

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

<b>3 Months Ended</b>			<b>1Q</b>	<b>4Q</b>	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>
<b>03/01</b>	<b>03/00</b>		<b>2001</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
<b>UNDERWRITING INCOME</b>							
\$69,955	\$66,419	Life	\$69,995	\$70,152	\$68,517	\$66,659	\$66,419
45,107	40,585	Health	45,107	40,811	40,216	39,504	40,585
6,405	6,137	Annuity	6,405	8,449	7,525	7,764	6,137
<u>121,467</u>	<u>113,141</u>		<u>121,467</u>	<u>119,412</u>	<u>116,258</u>	<u>113,927</u>	<u>113,141</u>
1,175	1,247	Other Income	1,175	1,006	1,166	1,231	1,247
<u>-29,980</u>	<u>-27,255</u>	Admin. Expenses	<u>-29,980</u>	<u>-29,265</u>	<u>-27,628</u>	<u>-27,669</u>	<u>-27,255</u>
92,662	87,133	Underwriting Income	92,662	91,153	89,796	87,489	87,133
<b>EXCESS INVESTMENT INCOME</b>							
121,951	119,806	Net Investment Income	121,951	121,245	120,045	119,985	119,806
-46,624	-45,247	Required Interest:					
		Net Policy Liabilities	-46,624	-46,324	-46,438	-45,777	-45,247
-12,567	-13,810	Financing Costs:					
		Interest on Debt	-12,567	-13,156	-13,352	-14,169	-13,810
<u>-3,663</u>	<u>-3,675</u>	MIPS Dividend	<u>-3,663</u>	<u>-4,111</u>	<u>-4,123</u>	<u>-3,913</u>	<u>-3,675</u>
59,097	57,074	Total Excess Investment Income	59,097	57,654	56,132	56,126	57,074
<b>OTHER</b>							
-2,406	-2,400	Parent Companies	-2,406	-2,314	-2,317	-2,338	-2,400
<u>-1,264</u>	<u>-2,695</u>	Tax Equivalent Adj.	<u>-1,264</u>	<u>-1,430</u>	<u>-1,972</u>	<u>-2,558</u>	<u>-2,695</u>
<u>-3,670</u>	<u>-5,095</u>		<u>-3,670</u>	<u>-3,744</u>	<u>-4,289</u>	<u>-4,896</u>	<u>-5,095</u>
148,089	139,112	Pre-Tax Operating Income	148,089	145,063	141,639	138,719	139,112
-49,622	-46,004	Income Tax	-49,622	-48,357	-46,795	-46,010	-46,004
<u>-3,018</u>	<u>-3,018</u>	Goodwill	<u>-3,018</u>	<u>-3,020</u>	<u>-3,018</u>	<u>-3,019</u>	<u>-3,018</u>
<b>\$95,449</b>	<b>\$90,090</b>	<b>Net Operating Income</b>	<b>\$95,449</b>	<b>\$93,686</b>	<b>\$91,826</b>	<b>\$89,690</b>	<b>\$90,090</b>
<b>\$0.75</b>	<b>\$0.69</b>	<b>EPS on a Diluted Basis</b>	<b>\$0.75</b>	<b>\$0.74</b>	<b>\$0.72</b>	<b>\$0.70</b>	<b>\$0.69</b>
126,772	130,823	Average Diluted Shares Outstanding	126,772	126,976	127,524	128,260	130,823
\$4,254	-\$1,208	Capital Gains/(Losses) & DAC Adjustment, Net of Tax	\$4,254	-\$1,765	\$5,910	-\$6,396	-\$1,208
-25	0	Gain/(Loss) on Redemption of Debt, Net of Tax	-25	202	0	0	0

