

TORCHMARK CORPORATION

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/02	6/01		2002	2002	2001	2001	2001
UNDERWRITING INCOME							
\$145,317	\$139,839	Life	\$72,870	\$72,447	\$73,532	\$70,958	\$69,884
86,220	89,897	Health	42,547	43,673	40,383	43,178	44,790
8,090	13,194	Annuity	4,352	3,738	5,985	5,580	6,789
<u>239,627</u>	<u>242,930</u>		<u>119,769</u>	<u>119,858</u>	<u>119,900</u>	<u>119,716</u>	<u>121,463</u>
1,909	2,300	Other Income	960	949	965	1,126	1,125
<u>-61,496</u>	<u>-59,466</u>	Admin. Expenses	<u>-30,222</u>	<u>-31,274</u>	<u>-30,917</u>	<u>-28,655</u>	<u>-29,486</u>
180,040	185,764	Underwriting Income	90,507	89,533	89,948	92,187	93,102
EXCESS INVESTMENT INCOME							
258,194	245,930	Net Investment Income	129,035	129,159	125,814	124,463	123,979
Required Interest:							
-95,099	-93,672	Net Policy Liabilities	-47,600	-47,499	-47,781	-47,730	-47,048
Financing Costs:							
-23,240	-24,327	Interest on Debt	-11,552	-11,688	-9,992	-10,422	-11,760
-5,825	-8,451	MIPS/Trust Preferred Dividend	-2,912	-2,913	-3,318	-3,150	-3,841
<u>11,477</u>	<u>2,540</u>	Interest Rate Swaps	<u>5,740</u>	<u>5,737</u>	<u>3,671</u>	<u>1,970</u>	<u>1,593</u>
145,507	122,020	Total Excess Investment Income	72,711	72,796	68,394	65,131	62,923
OTHER							
-5,457	-5,108	Parent Companies	-2,116	-3,341	-2,656	-2,340	-2,702
<u>-1,916</u>	<u>-2,379</u>	Tax Equivalent Adjustment	<u>-960</u>	<u>-956</u>	<u>-957</u>	<u>-1,041</u>	<u>-1,115</u>
<u>-7,373</u>	<u>-7,487</u>		<u>-3,076</u>	<u>-4,297</u>	<u>-3,613</u>	<u>-3,381</u>	<u>-3,817</u>
318,174	300,297	Pre-Tax Operating Income	160,142	158,032	154,729	153,937	152,208
<u>-107,287</u>	<u>-100,760</u>	Income Tax	<u>-54,073</u>	<u>-53,214</u>	<u>-52,006</u>	<u>-51,612</u>	<u>-51,138</u>
\$210,887	\$199,537	Net Operating Income	\$106,069	\$104,818	\$102,723	\$102,325	\$101,070
\$1.72	\$1.58	EPS on a Diluted Basis	\$0.87	\$0.85	\$0.83	\$0.81	\$0.80
122,305	126,445	Average Diluted Shares Outstanding	121,694	122,918	124,451	126,023	126,131
-\$51,977	\$6,347	Capital Gain (Loss), Net of Tax	-\$50,867	-\$1,110	-\$11,690	\$579	\$4,131
1,958	694	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	7,510	-5,552	-2,499	4,989	-1,344
0	-6,037	Goodwill	0	0	-3,020	-3,018	-3,019
-2	-1,105	Gain (Loss) on Redemption of Debt, Net of Tax	0	-2	-2,388	-1,060	-1,080
0	-26,584	Change in Accounting Principle, Net of Tax	0	0	0	0	-26,584
<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>0</u>
<u>\$160,866</u>	<u>\$169,572</u>	Net Income	<u>\$62,712</u>	<u>\$98,154</u>	<u>\$83,126</u>	<u>\$103,815</u>	<u>\$73,174</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	2Q 2002	%	2Q 2001	%	2Q 2002	%	2Q 2001	%	2Q 2002	2Q 2001
LNL Exclusive Agency										
Premium	75,933		75,228		39,458		38,764			
Net Policy Obligations	37,100	49	34,838	46	28,378	72	26,758	69		
Comm. & Acq. Exp.	22,507	30	23,035	31	6,971	18	6,833	18		
Underwriting Margin	16,326	22	17,355	23	4,109	10	5,173	13		
UA Independent										
Premium	12,565		11,829		115,818		116,614			
Net Policy Obligations	5,912	47	4,475	38	73,451	63	73,700	63		
Comm. & Acq. Exp.	5,821	46	5,220	44	21,411	18	21,816	19		
Underwriting Margin	832	7	2,134	18	20,956	18	21,098	18		
UA Branch Office Agency										
Premium	4,956		4,845		80,438		81,801			
Net Policy Obligations	2,653	54	2,633	54	52,606	65	53,155	65		
Comm. & Acq. Exp.	1,640	33	1,569	32	16,072	20	15,215	19		
Underwriting Margin	663	13	643	13	11,760	15	13,431	16		
Direct Response										
Premium	79,620		74,756		5,951		4,223			
Net Policy Obligations	39,018	49	33,949	45	4,598	77	3,459	82		
