

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/01	9/00		2001	2001	2001	2000	2000
UNDERWRITING INCOME							
\$210,797	\$201,595	Life	\$70,958	\$69,884	\$69,955	\$70,152	\$68,517
133,075	120,305	Health	43,178	44,790	45,107	40,811	40,216
18,774	21,426	Annuity	5,580	6,789	6,405	8,449	7,525
<u>362,646</u>	<u>343,326</u>		<u>119,716</u>	<u>121,463</u>	<u>121,467</u>	<u>119,412</u>	<u>116,258</u>
3,426	3,644	Other Income	1,126	1,125	1,175	1,006	1,166
<u>-88,121</u>	<u>-82,552</u>	Admin. Expenses	<u>-28,655</u>	<u>-29,486</u>	<u>-29,980</u>	<u>-29,265</u>	<u>-27,628</u>
277,951	264,418	Underwriting Income	92,187	93,102	92,662	91,153	89,796
EXCESS INVESTMENT INCOME							
370,393	359,836	Net Investment Income	124,463	123,979	121,951	121,245	120,045
-141,402	-137,462	Required Interest:					
		Net Policy Liabilities	-47,730	-47,048	-46,624	-46,324	-46,438
-34,749	-41,331	Financing Costs:					
		Interest on Debt	-10,422	-11,760	-12,567	-13,156	-13,352
<u>-7,091</u>	<u>-11,711</u>	MIPS Dividend	<u>-1,180</u>	<u>-2,248</u>	<u>-3,663</u>	<u>-4,111</u>	<u>-4,123</u>
187,151	169,332	Total Excess Investment Income	65,131	62,923	59,097	57,654	56,132
OTHER							
-7,448	-7,055	Parent Companies	-2,340	-2,702	-2,406	-2,314	-2,317
<u>-3,420</u>	<u>-7,225</u>	Tax Equivalent Adjustment	<u>-1,041</u>	<u>-1,115</u>	<u>-1,264</u>	<u>-1,430</u>	<u>-1,972</u>
<u>-10,868</u>	<u>-14,280</u>		<u>-3,381</u>	<u>-3,817</u>	<u>-3,670</u>	<u>-3,744</u>	<u>-4,289</u>
454,234	419,470	Pre-Tax Operating Income	153,937	152,208	148,089	145,063	141,639
-152,372	-138,809	Income Tax	-51,612	-51,138	-49,622	-48,357	-46,795
<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>
\$292,807	\$271,606	Net Operating Income	\$99,307	\$98,051	\$95,449	\$93,686	\$91,826
\$2.32	\$2.11	EPS on a Diluted Basis	\$0.79	\$0.78	\$0.75	\$0.74	\$0.72
126,325	128,871	Average Diluted Shares Outstanding	126,023	126,131	126,772	126,976	127,524
\$12,609	-\$1,694	Capital Gain (Loss) & DAC Adjustment, Net of Tax	\$5,568	\$2,787	\$4,254	-\$1,765	\$5,910
-2,165	0	Gain (Loss) on Redemption of Debt, Net of Tax	-1,060	-1,080	-25	202	0
<u>-26,584</u>	<u>0</u>	Change in Accounting Principle, Net of Tax	<u>0</u>	<u>-26,584</u>	<u>0</u>	<u>0</u>	<u>0</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	3Q 2001	%	3Q 2000	%	3Q 2001	%	3Q 2000	%	3Q 2001	3Q 2000
LNL Exclusive Agency										
Premium	73,922		73,906		38,690		38,086			
Net Policy Obligations	32,768	44	33,068	45	28,029	72	26,467	69		
Comm. & Acq. Exp.	<u>23,027</u>	31	<u>22,257</u>	30	<u>6,932</u>	18	<u>6,709</u>	18		
Underwriting Income	18,127	25	18,581	25	3,729	10	4,910	13		
UA Independent										
Premium	11,993		10,844		114,397		107,978			
Net Policy Obligations	3,586	30	4,673	43	72,743	64	67,380	62		
Comm. & Acq. Exp.	<u>6,299</u>	53	<u>4,641</u>	43	<u>20,926</u>	18	<u>21,057</u>	20		
Underwriting Income	2,108	18	1,530	14	20,728	18	19,541	18		
UA Branch Office Agency										
Premium	4,841		4,899		81,620		64,576			
Net Policy Obligations	2,684	55	2,493	51	53,136	65	41,465	64		
Comm. & Acq. Exp.	<u>1,511</u>	31	<u>1,679</u>	34	<u>15,332</u>	19	<u>12,335</u>	19		
Underwriting Income	646	13	727	15	13,152	16	10,776	17		
Direct Response										
Premium	72,789		66,301		4,637		3,753			
Net Policy Obligations	34,611	48	30,412	46	3,620	78	3,069	82		
Comm. & Acq. Exp.	<u>21,248</u>	29	<u>18,307</u>	28	<u>375</u>	8	<u>239</u>	6		
Underwriting Income	16,930	23	17,582	27	642	14	445	12		
American Income Agency										
