

TORCHMARK CORPORATION

Business Segments (Unaudited)

(In thousands)

For three months ended March 31, 2003

	Life	Health	Annuity	Investment	Other	Corporate	Adjustments	Consolidated
Revenue:								
Premium	\$320,538	\$262,406	\$7,529					\$590,473
Net investment income				\$136,341			-\$905 *	135,436
Other income					\$1,033		-541 #	492
Total revenue	320,538	262,406	7,529	136,341	1,033	\$0	-1,446	726,401
Expenses:								
Policy benefits	212,115	174,211	9,079					395,405
Required interest on reserves	-72,202	-4,191	-9,294	85,687				0
Amortization of acquisition costs	54,907	19,619	3,220					77,746
Commissions and premium tax	17,818	25,150	59				-541 #	42,486
Required interest on acq costs	28,945	5,057	1,909	-35,911				0
Insurance administrative expense**					33,512			33,512
Parent expense						2,561		2,561
Financing costs - debt				6,295				6,295
Financing costs - preferred securities***				1,315				1,315
Total expenses	241,583	219,846	4,973	57,386	33,512	2,561	-541	559,320
Measure of segment profitability (Pretax operating income)	<u>\$78,955</u>	<u>\$42,560</u>	<u>\$2,556</u>	<u>\$78,955</u>	<u>-\$32,479</u>	<u>-\$2,561</u>	<u>-\$905</u>	167,081
Deduct applicable income tax								<u>-57,079</u>
Net operating income								110,002
Add income tax applicable to segment profitability								57,079
Add financing costs - preferred securities dividends (reported on income statement after tax)								1,315
Deduct realized investment losses								<u>-14,413</u>
Pretax income								<u>\$153,983</u>

* Tax equivalency adjustment

** Administrative expense is not allocated to insurance segments

*** Investment segment includes preferred dividends, net of swap benefit, on a pretax basis

Elimination of inter segment commission

TORCHMARK CORPORATION

Business Segments (Unaudited)

(In thousands)

For three months ended March 31, 2002

	Life	Health	Annuity	Investment	Other	Corporate	Adjustments	Consolidated
Revenue:								
Premium	\$298,344	\$262,507	\$10,390					\$571,241
Net investment income				\$129,159			-\$956 *	128,203
Other income					\$949		-470 #	479
Total revenue	298,344	262,507	10,390	129,159	949	\$0	-1,426	699,923
Expenses:								
Policy benefits	199,845	172,838	8,196					380,879
Required interest on reserves	-68,271	-3,757	-9,533	81,561				0
Amortization of acquisition costs	50,804	18,913	5,309					75,026
Commissions and premium tax	16,546	26,141	290				-470 #	42,507
Required interest on acq costs	27,257	4,699	2,106	-34,062				0
Insurance administrative expense**					31,274			31,274
Parent expense						3,341		3,341
Financing costs - debt				7,318				7,318
Financing costs - preferred securities***				1,546				1,546
Total expenses	226,181	218,834	6,368	56,363	31,274	3,341	-470	541,891
Measure of segment profitability (Pretax operating income)	<u>\$72,163</u>	<u>\$43,673</u>	<u>\$4,022</u>	<u>\$72,796</u>	<u>-\$30,325</u>	<u>-\$3,341</u>	<u>-\$956</u>	158,032
Deduct applicable income tax								-53,214
Net operating income								104,818
Add income tax applicable to segment profitability								53,214
Add financing costs - preferred securities dividends (reported on income statement after tax)								1,546
Deduct realized investment losses								-10,252
Pretax income								<u>\$149,326</u>

* Tax equivalency adjustment

** Administrative expense is not allocated to insurance segments

*** Investment segment includes preferred dividends, net of swap benefit, on a pretax basis

Elimination of inter segment commission