

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/02	12/01		2002	2002	2002	2002	2001
UNDERWRITING INCOME							
\$299,221	\$284,329	Life	\$76,968	\$76,936	\$72,870	\$72,447	\$73,532
167,487	173,458	Health	40,151	41,116	42,547	43,673	40,383
13,421	24,759	Annuity	2,790	2,541	4,352	3,738	5,985
<u>480,129</u>	<u>482,546</u>		<u>119,909</u>	<u>120,593</u>	<u>119,769</u>	<u>119,858</u>	<u>119,900</u>
3,906	4,391	Other Income	805	1,192	960	949	965
<u>-124,605</u>	<u>-119,038</u>	Admin. Expenses	<u>-31,572</u>	<u>-31,537</u>	<u>-30,222</u>	<u>-31,274</u>	<u>-30,917</u>
359,430	367,899	Underwriting Income	89,142	90,248	90,507	89,533	89,948
EXCESS INVESTMENT INCOME							
522,319	496,207	Net Investment Income	132,636	131,489	129,035	129,159	125,814
-192,807	-189,183	Required Interest:					
		Net Policy Liabilities	-49,074	-48,634	-47,600	-47,499	-47,781
		Financing Costs:					
-45,948	-44,741	Interest on Debt	-11,248	-11,460	-11,552	-11,688	-9,992
-11,651	-14,919	MIPS/Trust Preferred Dividend	-2,913	-2,913	-2,912	-2,913	-3,318
<u>23,086</u>	<u>8,181</u>	Interest Rate Swaps	<u>5,920</u>	<u>5,689</u>	<u>5,740</u>	<u>5,737</u>	<u>3,671</u>
294,999	255,545	Total Excess Investment Income	75,321	74,171	72,711	72,796	68,394
OTHER							
-10,523	-10,104	Parent Companies	-2,468	-2,598	-2,116	-3,341	-2,656
<u>-3,701</u>	<u>-4,377</u>	Tax Equivalent Adjustment	<u>-877</u>	<u>-908</u>	<u>-960</u>	<u>-956</u>	<u>-957</u>
-14,224	-14,481		-3,345	-3,506	-3,076	-4,297	-3,613
640,205	608,963	Pre-Tax Operating Income	161,118	160,913	160,142	158,032	154,729
<u>-216,596</u>	<u>-204,378</u>	Income Tax	<u>-54,780</u>	<u>-54,529</u>	<u>-54,073</u>	<u>-53,214</u>	<u>-52,006</u>
\$423,609	\$404,585	Net Operating Income	\$106,338	\$106,384	\$106,069	\$104,818	\$102,723
\$3.51	\$3.21	EPS on a Diluted Basis	\$0.90	\$0.89	\$0.87	\$0.85	\$0.83
120,669	125,861	Average Diluted Shares Outstanding	118,719	119,506	121,694	122,918	124,451
<u>-51,728</u>	<u>-\$4,764</u>	Capital Gain (Loss), Net of Tax	<u>-349</u>	<u>\$598</u>	<u>-\$50,867</u>	<u>-\$1,110</u>	<u>-\$11,690</u>
11,554	3,184	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-797	10,393	7,510	-5,552	-2,499
0	-12,075	Goodwill	0	0	0	0	-3,020
-2	-4,553	Gain (Loss) on Redemption of Debt, Net of Tax	0	0	0	-2	-2,388
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>\$383,433</u>	<u>\$356,513</u>	Net Income	<u>\$105,192</u>	<u>\$117,375</u>	<u>\$62,712</u>	<u>\$98,154</u>	<u>\$83,126</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	4Q 2002	%	4Q 2001	%	4Q 2002	%	4Q 2001	%	4Q 2002	4Q 2001
LNL Exclusive Agency										
Premium	75,198		73,795		40,128		39,334			
Net Policy Obligations	34,343	46	32,955	45	30,543	76	30,271	77		
Comm. & Acq. Exp.	23,021	31	23,030	31	7,143	18	7,298	19		
Underwriting Margin	17,834	24	17,810	24	2,442	6	1,765	4		
UA Independent										
Premium	12,896		11,388		114,494		113,595			
Net Policy Obligations	5,407	42	3,108	27	72,090	63	72,754	64		
Comm. & Acq. Exp.	6,063	47	6,556	58	21,216	19	20,294	18		
Underwriting Margin	1,426	11	1,724	15	21,188	19	20,547	18		
UA Branch Office Agency										
Premium	4,805		4,705		77,620		82,121			
Net Policy Obligations	2,358	49	2,257	48	50,764	65	53,364	65		
Comm. & Acq. Exp.	1,720	36	1,813	39	15,524	20	15,724	19		
Underwriting Margin	727	15	635	13	11,332	15	13,033	16		
Direct Response										
Premium	78,211		71,577		5,450		4,391			
Net Policy Obligations	40,014	51	34,510	48	4,354	80	3,768	86		
Comm. & Acq. Exp.	19,138	24	19,294	27	392	7	354	8		
Underwriting Margin	19,059	24	17,773	25	704	13	269	6		