Comm. & Acq. Exp.	22,346	28	21,795	29	460	8	380	9		
Underwriting Margin	18,256	23	19,012	25	893	15	384	9		
American Income Agency										
Premium	68,941		61,077		12,903		12,254			
Net Policy Obligations	24,058	35	21,405	35	4,838	37	4,531	37		
Comm. & Acq. Exp.	24,226	35	22,224	36	3,236	25	3,019	25		
Underwriting Margin	20,657	30	17,448	29	4,829	37	4,704	38		
Military										
Premium	36,625		32,842							
Net Policy Obligations	16,812	46	16,817	51						
Comm. & Acq. Exp.	10,895	30	9,882	30						
Underwriting Margin	8,918	24	6,143	19						
Other Distribution										
Premium	27,970		28,296						10,358	18,689
Net Policy Obligations	10,731	38	11,130	39					-198	-13
Comm. & Acq. Exp.	10,021	36	10,017	35					6,204	11,913
Underwriting Margin	7,218	26	7,149	25					4,352	6,789
Totals:										
Premium	306,610		288,873		254,568		253,656		10,358	18,689
Net Policy Obligations	136,284	44	125,247	43	163,871	64	161,603	64	-198	-13
Comm. & Acq. Exp.	97,456	32	93,742	32	48,150	19	47,263	19	6,204	11,913
Underwriting Margin	72,870	24	69,884	24	42,547	17	44,790	18	4,352	6,789
TOTAL UNDERWRITING MARGINS, ALL LINES					119,769		121,463			
Other Income					960		1,125			
Administrative & Other Expenses					-30,222		-29,486			
Insurance Underwriting Income					90,507		93,102			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 6/02	%	YTD 6/01	%	YTD 6/02	%	YTD 6/01	%	YTD 6/02	YTD 6/01
LNL Exclusive Agency										
Premium	151,212		149,569		79,335		77,862			
Net Policy Obligations	72,348	48	68,281	46	57,499	72	53,379	69		
Comm. & Acq. Exp.	44,448	29	44,996	30	14,079	18	13,709	18		
Underwriting Margin	34,416	23	36,292	24	7,757	10	10,774	14		
UA Independent										
Premium	24,819		24,427		238,353		236,108			
Net Policy Obligations	10,523	42	9,793	40	151,119	63	148,743	63		
Comm. & Acq. Exp.	11,905	48	10,458	43	44,095	18	44,638	19		
Underwriting Margin	2,391	10	4,176	17	43,139	18	42,727	18		
UA Branch Office Agency										
Premium	9,777		9,709		162,593		159,418			
Net Policy Obligations	5,244	54	5,174	53	105,990	65	103,528	65		
Comm. & Acq. Exp.	3,255	33	3,178	33	32,519	20	29,652	19		
Underwriting Margin	1,278	13	1,357	14	24,084	15	26,238	16		
Direct Response										
Premium	157,711		144,731		11,222		8,745			
Net Policy Obligations	76,025	48	65,667	45	8,894	79	7,181	82		
Comm. & Acq. Exp.	44,005	28	41,868	29	861	8	670	8		
Underwriting Margin	37,681	24	37,196	26	1,467	13	894	10		
American Income Agency										
Premium	134,485		121,005		25,572		24,385			
Net Policy Obligations	46,705	35	41,767	35	9,450	37	9,035	37		
Comm. & Acq. Exp.	47,700	35	44,987	37	6,349	25	6,086	25		
Underwriting Margin	40,080	30	34,251	28	9,773	38	9,264	38		
Military										
Premium	72,385		64,882							
Net Policy Obligations	34,606	48	32,040	49						
Comm. & Acq. Exp.	21,701	30	19,565	30						
Underwriting Margin	16,078	22	13,277	20						
Other Distribution										
Premium	54,618		55,873						20,695	31,370
Net Policy Obligations	21,080	39	22,492	40					-208	-205
Comm. & Acq. Exp.	20,145	37	20,091	36					12,813	18,381
Underwriting Margin	13,393	25	13,290	24					8,090	13,194
Totals:										
Premium	605,007		570,196		517,075		506,518		20,695	31,370
Net Policy Obligations	266,531	44	245,214	43	332,952	64	321,866	64	-208	-205
Comm. & Acq. Exp.	193,159	32	185,143	32	97,903	19	94,755	19	12,813	18,381
Underwriting Margin	145,317	24	139,839	25	86,220	17	89,897	18	8,090	13,194
TOTAL UNDERWRITING MARGINS, ALL LINES					239,627		242,930			
Other Income					1,909		2,300			
Administrative & Other Expenses					-61,496		-59,466			
Insurance Underwriting Income					180,040		185,764			

