individual agencies, which give us better access to Japan's vast market of small businesses. Our most significant move was forming a strategic marketing alliance with Dai-ichi Mutual Life Insurance Company. This agreement will allow Dai-ichi Life to sell AFLAC products through its sales force of 50,000 people. In addition, we view Dai-ichi's desire to sell our product, rather than to develop its own cancer life policy, as a testament to our strong position in the market. Our products complement Dai-ichi Life's products very well and will provide its customers the same sense of security that AFLAC customers enjoy.

We also improved the way we compensate some of our marketing employees and sales agencies. For quota-based marketing employees, we replaced the traditional bonus with one based on performance incentives. For sales agencies, we now offer an optional commission contract that allows them to earn significantly higher first-year commissions. We believe the new contract sends a strong message to the market that we will be very aggressive in maintaining our leading position. It also gives our agencies, especially new ones, a choice in compensation. However, our original commission contract remains the best in the marketplace.

Although we spent much of 2000 preparing for deregulation, we did not sacrifice current year results to achieve our goals. To the contrary, AFLAC Japan's sales grew at the high end of our target, and our financial results were strong as well. We believe our results in 2000 and our plans for the future attest to the strength of our strategy and our commitment to better serve our customers.

AFLAC U.S. – Extending Momentum

We knew a year ago that it would be challenging to match our 1999 performance in the United States. But we entered the year with momentum. We also had an expanding product line, a growing distribution system, and a new advertising campaign featuring the now famous AFLAC duck. Those strengths proved to be a formidable combination. We didn’t just maintain our momentum in 2000 – we improved on it.

New annualized premium sales significantly exceeded our objectives and we again set records. In fact, our U.S. sales have more than doubled during the last four years. Many products contributed to the record year. Accident/disability was again our best-selling product for the seventh consecutive year. We also reached a milestone at mid-year when accident/disability became our number one product category in terms of premiums in force. And for the first time in our history, we began offering dental insurance. This new plan, which was designed for employees at small businesses, has proven to be very popular. By the end of 2000, the dental plan had become the best new-product introduction in our history, even though it was only available for the last five months of the year.

We also experienced continued rapid growth of our U.S. sales force. Our recruiting was very strong during the year, which was an impressive accomplishment considering the tight U.S. labor market. More importantly, we dramatically increased the average number of producing sales associates. Our successful advertising campaign is one of the reasons for the significant growth of our sales force. The AFLAC duck ads, which made their debut at the start of 2000, have proven to be highly effective and very popular. AFLAC’s advertising was recognized throughout the year by various news outlets, including *The Wall Street Journal* and *USA Today*, both of which identified our commercials as among the best for the year.

We also continued to strive for added efficiency through the use of technology. SmartApp remains our most visible technological success. During 2000, we processed more applications on SmartApp than ever before. We electronically processed approximately 78% of our new payroll sales during the year, with nearly 47% of those never requiring human intervention. We also began testing a new Internet billing system, which allows our payroll accounts to update information on their billing records and transmit the changes to us. Although we have no plans to sell insurance over the Internet in the United States, aflac.com has proven to be an increasingly effective means for supporting the efforts of our sales force and providing information to our customers.

Outlook – Committed to Completing our Customers’ Protection

For AFLAC, 2000 was a year of accomplishment. All of our employees, sales associates and owners can be very proud of our achievements. We again achieved the sales and financial targets we had established for the year. We also continued to improve our business platform for future expansion and success. From an operational standpoint, AFLAC is performing better than at any time in its history. And financially, we are stronger than ever. As we look ahead, we believe the two large markets we serve will support our targets for future growth. Indeed, our objective is to increase earnings per share 15% to 17% in both 2001 and 2002, before the impact of currency translation. In 2001 we expect to perform at the high end of the range.

We are also pleased that our shares performed extremely well in 2000, outpacing the returns provided by the broader market. Yet our financial results and returns to shareholders require proper perspective. Our success would not have been possible had we ignored the needs of our most important constituency – our customers. Above everything else, our greatest obligation is to our policyholders. We will continue to ensure that AFLAC provides the best supplemental insurance coverage at the best price. And when policyholders file claims, we honor our commitment by paying their benefits fairly and quickly. Without our customers, there is no AFLAC. And always focusing on the needs of our customers is why without AFLAC, no insurance is complete.

Daniel P. Amos
President and Chief Executive Officer