

TORCHMARK CORPORATION

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/02	3/01		2002	2001	2001	2001	2001
UNDERWRITING INCOME							
\$72,447	\$69,955	Life	\$72,447	\$73,532	\$70,958	\$69,884	\$69,955
43,673	45,107	Health	43,673	40,383	43,178	44,790	45,107
3,738	6,405	Annuity	3,738	5,985	5,580	6,789	6,405
<u>119,858</u>	<u>121,467</u>		<u>119,858</u>	<u>119,900</u>	<u>119,716</u>	<u>121,463</u>	<u>121,467</u>
949	1,175	Other Income	949	965	1,126	1,125	1,175
<u>-31,274</u>	<u>-29,980</u>	Admin. Expenses	<u>-31,274</u>	<u>-30,917</u>	<u>-28,655</u>	<u>-29,486</u>	<u>-29,980</u>
89,533	92,662	Underwriting Income	89,533	89,948	92,187	93,102	92,662
EXCESS INVESTMENT INCOME							
129,159	121,951	Net Investment Income	129,159	125,814	124,463	123,979	121,951
Required Interest:							
-47,499	-46,624	Net Policy Liabilities	-47,499	-47,781	-47,730	-47,048	-46,624
Financing Costs:							
-11,688	-12,567	Interest on Debt	-11,688	-9,992	-10,422	-11,760	-12,567
-2,913	-4,610	MIPS/Trust Preferred Dividend	-2,913	-3,318	-3,150	-3,841	-4,610
5,737	947	Interest Rate Swaps	5,737	3,671	1,970	1,593	947
<u>72,796</u>	<u>59,097</u>	Total Excess Investment Income	<u>72,796</u>	<u>68,394</u>	<u>65,131</u>	<u>62,923</u>	<u>59,097</u>
OTHER							
-3,341	-2,406	Parent Companies	-3,341	-2,656	-2,340	-2,702	-2,406
-956	-1,264	Tax Equivalent Adjustment	-956	-957	-1,041	-1,115	-1,264
<u>-4,297</u>	<u>-3,670</u>		<u>-4,297</u>	<u>-3,613</u>	<u>-3,381</u>	<u>-3,817</u>	<u>-3,670</u>
158,032	148,089	Pre-Tax Operating Income	158,032	154,729	153,937	152,208	148,089
<u>-53,214</u>	<u>-49,622</u>	Income Tax	<u>-53,214</u>	<u>-52,006</u>	<u>-51,612</u>	<u>-51,138</u>	<u>-49,622</u>
\$104,818	\$98,467	Net Operating Income	\$104,818	\$102,723	\$102,325	\$101,070	\$98,467
\$0.85	\$0.78	EPS on a Diluted Basis	\$0.85	\$0.83	\$0.81	\$0.80	\$0.78
122,918	126,772	Average Diluted Shares Outstanding	122,918	124,451	126,023	126,131	126,772
-\$1,110	\$2,216	Capital Gain (Loss), Net of Tax	-\$1,110	-\$11,690	\$579	\$4,131	\$2,216
-5,552	2,038	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-5,552	-2,499	4,989	-1,344	2,038
0	-3,018	Goodwill	0	-3,020	-3,018	-3,019	-3,018
-2	-25	Gain (Loss) on Redemption of Debt, Net of Tax	-2	-2,388	-1,060	-1,080	-25
0	0	Change in Accounting Principle, Net of Tax	0	0	0	-26,584	0
<u>0</u>	<u>-3,280</u>	Discontinued Operations, Net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-3,280</u>
<u>\$98,154</u>	<u>\$96,398</u>	Net Income	<u>\$98,154</u>	<u>\$83,126</u>	<u>\$103,815</u>	<u>\$73,174</u>	<u>\$96,398</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	1Q 2002	%	1Q 2001	%	1Q 2002	%	1Q 2001	%	1Q 2002	1Q 2001
LNL Exclusive Agency										
Premium	75,279		74,341		39,877		39,098			
Net Policy Obligations	35,248	47	33,443	45	29,121	73	26,621	68		
Comm. & Acq. Exp.	21,941	29	21,961	30	7,108	18	6,876	18		
Underwriting Margin	18,090	24	18,937	25	3,648	9	5,601	14		
UA Independent										
Premium	12,254		12,598		122,535		119,494			
Net Policy Obligations	4,611	38	5,318	42	77,668	63	75,043	63		
Comm. & Acq. Exp.	6,084	50	5,238	42	22,684	19	22,822	19		
Underwriting Margin	1,559	13	2,042	16	22,183	18	21,629	18		
UA Branch Office Agency										
Premium	4,821		4,864		82,155		77,617			
Net Policy Obligations	2,591	54	2,541	52	53,384	65	50,373	65		
Comm. & Acq. Exp.	1,615	33	1,609	33	16,447	20	14,437	19		
Underwriting Margin	615	13	714	15	12,324	15	12,807	17		
Direct Response										
Premium	78,091		69,975		5,271		4,522			
Net Policy Obligations	37,007	47	31,718	45	4,296	82	3,722	82		
Comm. & Acq. Exp.	21,659	28	20,073	29	401	8	290	6		
Underwriting Margin	19,425	25	18,184	26	574	11	510	11		
American Income Agency										
Premium	65,544		59,928		12,669		12,131			
Net Policy Obligations	22,647	35	20,362	34	4,612	36	4,504	37		
Comm. & Acq. Exp.	23,474	36	22,763	38	3,113	25	3,067	25		
Underwriting Margin	19,423	30	16,803	28	4,944	39	4,560	38		
Military										
Premium	35,760		32,040							
Net Policy Obligations	17,794	50	15,223	48						
Comm. & Acq. Exp.	10,806	30	9,683	30						
Underwriting Margin	7,160	20	7,134	22						
Other Distribution										
Premium	26,648		27,577						10,337	12,681
Net Policy Obligations	10,349	39	11,362	41					-10	-192
Comm. & Acq. Exp.	10,124	38	10,074	37					6,609	6,468
Underwriting Margin	6,175	23	6,141	22					3,738	6,405
Totals:										
Premium	298,397		281,323		262,507		252,862		10,337	12,681
Net Policy Obligations	130,247	44	119,967	43	169,081	64	160,263	63	-10	-192
Comm. & Acq. Exp.	95,703	32	91,401	32	49,753	19	47,492	19	6,609	6,468
Underwriting Margin	72,447	24	69,955	25	43,673	17	45,107	18	3,738	6,405
TOTAL UNDERWRITING MARGINS, ALL LINES					119,858		121,467			
Other Income					949		1,175			
Administrative & Other Expenses					-31,274		-29,980			
Insurance Underwriting Income					89,533		92,662			

