

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

<b>12 Months Ended</b>			<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>
<b>12/00</b>	<b>12/99</b>		<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>1999</b>
<b>UNDERWRITING INCOME</b>							
\$271,747	\$264,405	Life	\$70,152	\$68,517	\$66,659	\$66,419	\$64,818
161,116	144,632	Health	40,811	40,216	39,504	40,585	37,984
29,875	25,695	Annuity	8,449	7,525	7,764	6,137	7,304
<u>462,738</u>	<u>434,732</u>		<u>119,412</u>	<u>116,258</u>	<u>113,927</u>	<u>113,141</u>	<u>110,106</u>
4,650	3,348	Other Income	1,006	1,166	1,231	1,247	723
<u>-111,817</u>	<u>-104,903</u>	Admin. Expenses	<u>-29,265</u>	<u>-27,628</u>	<u>-27,669</u>	<u>-27,255</u>	<u>-25,982</u>
355,571	333,177	Underwriting Income	91,153	89,796	87,489	87,133	84,847
<b>EXCESS INVESTMENT INCOME</b>							
481,081	458,824	Net Investment Income	121,245	120,045	119,985	119,806	116,443
-183,786	-177,006	Required Interest:					
		Net Policy Liabilities	-46,324	-46,438	-45,777	-45,247	-45,292
-54,487	-52,341	Financing Costs:					
		Interest on Debt	-13,156	-13,352	-14,169	-13,810	-13,688
<u>-15,822</u>	<u>-14,090</u>	MIPS Dividend	<u>-4,111</u>	<u>-4,123</u>	<u>-3,913</u>	<u>-3,675</u>	<u>-3,519</u>
226,986	215,387	Total Excess Investment Income	57,654	56,132	56,126	57,074	53,944
<b>OTHER</b>							
-9,369	-10,166	Parent Companies	-2,314	-2,317	-2,338	-2,400	-2,411
<u>-8,655</u>	<u>-11,487</u>	Tax Equivalent Adj.	<u>-1,430</u>	<u>-1,972</u>	<u>-2,558</u>	<u>-2,695</u>	<u>-2,798</u>
<u>-18,024</u>	<u>-21,653</u>		<u>-3,744</u>	<u>-4,289</u>	<u>-4,896</u>	<u>-5,095</u>	<u>-5,209</u>
564,533	526,911	Pre-Tax Operating Income	145,063	141,639	138,719	139,112	133,582
-187,166	-173,669	Income Tax	-48,357	-46,795	-46,010	-46,004	-43,675
<u>-12,075</u>	<u>-12,075</u>	Goodwill	<u>-3,020</u>	<u>-3,018</u>	<u>-3,019</u>	<u>-3,018</u>	<u>-3,020</u>
<b>\$365,292</b>	<b>\$341,167</b>	<b>Net Operating Income, Excl. Nonrecurring Chg.</b>	<b>\$93,686</b>	<b>\$91,826</b>	<b>\$89,690</b>	<b>\$90,090</b>	<b>\$86,887</b>
<b>\$2.85</b>	<b>\$2.55</b>	<b>EPS on a Diluted Basis</b>	<b>\$0.74</b>	<b>\$0.72</b>	<b>\$0.70</b>	<b>\$0.69</b>	<b>\$0.66</b>
0	-13,423	Nonrecurring Charge, Net of Tax	0	0	0	0	-13,423
\$365,292	\$327,744	Net Operating Income	\$93,686	\$91,826	\$89,690	\$90,090	\$73,464
\$2.85	\$2.45	EPS on a Diluted Basis	\$0.74	\$0.72	\$0.70	\$0.69	\$0.56
128,353	133,986	Average Diluted Shares Outstanding	126,976	127,524	128,260	130,823	132,317
-\$3,459	-\$72,131	Capital Losses & DAC Adjustment, Net of Tax	-\$1,765	\$5,910	-\$6,396	-\$1,208	-\$4,500
0	3,317	Gain on Sale of Airplane, Net of Tax	0	0	0	0	0
202	0	Gain on Redemption of Debt, Net of Tax	202	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	
	4Q 2000	%	4Q 1999	%	4Q 2000	%	4Q 1999	%	4Q 2000	4Q 1999
<b>LNL Exclusive Agency</b>										
Premium	73,174		72,076		37,788		36,336			
Net Policy Obligations	32,270	44	32,972	46	26,582	70	24,979	69		
Comm. & Acq. Exp.	23,404	32	21,603	30	6,875	18	6,706	18		
Underwriting Income	17,500	24	17,501	24	4,331	11	4,651	13		
<b>UA Independent</b>										
Premium	11,595		9,519		111,649		106,237			
Net Policy Obligations	4,700	41	4,178	44	69,660	62	66,257	62		
Comm. & Acq. Exp.	4,447	38	4,113	43	21,782	20	20,756	20		
Underwriting Income	2,448	21	1,228	13	20,207	18	19,224	18		
<b>UA Exclusive</b>										
Premium	4,772		4,786		69,991		53,087			
Net Policy Obligations	2,347	49	2,551	53	44,939	64	32,865	62		
Comm. & Acq. Exp.	1,652	35	1,569	33	13,368	19	10,671	20		
Underwriting Income	773	16	666	14	11,684	17	9,551	18		
<b>Direct Response</b>										
Premium	67,835		61,032		3,792		3,072			
Net Policy Obligations	30,463	45	28,569	47	3,107	82	2,513	82		
Comm. & Acq. Exp.	19,929	29	16,564	27	250	7	132	4		
Underwriting Income	17,443	26	15,899	26	435	11	427	14		
<b>American Income Agency</b>										
Premium	58,879		55,494		12,253		11,972			
Net Policy Obligations	20,777	35	19,748	36	5,214	43	5,497	46		
Comm. & Acq. Exp.	21,529	37	20,201	36	2,885	24	2,344	20		
Underwriting Income	16,573	28	15,545	28	4,154	34	4,131	35		
<b>Other Distribution</b>										
Premium	57,185		53,891						14,672	11,960
Net Policy Obligations	21,906	38	22,352	41					-1,107	-889
Comm. & Acq. Exp.	19,864	35	17,560	33					7,330	5,545
Underwriting Income	15,415	27	13,979	26					8,449	7,304
<b>Totals</b>										
Premium	273,440		256,798		235,473		210,704		14,672	11,960
Net Policy Obligations	112,463	41	110,370	43	149,502	63	132,111	63	-1,107	-889
Comm. & Acq. Exp.	90,825	33	81,610	32	45,160	19	40,609	19	7,330	5,545
Underwriting Income	70,152	26	64,818	25	40,811	17	37,984	18	8,449	7,304
<b>TOTAL UNDERWRITING INCOME, ALL LINES</b>					119,412		110,106			
Other Income					1,006		723			
Administrative & Other Expenses					-29,265		-25,982			
<b>Net Underwriting Income</b>					<b>91,153</b>		<b>84,847</b>			

