

**TORCHMARK CORPORATION**  
**Operating Summary (Unaudited)**  
(In thousands, except per share amounts)

12 Months Ended			3Q	2Q	1Q	4Q	3Q
9/00	9/99		2000	2000	2000	1999	1999
<b>UNDERWRITING INCOME</b>							
\$201,595	\$199,587	Life	\$68,517	\$66,659	\$66,419	\$64,818	\$65,842
120,305	106,648	Health	40,216	39,504	40,585	37,984	36,207
21,426	18,391	Annuity	7,525	7,764	6,137	7,304	7,001
<u>343,326</u>	<u>324,626</u>		<u>116,258</u>	<u>113,927</u>	<u>113,141</u>	<u>110,106</u>	<u>109,050</u>
3,644	2,625	Other Income	1,166	1,231	1,247	723	823
<u>-82,552</u>	<u>-78,921</u>	Admin. Expenses	<u>-27,628</u>	<u>-27,669</u>	<u>-27,255</u>	<u>-25,982</u>	<u>-26,500</u>
264,418	248,330	Underwriting Income	89,796	87,489	87,133	84,847	83,373
<b>EXCESS INVESTMENT INCOME</b>							
359,836	342,381	Net Investment Income	120,045	119,985	119,806	116,443	114,933
Required Interest:							
-137,462	-131,714	Net Policy Liabilities	-46,438	-45,777	-45,247	-45,292	-44,391
Financing Costs:							
-41,331	-38,653	Interest on Debt	-13,352	-14,169	-13,810	-13,688	-13,327
<u>-11,711</u>	<u>-10,571</u>	MIPS Dividend	<u>-4,123</u>	<u>-3,913</u>	<u>-3,675</u>	<u>-3,519</u>	<u>-3,626</u>
169,332	161,443	Total Excess Investment Income	56,132	56,126	57,074	53,944	53,589
<b>OTHER</b>							
-7,055	-7,755	Parent Companies	-2,317	-2,338	-2,400	-2,411	-2,579
-7,225	-8,689	Tax Equivalent Adj.	-1,972	-2,558	-2,695	-2,798	-3,175
<u>-14,280</u>	<u>-16,444</u>		<u>-4,289</u>	<u>-4,896</u>	<u>-5,095</u>	<u>-5,209</u>	<u>-5,754</u>
419,470	393,329	Pre-Tax Operating Income	141,639	138,719	139,112	133,582	131,208
-138,809	-129,994	Income Tax	-46,795	-46,010	-46,004	-43,675	-43,094
<u>-9,055</u>	<u>-9,055</u>	Goodwill	<u>-3,018</u>	<u>-3,019</u>	<u>-3,018</u>	<u>-3,020</u>	<u>-3,018</u>
<b>\$271,606</b>	<b>\$254,280</b>	<b>Net Operating Income, Excl. Nonrecurring Chg.</b>	<b>\$91,826</b>	<b>\$89,690</b>	<b>\$90,090</b>	<b>\$86,887</b>	<b>\$85,096</b>
<b>\$2.11</b>	<b>\$1.89</b>	<b>EPS on a Diluted Basis</b>	<b>\$0.72</b>	<b>\$0.70</b>	<b>\$0.69</b>	<b>\$0.66</b>	<b>\$0.64</b>
0	0	Nonrecurring Charge, Net of Tax	0	0	0	-13,423	0
\$271,606	\$254,280	Net Operating Income	\$91,826	\$89,690	\$90,090	\$73,464	\$85,096
\$2.11	\$1.89	EPS on a Diluted Basis	\$0.72	\$0.70	\$0.69	\$0.56	\$0.64
128,871	134,554	Average Diluted Shares Outstanding	127,524	128,260	130,823	132,317	133,273
<u>-\$1,694</u>	<u>-\$67,631</u>	Capital Losses & DAC Adjustment, Net of Tax	<u>\$5,910</u>	<u>-\$6,396</u>	<u>-\$1,208</u>	<u>-\$4,500</u>	<u>-\$11,784</u>
0	3,317	Gain on Sale of Airplane, Net of Tax	0	0	0	0	0
\$0	\$16,086	Change in Accounting Principle, Net of Tax	\$0	\$0	\$0	\$0	\$0