American Income Agency										
Premium	72,120		63,834		13,285		12,577			
Net Policy Obligations	25,308	35	22,053	35	5,536	42	4,585	36		
Comm. & Acq. Exp.	25,942	36	23,511	37	3,264	25	3,223	26		
Underwriting Margin	20,870	29	18,270	29	4,485	34	4,769	38		
Military										
Premium	38,633		34,608							
Net Policy Obligations	17,682	46	14,954	43						
Comm. & Acq. Exp.	12,012	31	9,256	27						
Underwriting Margin	8,939	23	10,398	30						
Other Distribution										
Premium	26,745		27,526						9,029	13,593
Net Policy Obligations	9,405	35	9,827	36					1,136	13
Comm. & Acq. Exp.	9,227	34	10,777	39					5,103	7,595
Underwriting Margin	8,113	30	6,922	25					2,790	5,985
Totals:										
Premium	308,608		287,433		250,977		252,018		9,029	13,593
Net Policy Obligations	134,517	44	119,664	42	163,287	65	164,742	65	1,136	13
Comm. & Acq. Exp.	97,123	31	94,237	33	47,539	19	46,893	19	5,103	7,595
Underwriting Margin	76,968	25	73,532	26	40,151	16	40,383	16	2,790	5,985
TOTAL UNDERWRITING MARGINS, ALL LINES					119,909		119,900			
Other Income					805		965			
Administrative & Other Expenses					-31,572		-30,917			
Insurance Underwriting Income					<u>89,142</u>		<u>89,948</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 12/02	%	YTD 12/01	%	YTD 12/02	%	YTD 12/01	%	YTD 12/02	YTD 12/01
LNL Exclusive Agency										
Premium	301,770		297,286		159,720		155,886			
Net Policy Obligations	141,017	47	134,004	45	117,519	74	111,679	72		
Comm. & Acq. Exp.	90,285	30	91,053	31	28,392	18	27,939	18		
Underwriting Margin	70,468	23	72,229	24	13,809	9	16,268	10		
UA Independent										
Premium	50,676		47,808		467,017		464,100			
Net Policy Obligations	21,185	42	16,487	34	295,589	63	294,240	63		
Comm. & Acq. Exp.	23,976	47	23,313	49	86,458	19	85,858	18		
Underwriting Margin	5,515	11	8,008	17	84,970	18	84,002	18		
UA Branch Office Agency										
Premium	19,515		19,255		318,508		323,159			
Net Policy Obligations	10,165	52	10,115	53	207,959	65	210,028	65		
Comm. & Acq. Exp.	6,637	34	6,502	34	63,702	20	60,708	19		
Underwriting Margin	2,713	14	2,638	14	46,847	15	52,423	16		
Direct Response										
Premium	315,651		289,097		21,795		17,773			
Net Policy Obligations	154,590	49	134,788	47	17,507	80	14,569	82		
Comm. & Acq. Exp.	85,079	27	82,410	29	1,562	7	1,399	8		
Underwriting Margin	75,982	24	71,899	25	2,726	13	1,805	10		
American Income Agency										
Premium	277,181		246,690		52,080		49,835			
Net Policy Obligations	94,494	34	83,890	34	19,986	38	18,481	37		
Comm. & Acq. Exp.	100,175	36	91,964	37	12,959	25	12,394	25		
Underwriting Margin	82,512	30	70,836	29	19,135	37	18,960	38		
Military										
Premium	148,709		133,378							
Net Policy Obligations	69,067	46	63,292	47						
Comm. & Acq. Exp.	44,906	30	39,012	29						
Underwriting Margin	34,736	23	31,074	23						
Other Distribution										
Premium	107,493		111,441						38,918	59,461
Net Policy Obligations	41,371	38	42,701	38					1,867	-901
Comm. & Acq. Exp.	38,827	36	41,095	37					23,630	35,603
Underwriting Margin	27,295	25	27,645	25					13,421	24,759
Totals:										
Premium	1,220,995		1,144,955		1,019,120		1,010,753		38,918	59,461
Net Policy Obligations	531,889	44	485,277	42	658,560	65	648,997	64	1,867	-901
Comm. & Acq. Exp.	389,885	32	375,349	33	193,073	19	188,298	19	23,630	35,603
Underwriting Margin	299,221	25	284,329	25	167,487	16	173,458	17	13,421	24,759
TOTAL UNDERWRITING MARGINS, ALL LINES					480,129		482,546			
Other Income					3,906		4,391			
Administrative & Other Expenses					<u>-124,605</u>		<u>-119,038</u>			
Insurance Underwriting Income					<u>359,430</u>		<u>367,899</u>			

