

2001 was a volatile year for stocks. With increased investor concern about the weakening U.S. economy, major stock market indices declined for the second year in a row. 2001 was also a volatile and disappointing year for AFLAC's shares. Following a year of exceptional performance in 2000, investors focused heavily on AFLAC Japan's slower-than-expected sales growth in 2001 and as a result, our shares declined sharply for the year.

2001 Market Performance

AFLAC closed the year at \$24.56, down 32.0% from our 2000 closing price of \$36.10. By comparison, the Standard & Poor's 500 Index was down 13.0% and the Dow Jones Industrial Average declined 7.1% for the year. Insurance stocks, as measured by the Standard & Poor's Life and Health Insurance Index, also had a tough year. The S&P Life and Health Insurance Index dropped 9.1% for the year. Our

shares. As a result of 28 stock dividends or stock splits, those 100 shares had grown to 187,980 shares at the end of the year, excluding reinvested cash dividends. At December 31, 2001, those shares were worth more than \$4.6 million. In addition, those early investors received approximately \$36,200 in cash dividends last year, which was nearly 33 times the acquisition price of those original 100 shares.

AFLAC has historically sold at a discount price/earnings ratio to the S&P 500 Index. For the last five years, our price/earnings ratio has averaged about 80% of the price/earnings ratio for the S&P 500 Index. However, when comparing our price/earnings ratio to our peer companies, we have typically traded at a premium price/earnings ratio. For example, our price/earnings ratio has averaged about 125% of the price/earnings ratio of the S&P Life and Health Insurance Index over the last five years.

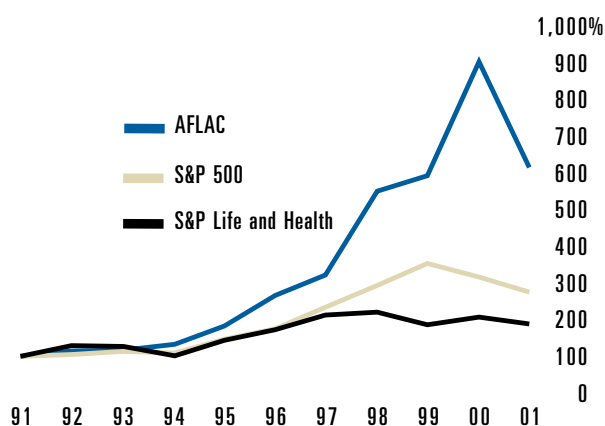
AFLAC's Stock Mar

shares' performance in 2001 followed a very strong performance in 2000, during which our shares were up 53.0%. For the two-year period, our shares increased in value by 4.1%, compared with a 21.8% decline for the S&P 500 and a 12.8% drop in the Dow Jones Industrial Average. The S&P Life and Health Insurance Index rose 1.4% over the last two years.

Although our shares underperformed the insurance industry and broader market indices in 2001, they have outperformed the market over the long run. In fact, since AFLAC was listed on the New York Stock Exchange in 1974, our shares have outperformed the S&P 500 Index in 20 of the last 27 years. Including reinvested cash dividends, AFLAC's total return to shareholders was a negative 31.3% in 2001. However, AFLAC's total return has compounded annually at 19.0% over the last five years and 21.1% during the past 10 years.

AFLAC's earliest shareholders have been especially rewarded. Investors who purchased 100 shares when AFLAC was founded in 1955 paid \$1,110 for those

Comparative Market Performance
(1991 closing prices = 100)



Since 1991, AFLAC shares have appreciated 515.5%, compared with a 175.3% return for the S&P 500 Index and an increase of 88.5% for the S&P Life and Health Insurance Index.

A Stable Owner Base

At the end of the year, approximately 182,700 investors owned AFLAC shares. The mix of our shareholder base has remained fairly constant over the last few years. A little more than half of our shares are held by institutional investors, with the balance owned by individual investors. Directors, employees and agents owned approximately 7% of the company's shares at the end of 2001. According to the National Association of Investors Corporation (NAIC), AFLAC was again the most popular stock among its 480,000 members in terms of number of shares held and the market value of those shares. NAIC members owned approximately 32.4 million shares of AFLAC, exceeding \$795 million in market value at year-end 2001.

Serving Our Shareholders

We remain committed to providing excellent services for our shareholders. In addition to our

Peer Company Comparison					
(S&P Life and Health Insurance Index Companies)					
	Symbol	Year-end Market Value (In billions)	2001 Return*	Five-Year Returns* Total	Five-Year Returns* Annual
AFLAC	AFL	\$ 12.8	(31.3)%	138.3%	19.0%
Conseco	CNC	1.5	(66.0)	(85.2)	(31.7)
Jefferson-Pilot	JP	6.9	(4.9)	104.3	15.3
John Hancock	JHF	12.3	10.5	**	**
Lincoln National	LNC	9.1	5.3	111.5	16.2
Metlife	MET	23.0	(8.9)	**	**
Torchmark	TMK	4.9	3.2	92.4	14.0
UnumProvident	UNM	6.4	.7	(20.0)	(4.4)

* Includes reinvested cash dividends
** Not applicable

up for an e-mail alert notification service. This service automatically sends investors an e-mail message whenever news is made public about AFLAC and provides a convenient link to the news at aflac.com. In

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Shareholder Services Department, which conducts stock transfers and administers our dividend reinvestment plan, we also offer many services through aflac.com. In 2000 for example, we introduced *aflinc*, which is accessed through aflac.com. *aflinc* allows shareholders secure Internet access to their investment accounts with the ability to view account balances, complete investment transactions, change home and e-mail addresses, and view, download, and print dividend-related tax forms. Shareholders can also request electronic delivery of certain documents such as reinvestment statements, proxy statements, and annual and quarterly reports through *aflinc*. By the end of 2001, more than 7,200 shareholders had signed up for *aflinc*.

We also offer other informational services through our Web site. The quarterly earnings release conference calls we conduct are webcast at aflac.com and are archived for two weeks following the release. To find out when the earnings releases occur, investors can view and print a shareholder calendar of important dates on our Web site, or they can also sign

addition, investors will find a lot of financial information at our Web site. Annual and quarterly reports, SEC filings, and quarterly statistical financial supplements can all be easily downloaded and printed on the Investor Relations page.

Quarterly Common Stock Prices

	High	Low	Close
2001			
4th Quarter	\$29.30	\$23.58	\$24.56
3rd Quarter	32.60	23.00	27.00
2nd Quarter	35.24	26.80	31.49
1st Quarter	36.10	23.38	27.54
2000			
4th Quarter	\$37.47	\$29.19	\$36.10
3rd Quarter	33.75	22.53	32.03
2nd Quarter	26.97	21.88	22.97
1st Quarter	23.57	16.78	22.78
1999			
4th Quarter	\$27.13	\$20.94	\$23.60
3rd Quarter	24.69	20.41	20.94
2nd Quarter	28.38	22.25	23.94
1st Quarter	27.25	19.50	27.22