**TORCHMARK CORPORATION**  
**Insurance Operations (Unaudited)**  
**000's**

	LIFE				HEALTH				ANNUITY	
	3Q 2000	%	3Q 1999	%	3Q 2000	%	3Q 1999	%	3Q 2000	3Q 1999
<b>LNL Exclusive Agency</b>										
Premium	73,906		71,940		38,086		36,663			
Net Policy Obligations	33,068	45	33,119	46	26,467	69	26,450	72		
Comm. & Acq. Exp.	<u>22,257</u>	30	<u>21,015</u>	29	<u>6,709</u>	18	<u>6,551</u>	18		
Underwriting Income	18,581	25	17,806	25	4,910	13	3,662	10		
<b>UA Independent</b>										
Premium	10,844		9,453		107,978		105,141			
Net Policy Obligations	4,673	43	4,303	46	67,380	62	65,591	62		
Comm. & Acq. Exp.	<u>4,641</u>	43	<u>3,937</u>	42	<u>21,057</u>	20	<u>20,490</u>	19		
Underwriting Income	1,530	14	1,213	13	19,541	18	19,060	18		
<b>UA Exclusive</b>										
Premium	4,899		4,878		64,576		49,615			
Net Policy Obligations	2,493	51	2,553	52	41,465	64	30,696	62		
Comm. & Acq. Exp.	<u>1,679</u>	34	<u>1,607</u>	33	<u>12,335</u>	19	<u>9,988</u>	20		
Underwriting Income	727	15	718	15	10,776	17	8,931	18		
<b>Direct Response</b>										
Premium	66,301		61,117		3,753		2,954			
Net Policy Obligations	30,412	46	27,953	46	3,069	82	2,421	82		
Comm. & Acq. Exp.	<u>18,307</u>	28	<u>16,230</u>	27	<u>239</u>	6	<u>202</u>	7		
Underwriting Income	17,582	27	16,934	28	445	12	331	11		
<b>American Income Agency</b>										
Premium	58,168		54,804		12,321		12,195			
Net Policy Obligations	19,956	34	18,967	35	4,814	39	4,940	41		
Comm. & Acq. Exp.	<u>21,718</u>	37	<u>20,244</u>	37	<u>2,963</u>	24	<u>3,032</u>	25		
Underwriting Income	16,494	28	15,593	28	4,544	37	4,223	35		
<b>Other Distribution</b>										
Premium	58,226		52,860						13,680	10,230
Net Policy Obligations	25,533	44	21,040	40					-735	-1,434
Comm. & Acq. Exp.	<u>19,090</u>	33	<u>18,242</u>	35					<u>6,890</u>	<u>4,663</u>
Underwriting Income	13,603	23	13,578	26					7,525	7,001
<b>Totals</b>										
Premium	272,344		255,052		226,714		206,568		13,680	10,230
Net Policy Obligations	116,135	43	107,935	42	143,195	63	130,098	63	-735	-1,434
Comm. & Acq. Exp.	<u>87,692</u>	32	<u>81,275</u>	32	<u>43,303</u>	19	<u>40,263</u>	19	<u>6,890</u>	<u>4,663</u>
Underwriting Income	68,517	25	65,842	26	40,216	18	36,207	18	7,525	7,001
<b>TOTAL UNDERWRITING INCOME, ALL LINES</b>					116,258		109,050			
Other Income					1,166		823			
Administrative & Other Expenses					<u>-27,628</u>		<u>-26,500</u>			
<b>Net Underwriting Income</b>					<b>89,796</b>		<b>83,373</b>			

