

TORCHMARK CORPORATION

Operating Summary (Unaudited)

(In thousands, except per share amounts)

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/03	3/02		2003	2002	2002	2002	2002
		UNDERWRITING INCOME					
		Life:					
\$320,560	\$298,353	Premium	\$320,560	\$308,545	\$307,296	\$306,549	\$298,353
-139,504	-131,209	Net Policy Obligations	-139,504	-135,112	-131,394	-136,792	-131,209
-101,753	-94,697	Commissions and Acquisition Expenses	-101,753	-96,465	-98,966	-96,887	-94,697
<u>79,303</u>	<u>72,447</u>	Underwriting Margin	<u>79,303</u>	<u>76,968</u>	<u>76,936</u>	<u>72,870</u>	<u>72,447</u>
		Health:					
262,406	262,507	Premium	262,406	250,977	251,068	254,568	262,507
-170,020	-169,081	Net Policy Obligations	-170,020	-163,287	-162,321	-163,871	-169,081
-49,826	-49,753	Commissions and Acquisition Expenses	-49,826	-47,539	-47,631	-48,150	-49,753
<u>42,560</u>	<u>43,673</u>	Underwriting Margin	<u>42,560</u>	<u>40,151</u>	<u>41,116</u>	<u>42,547</u>	<u>43,673</u>
<u>2,208</u>	<u>3,738</u>	Annuity Underwriting Margin	<u>2,208</u>	<u>2,790</u>	<u>2,541</u>	<u>4,352</u>	<u>3,738</u>
124,071	119,858	Total Underwriting Margin	124,071	119,909	120,593	119,769	119,858
1,033	949	Other Income	1,033	805	1,192	960	949
-33,512	-31,274	Admin. Expenses	-33,512	-31,572	-31,537	-30,222	-31,274
91,592	89,533	Underwriting Income	91,592	89,142	90,248	90,507	89,533
		EXCESS INVESTMENT INCOME					
136,341	129,159	Net Investment Income	136,341	132,636	131,489	129,035	129,159
		Required Interest:					
-49,776	-47,499	Net Policy Liabilities	-49,776	-49,074	-48,634	-47,600	-47,499
		Financing Costs:					
-11,137	-11,688	Interest on Debt	-11,137	-11,248	-11,460	-11,552	-11,688
-2,911	-2,913	MIPS/Trust Preferred Dividend	-2,911	-2,913	-2,913	-2,912	-2,913
6,438	5,737	Interest Rate Swaps	6,438	5,920	5,689	5,740	5,737
<u>78,955</u>	<u>72,796</u>	Total Excess Investment Income	<u>78,955</u>	<u>75,321</u>	<u>74,171</u>	<u>72,711</u>	<u>72,796</u>
		OTHER					
-2,561	-3,341	Parent Companies	-2,561	-2,468	-2,598	-2,116	-3,341
-905	-956	Tax Equivalent Adjustment	-905	-877	-908	-960	-956
<u>-3,466</u>	<u>-4,297</u>		<u>-3,466</u>	<u>-3,345</u>	<u>-3,506</u>	<u>-3,076</u>	<u>-4,297</u>
167,081	158,032	Pre-Tax Operating Income	167,081	161,118	160,913	160,142	158,032
<u>-57,079</u>	<u>-53,214</u>	Income Tax	<u>-57,079</u>	<u>-54,780</u>	<u>-54,529</u>	<u>-54,073</u>	<u>-53,214</u>
\$110,002	\$104,818	Net Operating Income	\$110,002	\$106,338	\$106,384	\$106,069	\$104,818
\$0.93	\$0.85	EPS on a Diluted Basis	\$0.93	\$0.90	\$0.89	\$0.87	\$0.85
117,784	122,918	Average Diluted Shares Outstanding	117,784	118,719	119,506	121,694	122,918
