

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/02	9/01		2002	2002	2002	2001	2001
UNDERWRITING INCOME							
\$222,253	\$210,797	Life	\$76,936	\$72,870	\$72,447	\$73,532	\$70,958
127,336	133,075	Health	41,116	42,547	43,673	40,383	43,178
10,631	18,774	Annuity	2,541	4,352	3,738	5,985	5,580
<u>360,220</u>	<u>362,646</u>		<u>120,593</u>	<u>119,769</u>	<u>119,858</u>	<u>119,900</u>	<u>119,716</u>
3,101	3,426	Other Income	1,192	960	949	965	1,126
<u>-93,033</u>	<u>-88,121</u>	Admin. Expenses	<u>-31,537</u>	<u>-30,222</u>	<u>-31,274</u>	<u>-30,917</u>	<u>-28,655</u>
270,288	277,951	Underwriting Income	90,248	90,507	89,533	89,948	92,187
EXCESS INVESTMENT INCOME							
389,683	370,393	Net Investment Income	131,489	129,035	129,159	125,814	124,463
-143,733	-141,402	Required Interest:					
		Net Policy Liabilities	-48,634	-47,600	-47,499	-47,781	-47,730
		Financing Costs:					
-34,700	-34,749	Interest on Debt	-11,460	-11,552	-11,688	-9,992	-10,422
-8,738	-11,601	MIPS/Trust Preferred Dividend	-2,913	-2,912	-2,913	-3,318	-3,150
<u>17,166</u>	<u>4,510</u>	Interest Rate Swaps	<u>5,689</u>	<u>5,740</u>	<u>5,737</u>	<u>3,671</u>	<u>1,970</u>
219,678	187,151	Total Excess Investment Income	74,171	72,711	72,796	68,394	65,131
OTHER							
-8,055	-7,448	Parent Companies	-2,598	-2,116	-3,341	-2,656	-2,340
<u>-2,824</u>	<u>-3,420</u>	Tax Equivalent Adjustment	<u>-908</u>	<u>-960</u>	<u>-956</u>	<u>-957</u>	<u>-1,041</u>
-10,879	-10,868		-3,506	-3,076	-4,297	-3,613	-3,381
479,087	454,234	Pre-Tax Operating Income	160,913	160,142	158,032	154,729	153,937
<u>-161,816</u>	<u>-152,372</u>	Income Tax	<u>-54,529</u>	<u>-54,073</u>	<u>-53,214</u>	<u>-52,006</u>	<u>-51,612</u>
\$317,271	\$301,862	Net Operating Income	\$106,384	\$106,069	\$104,818	\$102,723	\$102,325
\$2.61	\$2.39	EPS on a Diluted Basis	\$0.89	\$0.87	\$0.85	\$0.83	\$0.81
121,334	126,325	Average Diluted Shares Outstanding	119,506	121,694	122,918	124,451	126,023
-51,379	\$6,926	Capital Gain (Loss), Net of Tax	\$598	-\$50,867	-\$1,110	-\$11,690	\$579
12,351	5,683	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	10,393	7,510	-5,552	-2,499	4,989
0	-9,055	Goodwill	0	0	0	-3,020	-3,018
-2	-2,165	Gain (Loss) on Redemption of Debt, Net of Tax	0	0	-2	-2,388	-1,060
0	-26,584	Change in Accounting Principle, Net of Tax	0	0	0	0	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>0</u>
<u>\$278,241</u>	<u>\$273,387</u>	Net Income	<u>\$117,375</u>	<u>\$62,712</u>	<u>\$98,154</u>	<u>\$83,126</u>	<u>\$103,815</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	3Q 2002	%	3Q 2001	%	3Q 2002	%	3Q 2001	%	3Q 2002	3Q 2001
LNL Exclusive Agency										
Premium	75,360		73,922		40,257		38,690			
Net Policy Obligations	34,326	46	32,768	44	29,477	73	28,029	72		
Comm. & Acq. Exp.	<u>22,816</u>	30	<u>23,027</u>	31	<u>7,170</u>	18	<u>6,932</u>	18		
Underwriting Margin	18,218	24	18,127	25	3,610	9	3,729	10		
UA Independent										
Premium	12,961		11,993		114,170		114,397			
Net Policy Obligations	5,255	41	3,586	30	72,380	63	72,743	64		
Comm. & Acq. Exp.	<u>6,008</u>	46	<u>6,299</u>	53	<u>21,147</u>	19	<u>20,926</u>	18		
Underwriting Margin	1,698	13	2,108	18	20,643	18	20,728	18		
UA Branch Office Agency										
Premium	4,933		4,841		78,295		81,620			
Net Policy Obligations	2,563	52	2,684	55	51,205	65	53,136	65		
Comm. & Acq. Exp.	<u>1,662</u>	34	<u>1,511</u>	31	<u>15,659</u>	20	<u>15,332</u>	19		
Underwriting Margin	708	14	646	13	11,431	15	13,152	16		
Direct Response										
Premium	79,729		72,789		5,123		4,637			
Net Policy Obligations	38,551	48	34,611	48	4,259	83	3,620	78		
Comm. & Acq. Exp.	<u>21,936</u>	28	<u>21,248</u>	29	<u>309</u>	6	<u>375</u>	8		
Underwriting Margin	19,242	24	16,930	23	555	11	642	14		
American Income Agency										
Premium	70,576		61,851		13,223		12,873			
Net Policy Obligations	22,481	32	20,070	32	5,000	38	4,861	38		