Premium	61,851		58,168		12,873		12,321			
Net Policy Obligations	20,070	32	19,956	34	4,861	38	4,814	39		
Comm. & Acq. Exp.	<u>23,466</u>	38	<u>21,718</u>	37	<u>3,085</u>	24	<u>2,963</u>	24		
Underwriting Income	18,315	30	16,494	28	4,927	38	4,544	37		
Other Distribution										
Premium	61,930		58,226				14,498		13,680	
Net Policy Obligations	26,680	43	25,533	44			-709		-735	
Comm. & Acq. Exp.	<u>20,418</u>	33	<u>19,090</u>	33			<u>9,627</u>		<u>6,890</u>	
Underwriting Income	14,832	24	13,603	23			5,580		7,525	
Totals:										
Premium	287,326		272,344		252,217		226,714		14,498	13,680
Net Policy Obligations	120,399	42	116,135	43	162,389	64	143,195	63	-709	-735
Comm. & Acq. Exp.	<u>95,969</u>	33	<u>87,692</u>	32	<u>46,650</u>	18	<u>43,303</u>	19	<u>9,627</u>	<u>6,890</u>
Underwriting Income	70,958	25	68,517	25	43,178	17	40,216	18	5,580	7,525
TOTAL UNDERWRITING INCOME, ALL LINES					119,716		116,258			
Other Income					1,126		1,166			
Administrative & Other Expenses					<u>-28,655</u>		<u>-27,628</u>			
Net Underwriting Income					<u>92,187</u>		<u>89,796</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 9/01	%	YTD 9/00	%	YTD 9/01	%	YTD 9/00	%	YTD 9/01	YTD 9/00
LNL Exclusive Agency										
Premium	223,491		221,102		116,552		113,575			
Net Policy Obligations	101,049	45	102,085	46	81,408	70	79,274	70		
Comm. & Acq. Exp.	<u>68,023</u>	30	<u>65,047</u>	29	<u>20,641</u>	18	<u>20,338</u>	18		
Underwriting Income	54,419	24	53,970	24	14,503	12	13,963	12		
UA Independent										
Premium	36,420		31,410		350,505		330,721			
Net Policy Obligations	13,379	37	14,236	45	221,486	63	206,372	62		
Comm. & Acq. Exp.	<u>16,757</u>	46	<u>13,047</u>	42	<u>65,564</u>	19	<u>64,521</u>	20		
Underwriting Income	6,284	17	4,127	13	63,455	18	59,828	18		
UA Branch Office Agency										
Premium	14,550		14,621		241,038		184,276			
Net Policy Obligations	7,858	54	7,608	52	156,664	65	117,555	64		
Comm. & Acq. Exp.	<u>4,689</u>	32	<u>4,908</u>	34	<u>44,984</u>	19	<u>35,197</u>	19		
Underwriting Income	2,003	14	2,105	14	39,390	16	31,524	17		
Direct Response										
Premium	217,520		200,064		13,382		11,068			
Net Policy Obligations	100,278	46	91,888	46	10,801	81	9,053	82		
Comm. & Acq. Exp.	<u>63,116</u>	29	<u>55,107</u>	28	<u>1,045</u>	8	<u>714</u>	6		
Underwriting Income	54,126	25	53,069	27	1,536	11	1,301	12		
American Income Agency										
Premium	182,856		172,270		37,258		36,043			
Net Policy Obligations	61,837	34	59,736	35	13,896	37	13,530	38		
Comm. & Acq. Exp.	<u>68,453</u>	37	<u>64,105</u>	37	<u>9,171</u>	25	<u>8,824</u>	24		
Underwriting Income	52,566	29	48,429	28	14,191	38	13,689	38		
Other Distribution										
Premium	182,685		169,997				45,868		37,478	
Net Policy Obligations	81,212	44	73,704	43			-914		-1,830	
Comm. & Acq. Exp.	<u>60,074</u>	33	<u>56,398</u>	33			<u>28,008</u>		<u>17,882</u>	
Underwriting Income	41,399	23	39,895	23			18,774		21,426	
Totals:										
Premium	857,522		809,464		758,735		675,683		45,868	37,478
Net Policy Obligations	365,613	43	349,257	43	484,255	64	425,784	63	-914	-1,830
Comm. & Acq. Exp.	<u>281,112</u>	33	<u>258,612</u>	32	<u>141,405</u>	19	<u>129,594</u>	19	<u>28,008</u>	<u>17,882</u>
Underwriting Income	210,797	25	201,595	25	133,075	18	120,305	18	18,774	21,426
TOTAL UNDERWRITING INCOME, ALL LINES					362,646		343,326			
Other Income					3,426		3,644			
Administrative & Other Expenses					<u>-88,121</u>		<u>-82,552</u>			
Net Underwriting Income					<u>277,951</u>		<u>264,418</u>			

