

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/01	6/00		2001	2001	2000	2000	2000
UNDERWRITING INCOME							
\$139,839	\$133,078	Life	\$69,884	\$69,995	\$70,152	\$68,517	\$66,659
89,897	80,089	Health	44,790	45,107	40,811	40,216	39,504
13,194	13,901	Annuity	6,789	6,405	8,449	7,525	7,764
242,930	227,068		121,463	121,467	119,412	116,258	113,927
2,300	2,478	Other Income	1,125	1,175	1,006	1,166	1,231
-59,466	-54,924	Admin. Expenses	-29,486	-29,980	-29,265	-27,628	-27,669
185,764	174,622	Underwriting Income	93,102	92,662	91,153	89,796	87,489
EXCESS INVESTMENT INCOME							
245,930	239,791	Net Investment Income	123,979	121,951	121,245	120,045	119,985
-93,672	-91,024	Required Interest:					
		Net Policy Liabilities	-47,048	-46,624	-46,324	-46,438	-45,777
-24,327	-27,979	Financing Costs:					
-5,911	-7,588	Interest on Debt	-11,760	-12,567	-13,156	-13,352	-14,169
		MIPS Dividend	-2,248	-3,663	-4,111	-4,123	-3,913
122,020	113,200	Total Excess Investment Income	62,923	59,097	57,654	56,132	56,126
OTHER							
-5,108	-4,738	Parent Companies	-2,702	-2,406	-2,314	-2,317	-2,338
-2,379	-5,253	Tax Equivalent Adj.	-1,115	-1,264	-1,430	-1,972	-2,558
-7,487	-9,991		-3,817	-3,670	-3,744	-4,289	-4,896
300,297	277,831	Pre-Tax Operating Income	152,208	148,089	145,063	141,639	138,719
-100,760	-92,014	Income Tax	-51,138	-49,622	-48,357	-46,795	-46,010
-6,037	-6,037	Goodwill	-3,019	-3,018	-3,020	-3,018	-3,019
\$193,500	\$179,780	Net Operating Income	\$98,051	\$95,449	\$93,686	\$91,826	\$89,690
\$1.53	\$1.39	EPS on a Diluted Basis	\$0.78	\$0.75	\$0.74	\$0.72	\$0.70
126,445	129,545	Average Diluted Shares Outstanding	126,131	126,772	126,976	127,524	128,260
\$7,041	-\$7,604	Capital Gains (Loss) & DAC Adjustment, Net of Tax	\$2,787	\$4,254	-\$1,765	\$5,910	-\$6,396
-1,105	0	Gain (Loss) on Redemption of Debt, Net of Tax	-1,080	-25	202	0	0
-26,584	0	Change in Accounting Principle, Net of Tax	-26,584	0	0	0	0

TORCHMARK CORPORATION
Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	2Q 2001	%	2Q 2000	%	2Q 2001	%	2Q 2000	%	2Q 2001	2Q 2000
LNL Exclusive Agency										
Premium	75,228		73,884		38,764		38,166			
Net Policy Obligations	34,838	46	34,951	47	26,758	69	27,297	72		
Comm. & Acq. Exp.	<u>23,035</u>	31	<u>21,917</u>	30	<u>6,833</u>	18	<u>6,830</u>	18		
Underwriting Income	17,355	23	17,016	23	5,173	13	4,039	11		
UA Independent										
Premium	11,829		10,443		116,614		109,239			
Net Policy Obligations	4,475	38	4,840	46	73,700	63	68,164	62		
Comm. & Acq. Exp.	<u>5,220</u>	44	<u>4,252</u>	41	<u>21,816</u>	19	<u>21,296</u>	19		
Underwriting Income	2,134	18	1,351	13	21,098	18	19,779	18		
UA Branch Office Agency										
Premium	4,845		4,872		81,801		61,158			
Net Policy Obligations	2,633	54	2,483	51	53,155	65	38,974	64		
Comm. & Acq. Exp.	<u>1,569</u>	32	<u>1,639</u>	34	<u>15,215</u>	19	<u>11,683</u>	19		
Underwriting Income	643	13	750	15	13,431	16	10,501	17		
Direct Response										
Premium	74,756		66,809		4,223		3,464			
Net Policy Obligations	33,949	45	30,671	46	3,459	82	2,827	82		
Comm. & Acq. Exp.	<u>21,795</u>	29	<u>18,395</u>	28	<u>380</u>	9	<u>233</u>	7		
Underwriting Income	19,012	25	17,743	27	384	9	404	12		
American Income Agency										
Premium	61,077		57,372		12,254		11,965			
Net Policy Obligations	21,405	35	19,838	35	4,531	37	4,275	36		
Comm. & Acq. Exp.	<u>22,224</u>	36	<u>21,225</u>	37	<u>3,019</u>	25	<u>2,909</u>	24		
Underwriting Income	17,448	29	16,309	28	4,704	38	4,781	40		
Other Distribution										
Premium	61,138		56,468						18,689	12,994
Net Policy Obligations	27,947	46	23,996	42					-13	-754
Comm. & Acq. Exp.	<u>19,899</u>	33	<u>18,982</u>	34					<u>11,913</u>	<u>5,984</u>
Underwriting Income	13,292	22	13,490	24					6,789	7,764
Totals										
Premium	288,873		269,848		253,656		223,992		18,689	12,994
Net Policy Obligations	125,247	43	116,779	43	161,603	64	141,537	63	-13	-754
Comm. & Acq. Exp.	<u>93,742</u>	32	<u>86,410</u>	32	<u>47,263</u>	19	<u>42,951</u>	19	<u>11,913</u>	<u>5,984</u>
Underwriting Income	69,884	24	66,659	25	44,790	18	39,504	18	6,789	7,764
TOTAL UNDERWRITING INCOME, ALL LINES					121,463		113,927			
Other Income					1,125		1,231			
Administrative & Other Expenses					<u>-29,486</u>		<u>-27,669</u>			
Net Underwriting Income					93,102		87,489			