Comm. & Acq. Exp.	<u>26,533</u>	38	<u>23,466</u>	38	<u>3,346</u>	25	<u>3,085</u>	24		
Underwriting Margin	21,562	31	18,315	30	4,877	37	4,927	38		
Military										
Premium	37,691		33,888							
Net Policy Obligations	16,779	45	16,298	48						
Comm. & Acq. Exp.	<u>11,193</u>	30	<u>10,191</u>	30						
Underwriting Margin	9,719	26	7,399	22						
Other Distribution										
Premium	26,130		28,042						9,194	14,498
Net Policy Obligations	10,886	42	10,382	37					939	-709
Comm. & Acq. Exp.	<u>9,455</u>	36	<u>10,227</u>	36					<u>5,714</u>	<u>9,627</u>
Underwriting Margin	5,789	22	7,433	27					2,541	5,580
Totals:										
Premium	307,380		287,326		251,068		252,217		9,194	14,498
Net Policy Obligations	130,841	43	120,399	42	162,321	65	162,389	64	939	-709
Comm. & Acq. Exp.	<u>99,603</u>	32	<u>95,969</u>	33	<u>47,631</u>	19	<u>46,650</u>	18	<u>5,714</u>	<u>9,627</u>
Underwriting Margin	76,936	25	70,958	25	41,116	16	43,178	17	2,541	5,580
TOTAL UNDERWRITING MARGINS, ALL LINES					120,593		119,716			
Other Income					1,192		1,126			
Administrative & Other Expenses					<u>-31,537</u>		<u>-28,655</u>			
Insurance Underwriting Income					<u>90,248</u>		<u>92,187</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 9/02	%	YTD 9/01	%	YTD 9/02	%	YTD 9/01	%	YTD 9/02	YTD 9/01
LNL Exclusive Agency										
Premium	226,572		223,491		119,592		116,552			
Net Policy Obligations	106,674	47	101,049	45	86,976	73	81,408	70		
Comm. & Acq. Exp.	<u>67,264</u>	30	<u>68,023</u>	30	<u>21,249</u>	18	<u>20,641</u>	18		
Underwriting Margin	52,634	23	54,419	24	11,367	10	14,503	12		
UA Independent										
Premium	37,780		36,420		352,523		350,505			
Net Policy Obligations	15,778	42	13,379	37	223,499	63	221,486	63		
Comm. & Acq. Exp.	<u>17,913</u>	47	<u>16,757</u>	46	<u>65,242</u>	19	<u>65,564</u>	19		
Underwriting Margin	4,089	11	6,284	17	63,782	18	63,455	18		
UA Branch Office Agency										
Premium	14,710		14,550		240,888		241,038			
Net Policy Obligations	7,807	53	7,858	54	157,195	65	156,664	65		
Comm. & Acq. Exp.	<u>4,917</u>	33	<u>4,689</u>	32	<u>48,178</u>	20	<u>44,984</u>	19		
Underwriting Margin	1,986	14	2,003	14	35,515	15	39,390	16		
Direct Response										
Premium	237,440		217,520		16,345		13,382			
Net Policy Obligations	114,576	48	100,278	46	13,153	80	10,801	81		
Comm. & Acq. Exp.	<u>65,941</u>	28	<u>63,116</u>	29	<u>1,170</u>	7	<u>1,045</u>	8		
Underwriting Margin	56,923	24	54,126	25	2,022	12	1,536	11		
American Income Agency										
Premium	205,061		182,856		38,795		37,258			
Net Policy Obligations	69,186	34	61,837	34	14,450	37	13,896	37		
Comm. & Acq. Exp.	<u>74,233</u>	36	<u>68,453</u>	37	<u>9,695</u>	25	<u>9,171</u>	25		
Underwriting Margin	61,642	30	52,566	29	14,650	38	14,191	38		
Military										
Premium	110,076		98,770							
Net Policy Obligations	51,385	47	48,338	49						
Comm. & Acq. Exp.	<u>32,894</u>	30	<u>29,756</u>	30						
Underwriting Margin	25,797	23	20,676	21						
Other Distribution										
Premium	80,748		83,915						29,889	45,868
Net Policy Obligations	31,966	40	32,874	39					731	-914
Comm. & Acq. Exp.	<u>29,600</u>	37	<u>30,318</u>	36					<u>18,527</u>	<u>28,008</u>
Underwriting Margin	19,182	24	20,723	25					10,631	18,774
Totals:										
Premium	912,387		857,522		768,143		758,735		29,889	45,868
Net Policy Obligations	397,372	44	365,613	43	495,273	64	484,255	64	731	-914
Comm. & Acq. Exp.	<u>292,762</u>	32	<u>281,112</u>	33	<u>145,534</u>	19	<u>141,405</u>	19	<u>18,527</u>	<u>28,008</u>
Underwriting Margin	222,253	24	210,797	25	127,336	17	133,075	18	10,631	18,774
TOTAL UNDERWRITING MARGINS, ALL LINES					360,220		362,646			
Other Income					3,101		3,426			
Administrative & Other Expenses					<u>-93,033</u>		<u>-88,121</u>			
Insurance Underwriting Income					<u>270,288</u>		<u>277,951</u>			

