

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/01	12/00		2001	2001	2001	2001	2000
UNDERWRITING INCOME							
\$284,329	\$271,747	Life	\$73,532	\$70,958	\$69,884	\$69,955	\$70,152
173,458	161,116	Health	40,383	43,178	44,790	45,107	40,811
24,759	29,875	Annuity	5,985	5,580	6,789	6,405	8,449
<u>482,546</u>	<u>462,738</u>		<u>119,900</u>	<u>119,716</u>	<u>121,463</u>	<u>121,467</u>	<u>119,412</u>
4,391	4,650	Other Income	965	1,126	1,125	1,175	1,006
<u>-119,038</u>	<u>-111,817</u>	Admin. Expenses	<u>-30,917</u>	<u>-28,655</u>	<u>-29,486</u>	<u>-29,980</u>	<u>-29,265</u>
367,899	355,571	Underwriting Income	89,948	92,187	93,102	92,662	91,153
EXCESS INVESTMENT INCOME							
496,207	481,081	Net Investment Income	125,814	124,463	123,979	121,951	121,245
-189,183	-183,786	Required Interest:					
		Net Policy Liabilities	-47,781	-47,730	-47,048	-46,624	-46,324
		Financing Costs:					
-44,741	-54,487	Interest on Debt	-9,992	-10,422	-11,760	-12,567	-13,156
-14,919	-18,431	MIPS/Trust Preferred Dividend	-3,318	-3,150	-3,841	-4,610	-4,608
<u>8,181</u>	<u>2,609</u>	Interest Rate Swaps	<u>3,671</u>	<u>1,970</u>	<u>1,593</u>	<u>947</u>	<u>497</u>
255,545	226,986	Total Excess Investment Income	68,394	65,131	62,923	59,097	57,654
OTHER							
-10,104	-9,369	Parent Companies	-2,656	-2,340	-2,702	-2,406	-2,314
-4,377	-8,655	Tax Equivalent Adjustment	-957	-1,041	-1,115	-1,264	-1,430
<u>-14,481</u>	<u>-18,024</u>		<u>-3,613</u>	<u>-3,381</u>	<u>-3,817</u>	<u>-3,670</u>	<u>-3,744</u>
608,963	564,533	Pre-Tax Operating Income	154,729	153,937	152,208	148,089	145,063
-204,378	-187,166	Income Tax	-52,006	-51,612	-51,138	-49,622	-48,357
<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>
\$392,510	\$365,292	Net Operating Income	\$99,703	\$99,307	\$98,051	\$95,449	\$93,686
\$3.12	\$2.85	EPS on a Diluted Basis	\$0.80	\$0.79	\$0.78	\$0.75	\$0.74
125,861	128,353	Average Diluted Shares Outstanding	124,451	126,023	126,131	126,772	126,976
-\$1,580	-\$3,459	Capital Gain (Loss), Net of Tax	-\$14,189	\$5,568	\$2,787	\$4,254	-\$1,765
-4,553	202	Gain (Loss) on Redemption of Debt, Net of Tax	-2,388	-1,060	-1,080	-25	202
-26,584	0	Change in Accounting Principle, Net of Tax	0	0	-26,584	0	0
<u>-3,280</u>	<u>0</u>	Discontinued Operations, Net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>-3,280</u>	<u>0</u>
\$356,513	\$362,035	Net Income	\$83,126	\$103,815	\$73,174	\$96,398	\$92,123

