

TORCHMARK CORPORATION

Business Segments (Unaudited)
(In thousands)

For nine months ended September 30, 2003

	Life	Health	Annuity	Investment	Other & Corporate ***	Adjustments	Consolidated
Revenue:							
Premium	976,805	774,306	23,026				1,774,137
Net investment income				413,294		-2,815 *	410,479
Other income					2,262	-1,358 #	904
Total revenue	976,805	774,306	23,026	413,294	2,262	-4,173	2,185,520
Expenses:							
Policy benefits	645,350	515,947	28,505				1,189,802
Required interest on reserves	-219,610	-12,862	-29,525	261,997			0
Amortization of acquisition costs	166,591	62,223	9,383				238,197
Commissions and premium tax	55,467	70,204	273			-1,358 #	124,586
Required interest on acquisition costs	88,182	15,461	5,679	-109,322			0
Insurance administrative expense**					97,472		97,472
Parent expense***					7,724		7,724
Financing costs:							
Debt				19,684			19,684
Preferred securities##				2,613			2,613
Total expenses	735,980	650,973	14,315	174,972	105,196	-1,358	1,680,078
Segment profits	240,825	123,333	8,711	238,322	-102,934	-2,815	505,442
Deduct applicable income tax							-173,029
Segment profits after tax (Adjusted net operating income)							332,413
Add income tax applicable to segment profitability							173,029
Add financing costs - preferred securities dividends (reported on income statement after tax)							2,613
Deduct realized investment losses							-22,010
Pretax income per Statements of Operations							486,045

* Tax equivalency adjustment

** Administrative expense is not allocated to insurance segments, but is a component of the "Other" segment.

*** Parent expense is assigned to the "Corporate" segment, other income and insurance administrative expense are components of the "Other" segment.

Elimination of inter segment commission

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

TORCHMARK CORPORATION

Business Segments (Unaudited)
(In thousands)

For nine months ended September 30, 2002

	Life	Health	Annuity	Investment	Other & Corporate***	Adjustments	Consolidated
Revenue:							
Premium	912,156	768,143	30,120				1,710,419
Net investment income				389,683		-2,824 *	386,859
Other income					3,101	-1,358 #	1,743
Total revenue	912,156	768,143	30,120	389,683	3,101	-4,182	2,099,021
Expenses:							
Policy benefits	608,616	506,648	25,340				1,140,604
Required interest on reserves	-208,014	-11,375	-27,839	247,228			0
Amortization of acquisition costs	156,527	55,076	14,590				226,193
Commissions and premium tax	50,705	76,148	282			-1,358 #	125,777
Required interest on acquisition costs	83,035	14,310	6,150	-103,495			0
Insurance administrative expense**					93,033		93,033
Parent expense***					8,055		8,055
Financing costs:							
Debt				21,736			21,736
Preferred securities##				4,536			4,536
Total expenses	690,869	640,807	18,523	170,005	101,088	-1,358	1,619,934
Segment profits	<u>221,287</u>	<u>127,336</u>	<u>11,597</u>	<u>219,678</u>	<u>-97,987</u>	<u>-2,824</u>	479,087
Deduct applicable income tax							<u>-161,816</u>
Segment profits after tax (Adjusted net operating income)							317,271
Add income tax applicable to segment profitability							161,816
Add financing costs - preferred securities dividends (reported on income statement after tax)							4,536
Deduct realized investment losses							<u>-60,045</u>
Pretax income per Statements of Operations							<u><u>423,578</u></u>

* Tax equivalency adjustment

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*** Parent expense is assigned to the "Corporate" segment, other income and insurance administrative expense are components of the "Other" segment.

Elimination of inter segment commission

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