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

SALES	YTD 9/01	YTD 9/00	% Incr (Decr)	3rd Qtr. 2001	3rd Qtr. 2000	% Incr (Decr)
LIFE						
Direct Response	85,140	87,855	-3	24,690	27,686	-11
LNL Exclusive Agency	41,177	40,254	2	13,422	13,266	1
American Income Agency	47,536	42,066	13	17,508	14,657	19
UA Branch Office Agency	3,751	3,578	5	1,314	1,191	10
UA Independent	18,553	17,142	8	5,663	6,651	-15
Other Distribution	24,885	28,140	-12	7,226	8,862	-18
Total Life	221,042	219,035	1	69,823	72,313	-3
HEALTH						
Direct Response	2,396	2,869	-16	669	472	42
LNL Exclusive Agency	7,737	7,519	3	2,815	2,524	12
American Income Agency	7,426	6,494	14	2,654	2,177	22
UA Branch Office Agency	86,358	92,693	-7	22,098	34,359	-36
UA Independent	53,045	55,024	-4	15,057	18,133	-17
Total Health *	156,962	164,599	-5	43,293	57,665	-25
TOTAL SALES	378,004	383,634	-1	113,116	129,978	-13
* Includes Med Supp Sales	119,010	126,544	-6	29,112	44,843	-35

IN FORCE AT END OF PERIOD

	3Q 01	3Q 00	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	318,663	300,341	18,322	6
LNL Exclusive Agency	314,384	312,158	2,226	1
American Income Agency	258,617	241,737	16,880	7
UA Branch Office Agency	21,354	21,445	-91	0
UA Independent	53,270	49,100	4,170	8
Other Distribution	273,596	262,347	11,249	4
Total Life	1,239,884	1,187,128	52,756	4
HEALTH				
Direct Response	18,424	15,654	2,770	18
LNL Exclusive Agency	167,877	156,064	11,813	8
American Income Agency	48,344	46,084	2,260	5
UA Branch Office Agency	338,688	278,547	60,141	22
UA Independent	475,665	455,037	20,628	5
Total Health **	1,048,998	951,386	97,612	10
TOTAL IN FORCE	2,288,882	2,138,514	150,368	7
** Includes Med Supp In Force	766,245	686,557	79,688	12

TORCHMARK CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Amounts in thousands)

	At September 30,	
	2001	2000
ASSETS		
Investments:		
Fixed maturities available for sale *	\$6,439,579	\$5,808,147
Equity securities available for sale	624	5,244
Mortgage loans	118,525	118,386
Real estate	14,298	15,991
Policy loans	263,346	252,455
Other long-term investments	38,140	24,152
Short-term investments	153,383	83,116
Total investments	7,027,895	6,307,491
Cash	9,543	12,168
Accrued investment income	125,238	115,483
Other receivables	75,684	69,570
Deferred acquisition costs	2,025,181	1,893,487
Value of insurance purchased	119,356	137,334
Property and equipment	36,732	39,419
Goodwill	381,454	393,528
Other assets	16,352	19,897
Separate account assets	2,369,995	3,874,062
Total assets	\$12,187,430	\$12,862,439
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Future policy benefits	\$5,281,983	\$5,051,135
Unearned and advance premium	92,349	90,223
Policy claims and other benefits payable	243,792	227,896
Other policy liabilities	80,762	80,338
Accrued income taxes	632,122	384,713
Short-term debt	338,806	308,968
Long-term debt	358,703	371,885
Other liabilities	147,338	171,414
Separate account liabilities	2,369,995	3,874,062
Total liabilities	9,545,850	10,560,634
Monthly income preferred securities	106,404	193,377
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	147,801
Additional paid-in-capital	553,030	623,339
Unrealized investment gains (losses), net of tax	23,365	-182,869
Retained earnings	1,930,845	2,145,096
Treasury stock, at cost	-98,865	-624,939
Total shareholders' equity	2,535,176	2,108,428
Total liabilities and shareholders' equity	\$12,187,430	\$12,862,439
Actual shares outstanding	124,835	126,995
Book value per common share	\$20.31	\$16.60
Book value per common share excluding FAS 115	\$20.03	\$17.99
Return on common equity, excluding FAS 115, and realized investment gains and losses	16.1%	16.4%
* Amortized cost of fixed maturities	\$6,382,988	\$6,106,746
Debt to total capitalization ratio excluding FAS 115	21.1%	21.6%