

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/07	12/06		2007	2007	2007	2007	2006
		UNDERWRITING INCOME					
		Life:					
\$1,569,964	\$1,524,267	Premium	\$393,486	\$392,720	\$392,290	\$391,468	\$381,337
-651,254	-641,458	Net Policy Obligations	-159,294	-160,452	-165,791	-165,717	-157,798
<u>-501,672</u>	<u>-485,365</u>	Commissions and Acquisition Expenses	<u>-125,766</u>	<u>-126,880</u>	<u>-125,037</u>	<u>-123,989</u>	<u>-121,098</u>
417,038	397,444	Underwriting Margin	108,426	105,388	101,462	101,762	102,441
		Health:					
1,029,539	1,025,150	Premium	252,549	253,117	258,987	264,886	258,296
-643,093	-645,898	Net Policy Obligations	-156,901	-157,588	-162,653	-165,951	-162,441
<u>-202,360</u>	<u>-198,121</u>	Commissions and Acquisition Expenses	<u>-49,697</u>	<u>-50,747</u>	<u>-50,567</u>	<u>-51,349</u>	<u>-50,273</u>
184,086	181,131	Underwriting Margin	45,951	44,782	45,767	47,586	45,582
24,168	25,563	Health - Part D Underwriting Margin	6,671	6,417	5,959	5,121	8,491
<u>9,337</u>	<u>11,915</u>	Annuity Underwriting Margin	<u>1,581</u>	<u>2,421</u>	<u>2,694</u>	<u>2,641</u>	<u>2,871</u>
634,629	616,053	Total Underwriting Margin	162,629	159,008	155,882	157,110	159,385
4,313	4,024	Other Income	1,069	978	1,379	887	834
<u>-154,552</u>	<u>-155,331</u>	Admin. Expenses	<u>-38,900</u>	<u>-40,058</u>	<u>-36,907</u>	<u>-38,687</u>	<u>-38,141</u>
484,390	464,746	Underwriting Income	124,798	119,928	120,354	119,310	122,078
		EXCESS INVESTMENT INCOME					
648,562	628,292	Net Investment Income	162,371	163,014	160,663	162,514	159,423
		Required Interest:					
-257,500	-237,338	Net Policy Liabilities	-66,212	-64,882	-64,119	-62,287	-61,208
		Net Financing Costs:					
-67,300	-72,682	Interest on Debt	-16,121	-17,513	-16,475	-17,191	-17,970
<u>0</u>	<u>491</u>	Interest Rate Swaps	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
323,762	318,763	Total Excess Investment Income	80,038	80,619	80,069	83,036	80,245
<u>-9,815</u>	<u>-7,862</u>	Parent Company Expenses	<u>-3,437</u>	<u>-2,024</u>	<u>-2,528</u>	<u>-1,826</u>	<u>-1,493</u>
798,337	775,647	Pre-Tax Operating Income	201,399	198,523	197,895	200,520	200,830
<u>-270,955</u>	<u>-267,017</u>	Income Tax	<u>-67,959</u>	<u>-67,541</u>	<u>-67,323</u>	<u>-68,132</u>	<u>-69,242</u>
\$527,382	\$508,630	Net Operating Income Before Option Expense	\$133,440	\$130,982	\$130,572	\$132,388	\$131,588
\$5.50	\$5.03	Per Share	\$1.43	\$1.39	\$1.35	\$1.34	\$1.32
-5,269	-4,274	Stock Option Expense, Net of Tax	-1,240	-1,241	-1,459	-1,329	-1,035
\$522,113	\$504,356	Net Operating Income	\$132,200	\$129,741	\$129,113	\$131,059	\$130,553
\$5.45	\$4.99	Per Share	\$1.41	\$1.38	\$1.34	\$1.32	\$1.31
95,846	101,112	Average Diluted Shares Outstanding	93,543	94,061	96,652	99,026	99,786
		Reconciling items, net of tax:					
\$2,768	\$2,816	Gain on Sale of Agency Buildings	\$181	\$789	\$1,211	\$587	\$2,816
1,777	-4,617	Capital Gain (Loss) - Investments	-3,832	915	-1,838	6,532	-3,305
0	-2,956	Capital Gain (Loss) - Interest Rate Swaps	0	0	0	0	0
0	0	Part D Adjustment	3,260	1,469	-1,603	-3,126	1,698
1,149	11,607	Tax Settlements	536	-88	351	350	7,368
<u>-272</u>	<u>7,425</u>	Net Proceeds (Cost) from Legal Settlements	<u>0</u>	<u>56</u>	<u>-117</u>	<u>-211</u>	<u>3,308</u>
\$527,535	\$518,631	Net Income	\$132,345	\$132,882	\$127,117	\$135,191	\$142,438

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	4Q 2007	%	4Q 2006	%	4Q 2007	%	4Q 2006	%	4Q 2007	%	4Q 2006	%	4Q 2007	4Q 2006
LNL Exclusive Agency														
Premium	\$72,330		\$74,130		\$34,445		\$36,549							
Net Policy Obligations	28,890	40	31,735	43	21,900	64	24,015	66						
Comm. & Acq. Exp.	22,557	31	21,369	29	4,325	13	5,175	14						
Underwriting Margin	20,883	29	21,026	28	8,220	24	7,359	20						
UA Independent														
Premium	8,464		9,730		93,460		101,588							
Net Policy Obligations	3,902	46	4,083	42	59,203	63	64,621	64						
Comm. & Acq. Exp.	3,948	47	4,671	48	18,215	19	19,936	20						
Underwriting Margin	614	7	976	10	16,042	17	17,031	17						
UA Branch Office Agency														
Premium	4,046		3,866		95,955		92,787							
Net Policy Obligations	1,683	42	1,631	42	60,654	63	59,777	64						