TORCHMARK CORPORATION
Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 06/01	%	YTD 06/00	%	YTD 06/01	%	YTD 06/00	%	YTD 06/01	YTD 06/00
LNL Exclusive Agency										
Premium	149,569		147,196		77,862		75,489			
Net Policy Obligations	68,281	46	69,017	47	53,379	69	52,807	70		
Comm. & Acq. Exp.	44,996	30	42,790	29	13,709	18	13,629	18		
Underwriting Income	36,292	24	35,389	24	10,774	14	9,053	12		
UA Independent										
Premium	24,427		20,566		236,108		222,743			
Net Policy Obligations	9,793	40	9,563	46	148,743	63	138,992	62		
Comm. & Acq. Exp.	10,458	43	8,406	41	44,638	19	43,464	20		
Underwriting Income	4,176	17	2,597	13	42,727	18	40,287	18		
UA Branch Office Agency										
Premium	9,709		9,722		159,418		119,700			
Net Policy Obligations	5,174	53	5,115	53	103,528	65	76,090	64		
Comm. & Acq. Exp.	3,178	33	3,229	33	29,652	19	22,862	19		
Underwriting Income	1,357	14	1,378	14	26,238	16	20,748	17		
Direct Response										
Premium	144,731		133,763		8,745		7,315			
Net Policy Obligations	65,667	45	61,476	46	7,181	82	5,984	82		
Comm. & Acq. Exp.	41,868	29	36,800	28	670	8	475	6		
Underwriting Income	37,196	26	35,487	27	894	10	856	12		
American Income Agency										
Premium	121,005		114,102		24,385		23,722			
Net Policy Obligations	41,767	35	39,780	35	9,035	37	8,716	37		
Comm. & Acq. Exp.	44,987	37	42,387	37	6,086	25	5,861	25		
Underwriting Income	34,251	28	31,935	28	9,264	38	9,145	39		
Other Distribution										
Premium	120,755		111,771						31,370	23,798
Net Policy Obligations	54,532	45	48,171	43					-205	-1,095
Comm. & Acq. Exp.	39,656	33	37,308	33					18,381	10,992
Underwriting Income	26,567	22	26,292	24					13,194	13,901
Totals										
Premium	570,196		537,120		506,518		448,969		31,370	23,798
Net Policy Obligations	245,214	43	233,122	43	321,866	64	282,589	63	-205	-1,095
Comm. & Acq. Exp.	185,143	32	170,920	32	94,755	19	86,291	19	18,381	10,992
Underwriting Income	139,839	25	133,078	25	89,897	18	80,089	18	13,194	13,901
TOTAL UNDERWRITING INCOME, ALL LINES					242,930		227,068			
Other Income					2,300		2,478			
Administrative & Other Expenses					-59,466		-54,924			
Net Underwriting Income					185,764		174,622			