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

SALES	YTD	YTD	% Incr	2nd Qtr.	2nd Qtr.	% Incr
	<u>6/02</u>	<u>6/01</u>	<u>(Decr)</u>	<u>2002</u>	<u>2001</u>	<u>(Decr)</u>
LIFE						
Direct Response	\$60,662	\$60,450	0	\$31,421	\$29,615	6
LNL Exclusive Agency	28,429	27,755	2	14,372	14,233	1
American Income Agency	44,195	30,028	47	24,821	15,337	62
Military	11,739	11,286	4	6,226	5,974	4
UA Branch Office Agency	3,413	2,437	40	1,767	1,263	40
UA Independent	12,852	12,890	0	7,095	5,751	23
Other Distribution	<u>3,933</u>	<u>6,373</u>	<u>-38</u>	<u>2,029</u>	<u>2,543</u>	<u>-20</u>
Total Life	165,223	151,219	9	87,731	74,716	17
HEALTH						
Direct Response	5,934	1,727	244	3,772	391	865
LNL Exclusive Agency	6,171	4,922	25	3,525	2,590	36
American Income Agency	5,590	4,772	17	3,156	2,514	26
UA Branch Office Agency	38,829	64,260	-40	18,984	27,703	-31
UA Independent	<u>46,161</u>	<u>37,988</u>	<u>22</u>	<u>23,243</u>	<u>16,387</u>	<u>42</u>
Total Health *	102,685	113,669	-10	52,680	49,585	6
TOTAL SALES	\$267,908	\$264,888	1	\$140,411	\$124,301	13
* Includes Med Supp Sales	\$58,584	\$89,898	-35	\$27,284	\$37,205	-27