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

	LIFE				HEALTH				ANNUITY	
	YTD 12/00	%	YTD 12/99	%	YTD 12/00	%	YTD 12/99	%	YTD 12/00	YTD 12/99
<b>LNL Exclusive Agency</b>										
Premium	294,276		288,390		151,363		143,857			
Net Policy Obligations	134,355	46	133,298	46	105,856	70	103,271	72		
Comm. & Acq. Exp.	88,451	30	82,968	29	27,213	18	26,690	19		
Underwriting Income	71,470	24	72,124	25	18,294	12	13,896	10		
<b>UA Independent</b>										
Premium	43,005		37,883		442,370		427,023			
Net Policy Obligations	18,936	44	17,289	46	276,032	62	266,388	62		
Comm. & Acq. Exp.	17,494	41	15,195	40	86,303	20	83,377	20		
Underwriting Income	6,575	15	5,399	14	80,035	18	77,258	18		
<b>UA Exclusive</b>										
Premium	19,393		19,318		254,267		194,594			
Net Policy Obligations	9,955	51	10,295	53	162,494	64	119,990	62		
Comm. & Acq. Exp.	6,560	34	6,362	33	48,565	19	39,580	20		
Underwriting Income	2,878	15	2,661	14	43,208	17	35,024	18		
<b>Direct Response</b>										
Premium	267,899		245,824		14,860		11,778			
Net Policy Obligations	122,351	46	112,123	46	12,160	82	9,656	82		
Comm. & Acq. Exp.	75,036	28	65,064	26	964	6	717	6		
Underwriting Income	70,512	26	68,637	28	1,736	12	1,405	12		
<b>American Income Agency</b>										
Premium	231,149		217,367		48,296		47,564			
Net Policy Obligations	80,513	35	76,191	35	18,744	39	19,213	40		
Comm. & Acq. Exp.	85,634	37	79,654	37	11,709	24	11,302	24		
Underwriting Income	65,002	28	61,522	28	17,843	37	17,049	36		
<b>Other Distribution</b>										
Premium	227,182		210,087						52,150	40,401
Net Policy Obligations	95,610	42	84,986	40					-2,937	-3,814
Comm. & Acq. Exp.	76,262	34	71,039	34					25,212	18,520
Underwriting Income	55,310	24	54,062	26					29,875	25,695
<b>Totals</b>										
Premium	1,082,904		1,018,869		911,156		824,816		52,150	40,401
Net Policy Obligations	461,720	43	434,182	43	575,286	63	518,518	63	-2,937	-3,814
Comm. & Acq. Exp.	349,437	32	320,282	31	174,754	19	161,666	20	25,212	18,520
Underwriting Income	271,747	25	264,405	26	161,116	18	144,632	18	29,875	25,695
<b>TOTAL UNDERWRITING INCOME, ALL LINES</b>					462,738		434,732			
Other Income					4,650		3,348			
Administrative & Other Expenses					<u>-111,817</u>		<u>-104,903</u>			
<b>Net Underwriting Income</b>					<u><b>355,571</b></u>		<u><b>333,177</b></u>			