**TORCHMARK CORPORATION**  
**Insurance Operations (Unaudited)**  
**000's**

	LIFE				HEALTH				ANNUITY	
	YTD 09/00	%	YTD 09/99	%	YTD 09/00	%	YTD 09/99	%	YTD 09/00	YTD 09/99
<b>LNL Exclusive Agency</b>										
Premium	221,102		216,314		113,575		107,521			
Net Policy Obligations	102,085	46	100,326	46	79,274	70	78,292	73		
Comm. & Acq. Exp.	<u>65,047</u>	29	<u>61,365</u>	28	<u>20,338</u>	18	<u>19,984</u>	19		
Underwriting Income	53,970	24	54,623	25	13,963	12	9,245	9		
<b>UA Independent</b>										
Premium	31,410		28,364		330,721		320,786			
Net Policy Obligations	14,236	45	13,111	46	206,372	62	200,131	62		
Comm. & Acq. Exp.	<u>13,047</u>	42	<u>11,082</u>	39	<u>64,521</u>	20	<u>62,621</u>	20		
Underwriting Income	4,127	13	4,171	15	59,828	18	58,034	18		
<b>UA Exclusive</b>										
Premium	14,621		14,532		184,276		141,507			
Net Policy Obligations	7,608	52	7,744	53	117,555	64	87,125	62		
Comm. & Acq. Exp.	<u>4,908</u>	34	<u>4,793</u>	33	<u>35,197</u>	19	<u>28,909</u>	20		
Underwriting Income	2,105	14	1,995	14	31,524	17	25,473	18		
<b>Direct Response</b>										
Premium	200,064		184,792		11,068		8,706			
Net Policy Obligations	91,888	46	83,554	45	9,053	82	7,143	82		
Comm. & Acq. Exp.	<u>55,107</u>	28	<u>48,500</u>	26	<u>714</u>	6	<u>585</u>	7		
Underwriting Income	53,069	27	52,738	29	1,301	12	978	11		
<b>American Income Agency</b>										
Premium	172,270		161,873		36,043		35,592			
Net Policy Obligations	59,736	35	56,443	35	13,530	38	13,716	39		
Comm. & Acq. Exp.	<u>64,105</u>	37	<u>59,453</u>	37	<u>8,824</u>	24	<u>8,958</u>	25		
Underwriting Income	48,429	28	45,977	28	13,689	38	12,918	36		
<b>Other Distribution</b>										
Premium	169,997		156,196					37,478	28,441	
Net Policy Obligations	73,704	43	62,634	40				-1,830	-2,925	
Comm. & Acq. Exp.	<u>56,398</u>	33	<u>53,479</u>	34				<u>17,882</u>	<u>12,975</u>	
Underwriting Income	39,895	23	40,083	26				21,426	18,391	
<b>Totals</b>										
Premium	809,464		762,071		675,683		614,112		37,478	28,441
Net Policy Obligations	349,257	43	323,812	42	425,784	63	386,407	63	-1,830	-2,925
Comm. & Acq. Exp.	<u>258,612</u>	32	<u>238,672</u>	31	<u>129,594</u>	19	<u>121,057</u>	20	<u>17,882</u>	<u>12,975</u>
Underwriting Income	201,595	25	199,587	26	120,305	18	106,648	17	21,426	18,391
<b>TOTAL UNDERWRITING INCOME, ALL LINES</b>					343,326		324,626			
Other Income					3,644		2,625			
Administrative & Other Expenses					<u>-82,552</u>		<u>-78,921</u>			
<b>Net Underwriting Income</b>					<b>264,418</b>		<b>248,330</b>			

**TORCHMARK CORPORATION**  
**Insurance Sales and In Force (Unaudited)**  
**(In thousands)**

**SALES**

	<u>YTD 9/00</u>	<u>YTD 9/99</u>	<u>% Incr. (Decr)</u>	<u>3Q 2000</u>	<u>3Q 1999</u>	<u>% Incr. (Decr)</u>
<b>LIFE</b>						
Direct Response	\$87,855	\$72,147	22	\$27,686	\$22,718	22
LNL Exclusive Agency	40,254	38,395	5	13,266	12,081	10
American Income Agency	42,066	39,815	6	14,657	13,886	6
UA Exclusive	3,578	4,136	-13	1,191	1,405	-15
UA Independent	17,142	8,916	92	6,651	3,282	103
Other Distribution	28,140	28,049	0	8,862	8,976	-1
Total Life	<u>219,035</u>	<u>191,458</u>	<u>14</u>	<u>72,313</u>	<u>62,348</u>	<u>16</u>
<b>HEALTH</b>						
Direct Response	2,869	3,064	-6	472	668	-29
LNL Exclusive Agency	7,519	7,302	3	2,524	2,257	12
American Income Agency	6,494	5,940	9	2,177	2,057	6
UA Exclusive	92,693	70,946	31	34,359	23,676	45
UA Independent	55,024	48,111	14	18,133	17,160	6
Total Health *	<u>164,599</u>	<u>135,363</u>	<u>22</u>	<u>57,665</u>	<u>45,818</u>	<u>26</u>
<b>TOTAL SALES</b>	<b>\$383,634</b>	<b>\$326,821</b>	<b>17</b>	<b>\$129,978</b>	<b>\$108,166</b>	<b>20</b>
* Includes Med Supp Sales	\$126,544	\$106,446	19	\$44,843	\$35,103	28