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

SALES

	<u>YTD 6/01</u>	<u>YTD 6/00</u>	<u>% Incr. (Decr)</u>	<u>2nd Qtr. 2001</u>	<u>2nd Qtr. 2000</u>	<u>% Incr. (Decr)</u>
LIFE						
Direct Response	\$60,450	\$60,169	0	\$29,615	\$30,654	-3
LNL Exclusive Agency	27,755	26,988	3	14,233	13,562	5
American Income Agency	30,028	27,409	10	15,337	14,188	8
UA Branch Office Agency	2,437	2,387	2	1,263	1,299	-3
UA Independent	12,890	10,491	23	5,751	5,233	10
Other Distribution	17,659	19,278	-8	8,517	9,570	-11
Total Life	151,219	146,722	3	74,716	74,506	0
HEALTH						
Direct Response	1,727	2,397	-28	391	523	-25
LNL Exclusive Agency	4,922	4,995	-1	2,590	2,594	0
American Income Agency	4,772	4,317	11	2,514	2,284	10
UA Branch Office Agency	64,260	58,334	10	27,703	28,763	-4
UA Independent	37,988	36,891	3	16,387	16,985	-4
Total Health *	113,669	106,934	6	49,585	51,149	-3
TOTAL SALES	\$264,888	\$253,656	4	\$124,301	\$125,655	-1
* Includes Med Supp Sales	\$89,898	\$81,701	10	\$37,205	\$37,908	-2

IN FORCE AT END OF PERIOD

	<u>2Q 01</u>	<u>2Q 00</u>	<u>\$ Incr. (Decr)</u>	<u>% Incr. (Decr)</u>
LIFE				
Direct Response	\$321,138	\$299,426	\$21,712	7
LNL Exclusive Agency	315,339	312,166	3,173	1
American Income Agency	252,706	237,728	14,978	6
UA Branch Office Agency	21,327	21,496	-169	-1
UA Independent	57,074	46,552	10,522	23
Other Distribution	271,368	257,086	14,282	6
Total Life	1,238,952	1,174,454	64,498	5
HEALTH				
Direct Response	18,035	15,545	2,490	16
LNL Exclusive Agency	157,212	156,420	792	1
American Income Agency	47,099	45,541	1,558	3
UA Branch Office Agency	344,618	259,902	84,716	33
UA Independent	480,360	452,226	28,134	6
Total Health **	1,047,324	929,634	117,690	13
TOTAL IN FORCE	\$2,286,276	\$2,104,088	\$182,188	9
** Includes Med Supp In Force	\$777,766	\$666,285	\$111,481	17

TORCHMARK CORPORATION
Consolidated Balance Sheet (Unaudited)
(Amounts in thousands)

	At June 30,	
	2001	2000
Assets		
Investments:		
Fixed maturities available for sale *	\$6,153,868	\$5,685,674
Equity securities available for sale	623	14,855
Mortgage loans	118,082	98,607
Real estate	14,376	16,279
Policy loans	260,156	248,953
Other long-term investments	30,225	22,508
Short-term investments	107,382	92,545
Total investments	6,684,712	6,179,421
Cash	5,070	16,948
Accrued investment income	121,221	114,687
Other receivables	79,054	60,857
Deferred acquisition costs	2,010,525	1,851,542
Value of insurance purchased	123,777	141,937
Property and equipment	37,351	40,460
Goodwill	384,473	396,547
Other assets	16,443	18,835
Separate account assets	3,040,810	3,790,254
Total assets	\$12,503,436	\$12,611,488
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$5,217,833	\$4,985,176
Unearned and advance premium	92,743	90,064
Policy claims and other benefits payable	244,067	223,076
Other policy liabilities	80,409	80,711
Accrued income taxes	516,699	356,862
Short-term debt	300,389	341,159
Long-term debt	363,579	371,619
Other liabilities	130,304	166,103
Separate account liabilities	3,040,810	3,790,254
Total liabilities	9,986,833	10,405,024
Monthly income preferred securities	145,075	193,359
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	147,801
Additional paid-in-capital	539,527	623,130
Unrealized investment gains (losses), net of tax	-77,215	-209,323
Retained earnings	1,838,567	2,058,704
Treasury stock, at cost	-56,152	-607,207
Total shareholders' equity	2,371,528	2,013,105
Total liabilities and shareholders' equity	\$12,503,436	\$12,611,488
Actual shares outstanding	125,058	127,686
Book value per common share	\$18.96	\$15.77
Book value per common share excluding FAS 115	\$19.50	\$17.33
Return on common equity, excluding FAS 115, and realized investment gains and losses	16.1%	16.5%
* Amortized cost of fixed maturities	\$6,265,581	\$6,024,212
Debt to total capitalization ratio excluding FAS 115	20.4%	22.9%