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	4Q 2001	%	4Q 2000	%	4Q 2001	%	4Q 2000	%	4Q 2001	4Q 2000
LNL Exclusive Agency										
Premium	73,795		73,174		39,334		37,788			
Net Policy Obligations	32,955	45	32,270	44	30,271	77	26,582	70		
Comm. & Acq. Exp.	23,030	31	23,404	32	7,298	19	6,875	18		
Underwriting Income	17,810	24	17,500	24	1,765	4	4,331	11		
UA Independent										
Premium	11,388		11,595		113,595		111,649			
Net Policy Obligations	3,108	27	4,700	41	72,754	64	69,660	62		
Comm. & Acq. Exp.	6,556	58	4,447	38	20,294	18	21,782	20		
Underwriting Income	1,724	15	2,448	21	20,547	18	20,207	18		
UA Branch Office Agency										
Premium	4,705		4,772		82,121		69,991			
Net Policy Obligations	2,257	48	2,347	49	53,364	65	44,939	64		
Comm. & Acq. Exp.	1,813	39	1,652	35	15,724	19	13,368	19		
Underwriting Income	635	13	773	16	13,033	16	11,684	17		
Direct Response										
Premium	71,577		67,835		4,391		3,792			
Net Policy Obligations	34,510	48	30,463	45	3,768	86	3,107	82		
Comm. & Acq. Exp.	19,294	27	19,929	29	354	8	250	7		
Underwriting Income	17,773	25	17,443	26	269	6	435	11		
American Income Agency										
Premium	63,834		58,879		12,577		12,253			
Net Policy Obligations	22,053	35	20,777	35	4,585	36	5,214	43		
Comm. & Acq. Exp.	23,511	37	21,529	37	3,223	26	2,885	24		
Underwriting Income	18,270	29	16,573	28	4,769	38	4,154	34		
Other Distribution										
Premium	62,134		57,185						13,593	14,672
Net Policy Obligations	24,781	40	21,906	38					13	-1,107
Comm. & Acq. Exp.	20,033	32	19,864	35					7,595	7,330
Underwriting Income	17,320	28	15,415	27					5,985	8,449
Totals:										
Premium	287,433		273,440		252,018		235,473		13,593	14,672
Net Policy Obligations	119,664	42	112,463	41	164,742	65	149,502	63	13	-1,107
Comm. & Acq. Exp.	94,237	33	90,825	33	46,893	19	45,160	19	7,595	7,330
Underwriting Income	73,532	26	70,152	26	40,383	16	40,811	17	5,985	8,449
TOTAL UNDERWRITING INCOME, ALL LINES					119,900		119,412			
Other Income					965		1,006			
Administrative & Other Expenses					-30,917		-29,265			
Net Underwriting Income					<u>89,948</u>		<u>91,153</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 12/01	%	YTD 12/00	%	YTD 12/01	%	YTD 12/00	%	YTD 12/01	YTD 12/00
LNL Exclusive Agency										
Premium	297,286		294,276		155,886		151,363			
Net Policy Obligations	134,004	45	134,355	46	111,679	72	105,856	70		
Comm. & Acq. Exp.	91,053	31	88,451	30	27,939	18	27,213	18		
Underwriting Income	72,229	24	71,470	24	16,268	10	18,294	12		
UA Independent										
Premium	47,808		43,005		464,100		442,370			
Net Policy Obligations	16,487	34	18,936	44	294,240	63	276,032	62		
Comm. & Acq. Exp.	23,313	49	17,494	41	85,858	18	86,303	20		
Underwriting Income	8,008	17	6,575	15	84,002	18	80,035	18		
UA Branch Office Agency										
Premium	19,255		19,393		323,159		254,267			
Net Policy Obligations	10,115	53	9,955	51	210,028	65	162,494	64		
Comm. & Acq. Exp.	6,502	34	6,560	34	60,708	19	48,565	19		
Underwriting Income	2,638	14	2,878	15	52,423	16	43,208	17		
Direct Response										
Premium	289,097		267,899		17,773		14,860			
Net Policy Obligations	134,788	47	122,351	46	14,569	82	12,160	82		
Comm. & Acq. Exp.	82,410	29	75,036	28	1,399	8	964	6		
Underwriting Income	71,899	25	70,512	26	1,805	10	1,736	12		
American Income Agency										
Premium	246,690		231,149		49,835		48,296			
Net Policy Obligations	83,890	34	80,513	35	18,481	37	18,744	39		
Comm. & Acq. Exp.	91,964	37	85,634	37	12,394	25	11,709	24		
Underwriting Income	70,836	29	65,002	28	18,960	38	17,843	37		
Other Distribution										
Premium	244,819		227,182						59,461	52,150
Net Policy Obligations	105,993	43	95,610	42					-901	-2,937
Comm. & Acq. Exp.	80,107	33	76,262	34					35,603	25,212
Underwriting Income	58,719	24	55,310	24					24,759	29,875
Totals:										
Premium	1,144,955		1,082,904		1,010,753		911,156		59,461	52,150
Net Policy Obligations	485,277	42	461,720	43	648,997	64	575,286	63	-901	-2,937
Comm. & Acq. Exp.	375,349	33	349,437	32	188,298	19	174,754	19	35,603	25,212
Underwriting Income	284,329	25	271,747	25	173,458	17	161,116	18	24,759	29,875
TOTAL UNDERWRITING INCOME, ALL LINES					482,546		462,738			
Other Income					4,391		4,650			
Administrative & Other Expenses					-119,038		-111,817			
Net Underwriting Income					<u>367,899</u>		<u>355,571</u>			