-\$8,078	-\$1,112	Capital Gain (Loss), Net of Tax	-\$8,078	-\$349	\$598	-\$50,867	-\$1,112
-1,291	-5,552	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-1,291	-797	10,393	7,510	-5,552
<u>\$100,633</u>	<u>\$98,154</u>	Net Income	<u>\$100,633</u>	<u>\$105,192</u>	<u>\$117,375</u>	<u>\$62,712</u>	<u>\$98,154</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	1Q 2003	%	1Q 2002	%	1Q 2003	%	1Q 2002	%	1Q 2003	1Q 2002
LNL Exclusive Agency										
Premium	76,067		75,279		40,530		39,877			
Net Policy Obligations	36,478	48	35,248	47	30,124	74	29,121	73		
Comm. & Acq. Exp.	22,411	29	21,941	29	7,347	18	7,108	18		
Underwriting Margin	17,178	23	18,090	24	3,059	8	3,648	9		
UA Independent										
Premium	13,012		12,210		121,620		122,535			
Net Policy Obligations	5,862	45	5,573	46	77,107	63	77,668	63		
Comm. & Acq. Exp.	5,555	43	5,078	42	22,499	18	22,684	19		
Underwriting Margin	1,595	12	1,559	13	22,014	18	22,183	18		
UA Branch Office Agency										
Premium	4,774		4,821		80,576		82,155			
Net Policy Obligations	2,399	50	2,591	54	52,697	65	53,384	65		
Comm. & Acq. Exp.	1,675	35	1,615	33	16,116	20	16,447	20		
Underwriting Margin	700	15	615	13	11,763	15	12,324	15		
Direct Response										
Premium	86,328		78,091		6,322		5,271			
Net Policy Obligations	40,574	47	37,007	47	5,062	80	4,296	82		
Comm. & Acq. Exp.	24,455	28	21,659	28	439	7	401	8		
Underwriting Margin	21,299	25	19,425	25	821	13	574	11		
American Income Agency										
Premium	74,716		65,544		13,358		12,669			
Net Policy Obligations	25,704	34	22,647	35	5,030	38	4,612	36		
Comm. & Acq. Exp.	27,213	36	23,474	36	3,425	26	3,113	25		
Underwriting Margin	21,799	29	19,423	30	4,903	37	4,944	39		
Military										
Premium	39,927		35,760							
Net Policy Obligations	19,079	48	17,794	50						
Comm. & Acq. Exp.	11,829	30	10,806	30						
Underwriting Margin	9,019	23	7,160	20						
Other Distribution										
Premium	25,736		26,648					7,507	10,381	
Net Policy Obligations	9,408	37	10,349	39				194	-972	
Comm. & Acq. Exp.	8,615	33	10,124	38				5,105	7,615	
Underwriting Margin	7,713	30	6,175	23				2,208	3,738	
Totals:										
Premium	320,560		298,353		262,406		262,507	7,507	10,381	
Net Policy Obligations	139,504	44	131,209	44	170,020	65	169,081	194	-972	
Comm. & Acq. Exp.	101,753	32	94,697	32	49,826	19	49,753	5,105	7,615	
Underwriting Margin	79,303	25	72,447	24	42,560	16	43,673	2,208	3,738	
TOTAL UNDERWRITING MARGINS, ALL LINES					124,071		119,858			
Other Income					1,033		949			
Administrative & Other Expenses					-33,512		-31,274			
Insurance Underwriting Income					91,592		89,533			