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

SALES	YTD <u>12/02</u>	YTD <u>12/01</u>	% Incr <u>(Decr)</u>	4th Qtr. <u>2002</u>	4th Qtr. <u>2001</u>	% Incr <u>(Decr)</u>
LIFE						
Direct Response	\$123,260	\$112,041	10	\$31,824	\$26,901	18
LNL Exclusive Agency	56,341	54,853	3	13,911	13,676	2
American Income Agency	91,882	66,421	38	23,062	18,885	22
Military	23,479	21,182	11	5,858	4,857	21
UA Branch Office Agency	5,643	4,913	15	878	1,162	-24
UA Independent	25,675	24,453	5	5,840	5,900	-1
Other Distribution	<u>7,766</u>	<u>10,769</u>	<u>-28</u>	<u>1,853</u>	<u>2,209</u>	<u>-16</u>
Total Life	334,046	294,632	13	83,226	73,590	13
HEALTH						
Direct Response	6,752	3,295	105	437	899	-51
LNL Exclusive Agency	12,157	10,747	13	2,909	3,010	-3
American Income Agency	11,438	10,019	14	2,899	2,593	12
UA Branch Office Agency	75,383	115,684	-35	20,184	29,326	-31
UA Independent	<u>96,052</u>	<u>73,539</u>	<u>31</u>	<u>25,384</u>	<u>20,494</u>	<u>24</u>
Total Health *	201,782	213,284	-5	51,813	56,322	-8
 TOTAL SALES	 \$535,828	 \$507,916	 5	 \$135,039	 \$129,912	 4
 * Includes Med Supp Sales	 \$99,429	 \$158,621	 -37	 \$21,634	 \$39,611	 -45

IN FORCE AT END OF PERIOD

	<u>4Q 02</u>	<u>4Q 01</u>	\$ Incr <u>(Decr)</u>	% Incr <u>(Decr)</u>
LIFE				
Direct Response	\$357,393	\$326,111	\$31,282	10
LNL Exclusive Agency	318,613	314,676	3,937	1
American Income Agency	302,064	265,912	36,152	14
Military	158,840	141,565	17,275	12
UA Branch Office Agency	21,286	21,158	128	1
UA Independent	58,087	54,143	3,944	7
Other Distribution	<u>126,873</u>	<u>133,848</u>	<u>-6,975</u>	<u>-5</u>
Total Life	1,343,156	1,257,413	85,743	7
HEALTH				
Direct Response	23,932	18,817	5,115	27
LNL Exclusive Agency	165,394	162,724	2,670	2
American Income Agency	51,299	49,260	2,039	4
UA Branch Office Agency	316,337	337,026	-20,689	-6
UA Independent	<u>473,520</u>	<u>474,816</u>	<u>-1,296</u>	<u>0</u>
Total Health **	1,030,482	1,042,643	-12,161	-1
 TOTAL IN FORCE	 \$2,373,638	 \$2,300,056	 \$73,582	 3
 ** Includes Med Supp In Force	 \$714,112	 \$760,848	 -\$46,736	 -6

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

	At December 31,	
	2002	2001
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$7,194,392	\$6,526,429
Equity securities available for sale	24,457	571
Mortgage loans	121,805	112,135
Real estate	9,351	14,133
Policy loans	279,429	266,979
Other long-term investments	81,505	49,971
Short-term investments	72,812	134,156
Total investments	7,783,751	7,104,374
Cash	7,181	3,714
Accrued investment income	132,984	125,210
Other receivables	70,419	67,549
Deferred acquisition costs	2,184,134	2,066,423
Value of insurance purchased	102,091	115,939
Property and equipment	33,431	36,137
Goodwill	378,436	378,436
Other assets	11,500	28,087
Separate account assets	1,656,795	2,502,284
Total assets	\$12,360,722	\$12,428,153
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$5,709,623	\$5,348,929
Unearned and advance premium	95,243	93,624
Policy claims and other benefits payable	242,661	248,333
Other policy liabilities	83,427	80,929
Accrued income taxes	720,176	580,287
Short-term debt	201,479	204,037
Long-term debt	551,564	536,152
Other liabilities	103,874	191,894
Separate account liabilities	1,656,795	2,502,284
Total liabilities	9,364,842	9,786,469
Trust preferred securities	144,427	144,557
Shareholders' equity:		
Preferred stock	0	0
Common stock	126,801	126,801
Additional paid-in-capital	554,768	552,634
Unrealized investment gains (losses), net of tax	176,622	-12,314
Retained earnings	2,316,868	1,978,903
Treasury stock, at cost	-323,606	-148,897
Total shareholders' equity	2,851,453	2,497,127
Total liabilities and shareholders' equity	\$12,360,722	\$12,428,153
Diluted Basis:		
Shares outstanding	118,598	123,354
Book value per common share	\$24.04	\$20.24
Book value per common share excluding FAS 115	\$22.46	\$20.25
Operating income as a return on common equity, excluding FAS 115	16.5%	16.6%
* Amortized cost of fixed maturities	\$6,888,830	\$6,528,244
Debt to total capitalization ratio excluding FAS 115	21.1%	21.9%

TORCHMARK CORPORATION

Fixed Maturities
(Millions of \$)
December 31, 2002

Total Fixed Maturities

Amortized Cost	\$6,889
Market	7,194

Average Ratings

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

Below Investment Grade

Amortized Cost	\$657
% of Total Fixed Maturities	9.5%
% of Total Invested Assets	8.8%
Average Rating	B1/B+