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

SALES	YTD 12/01	YTD 12/00	% Incr (Decr)	4th Qtr. 2001	4th Qtr. 2000	% Incr (Decr)
LIFE						
Direct Response	\$112,041	\$112,918	-1	\$26,901	\$25,063	7
LNL Exclusive Agency	54,853	53,608	2	13,676	13,354	2
American Income Agency	66,421	56,560	17	18,885	14,494	30
UA Branch Office Agency	4,913	4,730	4	1,162	1,152	1
UA Independent	24,453	25,708	-5	5,900	8,566	-31
Other Distribution	31,951	37,219	-14	7,066	9,079	-22
Total Life	<u>294,632</u>	<u>290,743</u>	<u>1</u>	<u>73,590</u>	<u>71,708</u>	<u>3</u>
HEALTH						
Direct Response	3,295	3,572	-8	899	703	28
LNL Exclusive Agency	10,747	10,081	7	3,010	2,562	17
American Income Agency	10,019	8,615	16	2,593	2,121	22
UA Branch Office Agency	115,684	145,089	-20	29,326	52,396	-44
UA Independent	73,539	85,115	-14	20,494	30,091	-32
Total Health *	<u>213,284</u>	<u>252,472</u>	<u>-16</u>	<u>56,322</u>	<u>87,873</u>	<u>-36</u>
 TOTAL SALES	 \$507,916	 \$543,215	 -6	 \$129,912	 \$159,581	 -19
* Includes Med Supp Sales	\$158,621	\$201,396	-21	\$39,611	\$74,852	-47

IN FORCE AT END OF PERIOD

	4Q 01	4Q 00	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	\$326,111	\$306,162	\$19,949	7
LNL Exclusive Agency	314,676	312,173	2,503	1
American Income Agency	265,912	245,433	20,479	8
UA Branch Office Agency	21,158	21,362	-204	-1
UA Independent	54,143	53,269	874	2
Other Distribution	275,413	261,745	13,668	5
Total Life	<u>1,257,413</u>	<u>1,200,144</u>	<u>57,269</u>	<u>5</u>
HEALTH				
Direct Response	18,817	16,167	2,650	16
LNL Exclusive Agency	162,724	163,387	-663	0
American Income Agency	49,260	47,659	1,601	3
UA Branch Office Agency	337,026	310,526	26,500	9
UA Independent	474,816	466,560	8,256	2
Total Health **	<u>1,042,643</u>	<u>1,004,299</u>	<u>38,344</u>	<u>4</u>
 TOTAL IN FORCE	 \$2,300,056	 \$2,204,443	 \$95,613	 4
** Includes Med Supp In Force	\$760,848	\$728,918	\$31,930	4

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

	At December 31,	
	2001	2000
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$6,526,429	\$5,949,515
Equity securities available for sale	571	543
Mortgage loans	112,135	118,642
Real estate	14,133	15,483
Policy loans	266,979	255,320
Other long-term investments	49,971	31,154
Short-term investments	134,156	100,546
Total investments	7,104,374	6,471,203
Cash	3,714	35,089
Accrued investment income	125,210	119,124
Other receivables	67,549	74,960
Deferred acquisition costs	2,066,423	1,942,161
Value of insurance purchased	115,939	133,158
Property and equipment	36,137	38,694
Goodwill	378,436	390,509
Other assets	28,087	16,245
Separate account assets	2,502,284	3,741,415
Total assets	\$12,428,153	\$12,962,558
 <u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$5,348,929	\$5,111,730
Unearned and advance premium	93,624	90,310
Policy claims and other benefits payable	248,333	240,421
Other policy liabilities	80,929	80,555
Accrued income taxes	580,287	423,327
Short-term debt	204,037	329,148
Long-term debt	536,152	365,989
Other liabilities	191,894	183,908
Separate account liabilities	2,502,284	3,741,415
Total liabilities	9,786,469	10,566,803
Trust preferred securities	144,557	193,395
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	147,801
Additional paid-in-capital	552,634	626,530
Unrealized investment gains (losses), net of tax	-12,314	-148,406
Retained earnings	1,978,903	2,220,671
Treasury stock, at cost	-148,897	-644,236
Total shareholders' equity	2,497,127	2,202,360
Total liabilities and shareholders' equity	\$12,428,153	\$12,962,558
 Actual shares outstanding	 122,887	 126,389
Book value per common share	\$20.32	\$17.43
Book value per common share excluding FAS 115	\$20.32	\$18.53
Operating income as a return on common equity, excluding FAS 115	16.1%	16.3%
* Amortized cost of fixed maturities	\$6,528,244	\$6,185,500
Debt to total capitalization ratio excluding FAS 115	21.9%	21.5%