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

SALES	YTD	YTD	% Incr	
	3/02	3/01	(Decr)	
LIFE				
Direct Response	\$29,241	\$30,835	-5	
LNL Exclusive Agency	14,057	13,522	4	
American Income Agency	19,374	14,691	32	
Military	5,513	5,312	4	
UA Branch Office Agency	1,646	1,174	40	
UA Independent	5,757	7,139	-19	
Other Distribution	1,904	3,830	-50	
Total Life	77,492	76,503	1	
HEALTH				
Direct Response	2,162	1,336	62	
LNL Exclusive Agency	2,646	2,332	13	
American Income Agency	2,434	2,258	8	
UA Branch Office Agency	19,845	36,557	-46	
UA Independent	22,918	21,601	6	
Total Health *	50,005	64,084	-22	
TOTAL SALES	\$127,497	\$140,587	-9	
* Includes Med Supp Sales	\$31,300	\$52,693	-41	
IN FORCE AT END OF PERIOD				
	1Q 02	1Q 01	\$ Incr	% Incr
			(Decr)	(Decr)
LIFE				
Direct Response	\$333,365	\$316,173	\$17,192	5
LNL Exclusive Agency	316,742	313,280	3,462	1
American Income Agency	272,766	247,656	25,110	10
Military	145,574	129,909	15,665	12
UA Branch Office Agency	21,328	21,254	74	0
UA Independent	54,227	55,833	-1,606	-3
Other Distribution	131,874	137,246	-5,372	-4
Total Life	1,275,876	1,221,351	54,525	4
HEALTH				
Direct Response	20,999	17,559	3,440	20
LNL Exclusive Agency	162,993	160,250	2,743	2
American Income Agency	48,564	46,490	2,074	4
UA Branch Office Agency	332,562	332,542	20	0
UA Independent	475,056	474,526	530	0
Total Health **	1,040,174	1,031,367	8,807	1
TOTAL IN FORCE	\$2,316,050	\$2,252,718	\$63,332	3
** Includes Med Supp In Force	\$753,308	\$760,183	-\$6,875	-1

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

	At March 31,	
	2002	2001
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$6,638,803	\$6,170,998
Equity securities available for sale	9,808	589
Mortgage loans	112,288	118,288
Real estate	13,770	15,222
Policy loans	268,636	259,222
Other long-term investments	41,041	34,491
Short-term investments	30,615	206,685
Total investments	7,114,961	6,805,495
Cash	4,525	5,852
Accrued investment income	135,160	122,901
Other receivables	74,874	78,671
Deferred acquisition costs	2,100,915	1,971,872
Value of insurance purchased	112,907	128,353
Property and equipment	35,043	38,105
Goodwill	378,436	387,492
Other assets	12,623	17,174
Separate account assets	2,314,925	3,245,832
Total assets	\$12,284,369	\$12,801,747
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$5,416,945	\$5,165,065
Unearned and advance premium	93,547	92,056
Policy claims and other benefits payable	254,142	244,157
Other policy liabilities	81,398	80,286
Accrued income taxes	577,218	518,563
Short-term debt	241,873	302,105
Long-term debt	535,432	364,058
Other liabilities	145,521	232,475
Separate account liabilities	2,314,925	3,245,832
Total liabilities	9,661,001	10,244,597
Trust preferred securities	144,412	193,415
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	147,801
Additional paid-in-capital	553,702	627,533
Unrealized investment gains (losses), net of tax	-81,003	-59,034
Retained earnings	2,065,153	2,305,147
Treasury stock, at cost	-185,697	-657,712
Total shareholders' equity	2,478,956	2,363,735
Total liabilities and shareholders' equity	\$12,284,369	\$12,801,747
Actual shares outstanding	121,942	125,995
Book value per common share	\$20.33	\$18.76
Book value per common share excluding FAS 115	\$20.90	\$19.14
Operating income as a return on common equity, excluding FAS 115	16.6%	16.1%
* Amortized cost of fixed maturities	\$6,756,430	\$6,250,990
Debt to total capitalization ratio excluding FAS 115	22.4%	20.4%