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

SALES	YTD	YTD	% Incr	3rd Qtr.	3rd Qtr.	% Incr
	9/02	9/01	(Decr)	2002	2001	(Decr)
LIFE						
Direct Response	\$91,436	\$85,140	7	\$30,774	\$24,690	25
LNL Exclusive Agency	42,430	41,177	3	14,001	13,422	4
American Income Agency	68,820	47,536	45	24,625	17,508	41
Military	17,621	16,325	8	5,882	5,039	17
UA Branch Office Agency	4,765	3,751	27	1,352	1,314	3
UA Independent	19,835	18,553	7	6,983	5,663	23
Other Distribution	5,913	8,560	-31	1,980	2,187	-9
Total Life	250,820	221,042	13	85,597	69,823	23
HEALTH						
Direct Response	6,315	2,396	164	381	669	-43
LNL Exclusive Agency	9,248	7,737	20	3,077	2,815	9
American Income Agency	8,539	7,426	15	2,949	2,654	11
UA Branch Office Agency	55,199	86,358	-36	16,370	22,098	-26
UA Independent	70,668	53,045	33	24,507	15,057	63
Total Health *	149,969	156,962	-4	47,284	43,293	9
TOTAL SALES	\$400,789	\$378,004	6	\$132,881	\$113,116	17
* Includes Med Supp Sales	\$77,795	\$119,010	-35	\$19,211	\$29,112	-34