IN FORCE AT END OF PERIOD

	<u>2Q 02</u>	<u>2Q 01</u>	<u>\$ Incr (Decr)</u>	<u>% Incr (Decr)</u>
LIFE				
Direct Response	\$344,367	\$321,138	\$23,229	7
LNL Exclusive Agency	318,761	315,339	3,422	1
American Income Agency	284,780	252,706	32,074	13
Military	150,241	134,584	15,657	12
UA Branch Office Agency	21,776	21,327	449	2
UA Independent	56,507	57,074	-567	-1
Other Distribution	<u>130,157</u>	<u>136,784</u>	<u>-6,627</u>	<u>-5</u>
Total Life	1,306,589	1,238,952	67,637	5
HEALTH				
Direct Response	24,971	18,035	6,936	38
LNL Exclusive Agency	163,549	157,212	6,337	4
American Income Agency	49,694	47,099	2,595	6
UA Branch Office Agency	326,732	344,618	-17,886	-5
UA Independent	<u>475,143</u>	<u>480,360</u>	<u>-5,217</u>	<u>-1</u>
Total Health **	1,040,089	1,047,324	-7,235	-1
TOTAL IN FORCE	\$2,346,678	\$2,286,276	\$60,402	3
** Includes Med Supp In Force	\$744,238	\$777,766	-\$33,528	-4

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

	At June 30,	
	2002	2001
Assets		
Investments:		
Fixed maturities available for sale *	\$6,742,143	\$6,153,868
Equity securities available for sale	10,133	623
Mortgage loans	117,254	118,082
Real estate	13,651	14,376
Policy loans	271,394	260,156
Other long-term investments	57,527	30,225
Short-term investments	24,807	107,382
Total investments	7,236,909	6,684,712
Cash	3,068	5,070
Accrued investment income	127,681	121,221
Other receivables	74,975	79,054
Deferred acquisition costs	2,126,018	2,010,525
Value of insurance purchased	109,004	123,777
Property and equipment	34,309	37,351
Goodwill	378,436	384,473
Other assets	12,133	16,443
Separate account assets	1,988,871	3,040,810
Total assets	\$12,091,404	\$12,503,436
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$5,499,416	\$5,217,833
Unearned and advance premium	94,712	92,743
Policy claims and other benefits payable	250,087	244,067
Other policy liabilities	81,918	80,409
Accrued income taxes	613,348	516,699
Short-term debt	182,642	300,389
Long-term debt	540,753	363,579
Other liabilities	130,784	130,304
Separate account liabilities	1,988,871	3,040,810
Total liabilities	9,382,531	9,986,833
Trust preferred securities	144,417	145,075
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	126,801
Additional paid-in-capital	553,974	539,527
Unrealized investment gains (losses), net of tax	32,178	-77,215
Retained earnings	2,116,857	1,838,567
Treasury stock, at cost	-265,354	-56,152
Total shareholders' equity	2,564,456	2,371,528
Total liabilities and shareholders' equity	\$12,091,404	\$12,503,436
Diluted Basis:		
Shares outstanding	120,386	126,156
Book value per common share	\$21.30	\$18.80
Book value per common share excluding FAS 115	\$20.98	\$19.33
Operating income as a return on common equity, excluding FAS 115	16.7%	16.1%
* Amortized cost of fixed maturities	\$6,679,081	\$6,265,581
Debt to total capitalization ratio excluding FAS 115	21.3%	20.4%

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

June 30, 2002

Total Fixed Maturities

Amortized Cost	\$6,679
Market	6,742

Bonds Written Down in 2nd Quarter 2002

<u>Issuer</u>	<u>Book Value</u>	
WorldCom	\$37	
Teleglobe Inc.	20	
Adelphia Communications	9	
Xerox Capital Trust I	37	
Other	<u>7</u>	
Book Value Before Writedown	110	
Less Writedown	<u>83</u>	(\$54 After Tax)
Book Value After Writedown	\$27	

Average Ratings

Total Fixed Maturity Portfolio	A3/A-
2002 Purchases	A2/A

Below Investment Grade

Amortized Cost	\$611
% of Total Fixed Maturities	9.1%
Average Rating	B1/B+