

# TORCHMARK CORPORATION

Business Segments (Unaudited)  
(In thousands)

**For six months ended June 30, 2003**

	Life	Health	Annuity	Investment	Other	Corporate	Adjustments	Consolidated
Revenue:								
Premium	647,281	518,982	15,676					1,181,939
Net investment income				274,014			-1,807 *	272,207
Other income					1,859		-952 #	907
Total revenue	647,281	518,982	15,676	274,014	1,859	0	-2,759	1,455,053
Expenses:								
Policy benefits	428,498	347,280	18,997					794,775
Required interest on reserves	-145,679	-8,454	-19,379	173,512				0
Amortization of acquisition costs	110,202	38,594	6,567					155,363
Commissions and premium tax	36,519	49,493	185				-952 #	85,245
Required interest on acq costs	58,338	10,211	3,812	-72,361				0
Insurance administrative expense**					64,751			64,751
Parent expense						5,381		5,381
Financing costs - debt				12,494				12,494
Financing costs - preferred securities***				2,613				2,613
Total expenses	487,878	437,124	10,182	116,258	64,751	5,381	-952	1,120,622
Measure of segment profitability (Pretax adjusted operating income)	159,403	81,858	5,494	157,756	-62,892	-5,381	-1,807	334,431
Deduct applicable income tax								-114,310
Adjusted net operating income								220,121
Add income tax applicable to segment profitability								114,310
Add financing costs - preferred securities dividends (reported on income statement after tax)								2,613
Deduct realized investment losses								-15,225
Pretax income								321,819

\* 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 six months ended June 30, 2002**

	Life	Health	Annuity	Investment	Other	Corporate	Adjustments	Consolidated
Revenue:								
Premium	604,881	517,075	20,821					1,142,777
Net investment income				258,194			-1,916 *	256,278
Other income					1,909		-857 #	1,052
Total revenue	604,881	517,075	20,821	258,194	1,909	0	-2,773	1,400,107
Expenses:								
Policy benefits	406,345	340,490	16,134					762,969
Required interest on reserves	-137,636	-7,538	-18,520	163,694				0
Amortization of acquisition costs	102,887	37,136	10,177					150,200
Commissions and premium tax	33,555	51,282	243				-857 #	84,223
Required interest on acq costs	54,958	9,485	4,152	-68,595				0
Insurance administrative expense**					61,496			61,496
Parent expense						5,457		5,457
Financing costs - debt				14,548				14,548
Financing costs - preferred securities***				3,040				3,040
Total expenses	460,109	430,855	12,186	112,687	61,496	5,457	-857	1,081,933
Measure of segment profitability (Pretax adjusted operating income)	144,772	86,220	8,635	145,507	-59,587	-5,457	-1,916	318,174
Deduct applicable income tax								-107,287
Adjusted net operating income								210,887
Add income tax applicable to segment profitability								107,287
Add financing costs - preferred securities dividends (reported on income statement after tax)								3,040
Deduct realized investment losses								-76,956
Pretax income								244,258

\* 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