**TORCHMARK CORPORATION**  
**Insurance Operations (Unaudited)**  
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	LIFE				HEALTH				ANNUITY	
	1Q 2001	%	1Q 2000	%	1Q 2001	%	1Q 2000	%	1Q 2001	1Q 2000
<b>LNL Exclusive Agency</b>										
Premium	74,341		73,312		39,098		37,323			
Net Policy Obligations	33,443	45	34,066	46	26,621	68	25,510	68		
Comm. & Acq. Exp.	21,961	30	20,873	28	6,876	18	6,799	18		
Underwriting Income	18,937	25	18,373	25	5,601	14	5,014	13		
<b>UA Independent</b>										
Premium	12,598		10,123		119,494		113,504			
Net Policy Obligations	5,318	42	4,723	47	75,043	63	70,828	62		
Comm. & Acq. Exp.	5,238	42	4,154	41	22,822	19	22,168	20		
Underwriting Income	2,042	16	1,246	12	21,629	18	20,508	18		
<b>UA Branch Office Agency</b>										
Premium	4,864		4,850		77,617		58,542			
Net Policy Obligations	2,541	52	2,632	54	50,373	65	37,116	63		
Comm. & Acq. Exp.	1,609	33	1,590	33	14,437	19	11,179	19		
Underwriting Income	714	15	628	13	12,807	17	10,247	18		
<b>Direct Response</b>										
Premium	69,975		66,954		4,522		3,851			
Net Policy Obligations	31,718	45	30,805	46	3,722	82	3,157	82		
Comm. & Acq. Exp.	20,073	29	18,405	27	290	6	242	6		
Underwriting Income	18,184	26	17,744	27	510	11	452	12		
<b>American Income Agency</b>										
Premium	59,928		56,730		12,131		11,757			
Net Policy Obligations	20,362	34	19,942	35	4,504	37	4,441	38		
Comm. & Acq. Exp.	22,763	38	21,162	36	3,067	25	2,952	25		
Underwriting Income	16,803	28	15,626	28	4,560	38	4,364	37		
<b>Other Distribution</b>										
Premium	59,617		55,303						12,681	10,804
Net Policy Obligations	26,585	45	24,175	44					-192	-341
Comm. & Acq. Exp.	19,757	33	18,326	33					6,468	5,008
Underwriting Income	13,275	22	12,802	23					6,405	6,137
<b>Totals</b>										
Premium	281,323		267,272		252,862		224,977		12,681	10,804
Net Policy Obligations	119,967	43	116,343	44	160,263	63	141,052	63	-192	-341
Comm. & Acq. Exp.	91,401	32	84,510	32	47,492	19	43,340	19	6,468	5,008
Underwriting Income	69,955	25	66,419	25	45,107	18	40,585	18	6,405	6,137
<b>TOTAL UNDERWRITING INCOME, ALL LINES</b>					121,467		113,141			
Other Income					1,175		1,247			
Administrative & Other Expenses					-29,980		-27,255			
<b>Net Underwriting Income</b>					<b>92,662</b>		<b>87,133</b>			

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

**SALES**

	<u>YTD 03/01</u>	<u>YTD 03/00</u>	<u>% Incr. (Decr)</u>
<b>LIFE</b>			
Direct Response	\$30,835	\$29,515	4
LNL Exclusive Agency	13,522	13,426	1
American Income Agency	14,691	13,221	11
UA Branch Office Agency	1,174	1,088	8
UA Independent	7,139	5,258	36
Other Distribution	9,142	9,708	-6
Total Life	<u>76,503</u>	<u>72,216</u>	<u>6</u>
<b>HEALTH</b>			
Direct Response	1,336	1,874	-29
LNL Exclusive Agency	2,332	2,401	-3
American Income Agency	2,258	2,033	11
UA Branch Office Agency	36,557	29,571	24
UA Independent	21,601	19,906	9
Total Health *	<u>64,084</u>	<u>55,785</u>	<u>15</u>
<b>TOTAL SALES</b>	<b>\$140,587</b>	<b>\$128,001</b>	<b>10</b>
* Includes Med Supp Sales	\$52,693	\$43,793	20