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

SALES	YTD 3/03	YTD 3/02	% Incr (Decr)
LIFE			
Direct Response	\$37,499	\$29,241	28
LNL Exclusive Agency	14,057	14,057	0
American Income Agency	22,948	19,374	18
Military	6,147	5,513	12
UA Branch Office Agency	731	1,646	-56
UA Independent	5,014	5,757	-13
Other Distribution	1,616	1,904	-15
Total Life	88,012	77,492	14
HEALTH			
Direct Response	2,411	2,162	12
LNL Exclusive Agency	2,588	2,646	-2
American Income Agency	2,799	2,434	15
UA Branch Office Agency	16,597	19,845	-16
UA Independent	23,941	22,918	4
Total Health *	48,336	50,005	-3
TOTAL SALES	\$136,348	\$127,497	7
* Includes Med Supp Sales	\$19,687	\$31,300	-37

IN FORCE AT END OF PERIOD

	1Q 03	1Q 02	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	\$368,916	\$333,365	\$35,551	11
LNL Exclusive Agency	320,373	316,742	3,631	1
American Income Agency	310,527	272,766	37,761	14
Military	163,473	145,574	17,899	12
UA Branch Office Agency	21,343	21,328	15	0
UA Independent	57,566	54,227	3,339	6
Other Distribution	125,447	131,874	-6,427	-5
Total Life	1,367,645	1,275,876	91,769	7
HEALTH				
Direct Response	24,814	20,999	3,815	18
LNL Exclusive Agency	167,069	162,993	4,076	3
American Income Agency	51,108	48,564	2,544	5
UA Branch Office Agency	317,978	332,562	-14,584	-4
UA Independent	476,243	475,056	1,187	0
Total Health **	1,037,212	1,040,174	-2,962	0
TOTAL IN FORCE	\$2,404,857	\$2,316,050	\$88,807	4
** Includes Med Supp In Force	\$711,020	\$753,308	-\$42,288	-6

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

	At March 31,	
	2003	2002
Assets		
Investments:		
Fixed maturities available for sale *	\$7,445,817	\$6,638,803
Equity securities available for sale	24,676	9,808
Mortgage loans	121,860	112,288
Real estate	9,248	13,770
Policy loans	281,374	268,636
Other long-term investments	80,585	41,041
Short-term investments	125,401	30,615
Total investments	8,088,961	7,114,961
Cash	12,195	4,525
Accrued investment income	144,531	135,160
Other receivables	68,138	74,874
Deferred acquisition costs	2,211,738	2,100,915
Value of insurance purchased	98,494	112,907
Property and equipment	32,882	35,043
Goodwill	378,436	378,436
Other assets	12,767	12,623
Separate account assets	1,568,244	2,314,925
Total assets	\$12,616,386	\$12,284,369
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$5,833,027	\$5,416,945
Unearned and advance premium	95,761	93,547
Policy claims and other benefits payable	250,804	254,142
Other policy liabilities	85,265	81,398
Accrued income taxes	804,834	577,218
Short-term debt	214,414	241,873
Long-term debt	553,503	535,432
Other liabilities	123,753	145,521
Separate account liabilities	1,568,244	2,314,925
Total liabilities	9,529,605	9,661,001
Trust preferred securities	144,433	144,412
Shareholders' equity:		
Preferred stock	0	0
Common stock	118,784	126,801
Additional paid-in-capital	520,737	553,702
Unrealized investment gains (losses), net of tax	252,945	-81,003
Retained earnings	2,147,314	2,065,153
Treasury stock, at cost	-97,432	-185,697
Total shareholders' equity	2,942,348	2,478,956
Total liabilities and shareholders' equity	\$12,616,386	\$12,284,369
Diluted Basis:		
Shares outstanding	116,413	122,542
Book value per common share	\$25.28	\$20.23
Book value per common share excluding FAS 115	\$23.04	\$20.80
Operating income as a return on common equity, excluding FAS 115	16.5%	16.6%
* Amortized cost of fixed maturities	\$7,022,939	\$6,756,430
Debt to total capitalization ratio (excluding MIPS and FAS 115)	25.4%	26.6%

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

March 31, 2003

Total Fixed Maturities

	<u>3/31/03</u>	<u>12/31/02</u>
Amortized Cost	\$7,023	6,889
Unrealized:		
Gains	554	482
Losses	<u>-131</u>	<u>-177</u>
Market	\$7,446	7,194

Fixed Maturities at 3/31/03

	<u>Amort.</u> <u>Cost</u>	<u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Net</u>	<u>Market</u>	<u>Ratings</u>
Investment Grade	\$6,301	533	-52	481	6,782	A3/A-
Below Investment Grade	<u>722</u>	<u>21</u>	<u>-79</u>	<u>-58</u>	<u>664</u>	B1/B+
Total	\$7,023	554	-131	423	7,446	Baa1/BBB+

Realized Gains (Losses):

	<u>1Q'03</u>	<u>1Q'02</u>
Sales:		
Gains	\$1	0
Losses	-3	-2
Writedowns	<u>-10</u>	<u>0</u>
Net Losses - Pre Tax	-12	-2
Net Losses - After Tax	-8	-1

Below Investment Grade Bonds

	<u>1Q'03</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Beginning of Period	\$656	559	393	
Purchases	0	33	100	
Dispositions	-16	-121	-124	
Writedowns	-10	-89	-17	
Net Downgrades	<u>92</u>	<u>274</u>	<u>207</u>	
End of Period	\$722	656	559	393
% of Total Fixed Maturities	10.3%	9.5%	8.6%	6.4%