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

**SALES**

	YTD 12/00	YTD 12/99	% Incr. (Decr)	4Q 2000	4Q 1999	% Incr. (Decr)
<b>LIFE</b>						
Direct Response	\$112,918	\$96,091	18	\$25,063	\$23,944	5
LNL Exclusive Agency	53,608	51,467	4	13,354	13,072	2
American Income Agency	56,560	54,045	5	14,494	14,230	2
UA Exclusive	4,730	5,315	-11	1,152	1,179	-2
UA Independent	25,708	13,319	93	8,566	4,403	95
Other Distribution	37,219	36,970	1	9,079	8,921	2
Total Life	290,743	257,207	13	71,708	65,749	9
<b>HEALTH</b>						
Direct Response	3,572	4,323	-17	703	1,259	-44
LNL Exclusive Agency	10,081	9,859	2	2,562	2,557	0
American Income Agency	8,615	8,039	7	2,121	2,099	1
UA Exclusive	145,089	102,583	41	52,396	31,637	66
UA Independent	85,115	68,022	25	30,091	19,911	51
Total Health *	252,472	192,826	31	87,873	57,463	53
<b>TOTAL SALES</b>	<b>\$543,215</b>	<b>\$450,033</b>	<b>21</b>	<b>\$159,581</b>	<b>\$123,212</b>	<b>30</b>
* Includes Med Supp Sales	\$201,396	\$152,518	32	\$74,852	\$46,072	62

**IN FORCE AT END OF PERIOD**

	4Q 00	4Q 99	\$ Incr. (Decr)	% Incr. (Decr)
<b>LIFE</b>				
Direct Response	\$306,162	\$283,406	\$22,756	8
LNL Exclusive Agency	312,173	307,495	4,678	2
American Income Agency	245,433	231,490	13,943	6
UA Exclusive	21,362	21,800	-438	-2
UA Independent	53,269	43,394	9,875	23
Other Distribution	261,745	243,024	18,721	8
Total Life	1,200,144	1,130,609	69,535	6
<b>HEALTH</b>				
Direct Response	16,167	12,785	3,382	26
LNL Exclusive Agency	163,387	149,447	13,940	9
American Income Agency	47,659	46,691	968	2
UA Exclusive	310,526	231,034	79,492	34
UA Independent	466,560	444,401	22,159	5
Total Health **	1,004,299	884,358	119,941	14
<b>TOTAL IN FORCE</b>	<b>\$2,204,443</b>	<b>\$2,014,967</b>	<b>\$189,476</b>	<b>9</b>
** Includes Med Supp In Force	\$728,918	\$630,915	\$98,003	16

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

		<b>At December 31,</b>	
		<b>2000</b>	<b>1999</b>
<b>Assets</b>			
Investments:			
Fixed maturities available for sale *		\$5,949,515	\$5,679,795
Equity securities available for sale		543	29,189
Mortgage loans		118,642	94,599
Real estate		15,483	16,379
Policy loans		255,320	244,607
Other long-term investments		31,154	23,054
Short-term investments		100,546	100,187
Total investments		6,471,203	6,187,810
Cash		35,089	14,441
	Accrued investment income	119,124	112,475
	Other receivables	74,960	53,458
	Deferred acquisition costs	1,942,161	1,741,570
	Value of insurance purchased	133,158	151,752
	Property and equipment	38,694	38,761
	Goodwill	390,509	402,584
	Other assets	16,245	15,138
	Separate account assets	3,741,415	3,413,675
	<b>Total assets</b>	<b>\$12,962,558</b>	<b>\$12,131,664</b>
<b>Liabilities and Shareholders' Equity</b>			
Liabilities:			
	Future policy benefits	\$5,111,730	\$4,869,241
	Unearned and advance premium	90,310	85,344
	Policy claims and other benefits payable	240,421	215,923
	Other policy liabilities	80,555	81,919
	Accrued income taxes	423,327	309,271
	Short-term debt	329,148	418,394
	Long-term debt	365,989	371,555
	Other liabilities	183,908	179,681
	Separate account liabilities	3,741,415	3,413,675
	Total liabilities	10,566,803	9,945,003
Monthly income preferred securities		193,395	193,324
Shareholders' equity:			
	Preferred stock	0	0
	Common stock	147,801	147,801
	Additional paid-in-capital	626,530	622,318
	Unrealized investment gains (losses), net of tax	-148,406	-174,222
	Retained earnings	2,220,671	1,910,487
	Treasury stock, at cost	-644,236	-513,047
	Total shareholders' equity	2,202,360	1,993,337
	<b>Total liabilities and shareholders' equity</b>	<b>\$12,962,558</b>	<b>\$12,131,664</b>
Actual shares outstanding		126,389	131,996
Book value per common share		\$17.43	\$15.10
Book value per common share excluding FAS 115		\$18.53	\$16.32
Return on common equity, Insurance Operations excluding Vesta, FAS 115, and realized investment gains		16.3%	16.2%
* Amortized cost of fixed maturities		\$6,185,500	\$5,954,697
Debt to total capitalization ratio excluding FAS 115		21.5%	25.2%