**IN FORCE AT END OF PERIOD**

	<u>1Q 01</u>	<u>1Q 00</u>	<u>\$ Incr. (Decr)</u>	<u>% Incr. (Decr)</u>
<b>LIFE</b>				
Direct Response	\$316,173	\$290,393	\$25,780	9
LNL Exclusive Agency	313,280	310,016	3,264	1
American Income Agency	247,656	233,785	13,871	6
UA Branch Office Agency	21,254	21,548	-294	-1
UA Independent	55,833	45,507	10,326	23
Other Distribution	267,155	249,774	17,381	7
Total Life	<u>1,221,351</u>	<u>1,151,023</u>	<u>70,328</u>	<u>6</u>
<b>HEALTH</b>				
Direct Response	17,559	15,303	2,256	15
LNL Exclusive Agency	160,250	161,770	-1,520	-1
American Income Agency	46,490	45,237	1,253	3
UA Branch Office Agency	332,542	248,566	83,976	34
UA Independent	474,526	451,804	22,722	5
Total Health **	<u>1,031,367</u>	<u>922,680</u>	<u>108,687</u>	<u>12</u>
<b>TOTAL IN FORCE</b>	<b>\$2,252,718</b>	<b>\$2,073,703</b>	<b>\$179,015</b>	<b>9</b>
** Includes Med Supp In Force	\$760,183	\$656,443	\$103,740	16

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

		<u>At March 31,</u>	
		<u>2001</u>	<u>2000</u>
<b>Assets</b>			
Investments:			
Fixed maturities available for sale *		\$6,170,998	\$5,793,800
Equity securities available for sale		589	40,064
Mortgage loans		118,288	98,847
Real estate		15,222	16,402
Policy loans		259,222	246,064
Other long-term investments		34,491	21,247
Short-term investments		206,685	67,103
Total investments		<u>6,805,495</u>	<u>6,283,527</u>
Cash		5,852	10,474
	Accrued investment income	122,901	112,593
	Other receivables	78,671	48,870
	Deferred acquisition costs	1,971,872	1,791,855
	Value of insurance purchased	128,353	146,798
	Property and equipment	38,105	37,884
	Goodwill	387,492	399,565
	Other assets	17,174	25,962
	Separate account assets	3,245,832	3,984,414
	<b>Total assets</b>	<b><u><u>\$12,801,747</u></u></b>	<b><u><u>\$12,841,942</u></u></b>
<b>Liabilities and Shareholders' Equity</b>			
Liabilities:			
	Future policy benefits	\$5,165,065	\$4,924,264
	Unearned and advance premium	92,056	92,192
	Policy claims and other benefits payable	244,157	221,944
	Other policy liabilities	80,286	81,147
	Accrued income taxes	518,563	362,101
	Short-term debt	302,105	406,546
	Long-term debt	364,058	371,587
	Other liabilities	232,475	173,517
	Separate account liabilities	3,245,832	3,984,414
	Total liabilities	<u>10,244,597</u>	<u>10,617,712</u>
Monthly income preferred securities		193,415	193,341
Shareholders' equity:			
	Preferred stock	0	0
	Common stock	147,801	147,801
	Additional paid-in-capital	627,533	622,938
	Unrealized investment gains (losses), net of tax	-59,034	-157,411
	Retained earnings	2,305,147	1,987,239
	Treasury stock, at cost	-657,712	-569,678
	Total shareholders' equity	<u>2,363,735</u>	<u>2,030,889</u>
	<b>Total liabilities and shareholders' equity</b>	<b><u><u>\$12,801,747</u></u></b>	<b><u><u>\$12,841,942</u></u></b>
Actual shares outstanding		125,995	129,282
Book value per common share		\$18.76	\$15.71
Book value per common share excluding FAS 115		\$19.14	\$16.88
Return on common equity, excluding FAS 115 and realized investment gains and losses		16.1%	16.6%
* Amortized cost of fixed maturities		\$6,250,990	\$6,050,944
Debt to total capitalization ratio excluding FAS 115		20.4%	24.7%