IN FORCE AT END OF PERIOD

	3Q 02	3Q 01	\$ Incr	% Incr
			(Decr)	(Decr)
LIFE				
Direct Response	\$351,887	\$318,663	\$33,224	10
LNL Exclusive Agency	318,468	314,384	4,084	1
American Income Agency	294,293	258,617	35,676	14
Military	154,718	138,230	16,488	12
UA Branch Office Agency	21,742	21,354	388	2
UA Independent	57,816	53,270	4,546	9
Other Distribution	128,455	135,366	-6,911	-5
Total Life	1,327,379	1,239,884	87,495	7
HEALTH				
Direct Response	23,075	18,424	4,651	25
LNL Exclusive Agency	169,769	167,877	1,892	1
American Income Agency	49,863	48,344	1,519	3
UA Branch Office Agency	320,747	338,688	-17,941	-5
UA Independent	474,870	475,665	-795	0
Total Health **	1,038,324	1,048,998	-10,674	-1
TOTAL IN FORCE	\$2,365,703	\$2,288,882	\$76,821	3
** Includes Med Supp In Force	\$728,105	\$766,245	-\$38,140	-5

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

	At September 30,	
	2002	2001
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$7,067,639	\$6,439,579
Equity securities available for sale	10,236	624
Mortgage loans	119,284	118,525
Real estate	13,127	14,298
Policy loans	275,187	263,346
Other long-term investments	84,188	38,140
Short-term investments	32,193	153,383
Total investments	7,601,854	7,027,895
Cash	4,622	9,543
Accrued investment income	137,186	125,238
Other receivables	73,253	75,684
Deferred acquisition costs	2,141,813	2,025,181
Value of insurance purchased	105,041	119,356
Property and equipment	33,851	36,732
Goodwill	378,436	381,454
Other assets	11,730	16,352
Separate account assets	1,680,810	2,369,995
Total assets	\$12,168,596	\$12,187,430
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$5,600,850	\$5,281,983
Unearned and advance premium	94,911	92,349
Policy claims and other benefits payable	247,730	243,792
Other policy liabilities	82,456	80,762
Accrued income taxes	705,950	632,122
Short-term debt	178,194	338,806
Long-term debt	552,132	358,703
Other liabilities	121,275	147,338
Separate account liabilities	1,680,810	2,369,995
Total liabilities	9,264,308	9,545,850
Trust preferred securities	144,422	106,404
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	126,801
Additional paid-in-capital	554,159	553,030
Unrealized investment gains (losses), net of tax	168,704	23,365
Retained earnings	2,223,578	1,930,845
Treasury stock, at cost	-313,376	-98,865
Total shareholders' equity	2,759,866	2,535,176
Total liabilities and shareholders' equity	\$12,168,596	\$12,187,430
Diluted Basis:		
Shares outstanding	118,812	125,345
Book value per common share	\$23.23	\$20.23
Book value per common share excluding FAS 115	\$21.73	\$19.95
Operating income as a return on common equity, excluding FAS 115	16.7%	16.6%
* Amortized cost of fixed maturities	\$6,775,155	\$6,382,988
Debt to total capitalization ratio excluding FAS 115	21.1%	21.1%

TORCHMARK CORPORATION

Fixed Maturities
(Millions of \$)
September 30, 2002

Total Fixed Maturities

Amortized Cost	\$6,775
Market	7,068

Average Ratings

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

Below Investment Grade

Amortized Cost	\$669
% of Total Fixed Maturities	9.9%
% of Total Invested Assets	9.2%
Average Rating	B1/B+