**IN FORCE AT END OF PERIOD**

	<u>3Q 00</u>	<u>3Q 99</u>	<u>\$ Incr. (Decr)</u>	<u>% Incr. (Decr)</u>
<b>LIFE</b>				
Direct Response	\$300,341	\$279,045	\$21,296	8
LNL Exclusive Agency	312,158	306,086	6,072	2
American Income Agency	241,737	227,109	14,628	6
UA Exclusive	21,445	21,891	-446	-2
UA Independent	49,100	41,979	7,121	17
Other Distribution	262,347	237,349	24,998	11
Total Life	<u>1,187,128</u>	<u>1,113,459</u>	<u>73,669</u>	<u>7</u>
<b>HEALTH</b>				
Direct Response	15,654	12,358	3,296	27
LNL Exclusive Agency	156,064	151,914	4,150	3
American Income Agency	46,084	44,785	1,299	3
UA Exclusive	278,547	214,786	63,761	30
UA Independent	455,037	442,040	12,997	3
Total Health **	<u>951,386</u>	<u>865,883</u>	<u>85,503</u>	<u>10</u>
<b>TOTAL IN FORCE</b>	<b>\$2,138,514</b>	<b>\$1,979,342</b>	<b>\$159,172</b>	<b>8</b>
**Includes Med Supp In Force	\$686,557	\$612,566	\$73,991	12

**TORCHMARK CORPORATION**  
**Consolidated Balance Sheet (Unaudited)**  
**(Amount in thousands)**

	<b>At September 30,</b>	
	<b>2000</b>	<b>1999</b>
<b>Assets</b>		
Investments:		
Fixed maturities available for sale *	\$5,808,147	\$5,521,046
Equity securities available for sale	5,244	32,441
Mortgage loans	118,386	93,987
Real estate	15,991	108,470
Policy loans	252,455	240,725
Other long-term investments	24,152	45,441
Short-term investments	83,116	73,213
<b>Total investments</b>	<b>6,307,491</b>	<b>6,115,323</b>
Cash	12,168	9,073
Accrued investment income	115,483	102,012
Other receivables	69,570	140,250
Deferred acquisition costs	1,893,487	1,680,275
Value of insurance purchased	137,334	157,211
Property and equipment	39,419	39,843
Goodwill	393,528	405,602
Other assets	19,897	28,364
Separate account assets	3,874,062	2,704,602
<b>Total assets</b>	<b>\$12,862,439</b>	<b>\$11,382,555</b>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Future policy benefits	\$5,051,135	\$4,797,227
Unearned and advance premium	90,223	89,122
Policy claims and other benefits payable	227,896	208,013
Other policy liabilities	80,338	81,709
Accrued income taxes	384,713	341,256
Short-term debt	308,968	402,475
Long-term debt	371,885	371,524
Other liabilities	171,414	182,965
Separate account liabilities	3,874,062	2,704,602
<b>Total liabilities</b>	<b>10,560,634</b>	<b>9,178,893</b>
Monthly income preferred securities	193,377	193,307
Shareholders' equity:		
Preferred stock	0	0
Common stock	147,801	147,801
Additional paid-in-capital	623,339	612,495
Unrealized investment gains (losses), net of tax	-182,869	-101,357
Retained earnings	2,145,096	1,875,824
Treasury stock, at cost	-624,939	-524,408
<b>Total shareholders' equity</b>	<b>2,108,428</b>	<b>2,010,355</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$12,862,439</b>	<b>\$11,382,555</b>
Actual shares outstanding	126,995	131,535
Book value per common share	\$16.60	\$15.28
Book value per common share excluding FAS 115	\$17.99	\$15.96
Return on common equity, Insurance Operations excluding Vesta, FAS 115, and realized investment gains	16.4%	16.2%
* Amortized cost of fixed maturities	\$6,106,746	\$5,674,414
Debt to total capitalization ratio excluding FAS 115	21.6%	25.2%