Comm. & Acq. Exp.	1,482	37	1,373	36	21,775	23	19,932	21						
Underwriting Margin	881	22	862	22	13,526	14	13,078	14						
Direct Response														
Premium	120,210		113,531		10,484		9,921							
Net Policy Obligations	55,598	46	53,763	47	8,353	80	7,507	76						
Comm. & Acq. Exp.	35,351	29	32,603	29	687	7	743	7						
Underwriting Margin	29,261	24	27,165	24	1,444	14	1,671	17						
American Income Agency														
Premium	113,651		104,804		18,205		17,451							
Net Policy Obligations	38,009	33	37,022	35	6,791	37	6,521	37						
Comm. & Acq. Exp.	40,194	35	36,823	35	4,695	26	4,487	26						
Underwriting Margin	35,448	31	30,959	30	6,719	37	6,443	37						
Military														
Premium	50,636		50,812											
Net Policy Obligations	20,654	41	20,214	40										
Comm. & Acq. Exp.	16,719	33	17,145	34										
Underwriting Margin	13,263	26	13,453	26										
Part D														
Premium								\$52,219		\$56,573				
Net Policy Obligations								41,018	79	41,859	74			
Net Amortization of DAC								1,197	2	1,698	3			
Fees to PBM								3,333	6	4,525	8			
Underwriting Margin								6,671	13	8,491	15			
Other Distribution														
Premium	24,149		24,464									\$5,150	\$5,695	
Net Policy Obligations	10,558	44	9,350	38								-580	-883	
Comm. & Acq. Exp.	5,515	23	7,114	29								4,149	3,707	
Underwriting Margin	8,076	33	8,000	33								1,581	2,871	
Totals:														
Premium	\$393,486		\$381,337		\$252,549		\$258,296		\$52,219		\$56,573		\$5,150	\$5,695
Net Policy Obligations	159,294	40	157,798	41	156,901	62	162,441	63	41,018	79	41,859	74	-580	-883
Comm. & Acq. Exp.	125,766	32	121,098	32	49,697	20	50,273	19	4,530	9	6,223	11	4,149	3,707
Underwriting Margin	\$108,426	28	\$102,441	27	\$45,951	18	\$45,582	18	\$6,671	13	\$8,491	15	\$1,581	\$2,871
TOTAL UNDERWRITING MARGINS, ALL LINES					\$162,629		\$159,385							
Other Income					1,069		834							
Administrative & Other Expenses					-38,900		-38,141							
INSURANCE UNDERWRITING INCOME					<u>\$124,798</u>		<u>\$122,078</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 12/07	%	YTD 12/06	%	YTD 12/07	%	YTD 12/06	%	YTD 12/07	%	YTD 12/06	%	YTD 12/07	YTD 12/06
LNL Exclusive Agency														
Premium	\$293,936		\$300,933		\$141,166		\$145,024							
Net Policy Obligations	133,710	45	136,011	45	89,907	64	94,718	65						
Comm. & Acq. Exp.	85,890	29	86,461	29	17,138	12	21,793	15						
Underwriting Margin	74,336	25	78,461	26	34,121	24	28,513	20						
UA Independent														
Premium	35,828		40,378		388,410		418,690							
Net Policy Obligations	16,137	45	17,009	42	247,769	64	266,330	64						
Comm. & Acq. Exp.	17,322	48	19,735	49	74,989	19	80,035	19						
Underwriting Margin	2,369	7	3,634	9	65,652	17	72,325	17						
UA Branch Office Agency														
Premium	15,573		15,775		386,954		354,535							
Net Policy Obligations	6,620	43	6,933	44	245,107	63	228,427	64						
Comm. & Acq. Exp.	5,804	37	5,859	37	88,889	23	75,571	21						
Underwriting Margin	3,149	20	2,983	19	52,958	14	50,537	14						
Direct Response														
Premium	484,176		457,159		42,338		39,726							
Net Policy Obligations	223,486	46	215,219	47	33,736	80	31,228	79						
Comm. & Acq. Exp.	143,510	30	132,960	29	3,040	7	3,010	8						
Underwriting Margin	117,180	24	108,980	24	5,562	13	5,488	14						
American Income Agency														
Premium	440,164		409,188		70,671		67,175							
Net Policy Obligations	148,038	34	139,711	34	26,574	38	25,195	38						
Comm. & Acq. Exp.	154,407	35	143,623	35	18,304	26	17,712	26						
Underwriting Margin	137,719	31	125,854	31	25,793	36	24,268	36						
Military														
Premium	203,293		203,218											
Net Policy Obligations	83,393	41	87,420	43										
Comm. & Acq. Exp.	67,215	33	67,386	33										
Underwriting Margin	52,685	26	48,412	24										
Part D														
Premium								\$214,589		\$212,382				
Net Policy Obligations								171,274	80	163,457	77			
Net Amortization of DAC								5,256	2	6,372	3			
Fees to PBM								13,891	6	16,990	8			
Underwriting Margin								24,168	11	25,563	12			
Other Distribution														
Premium	96,994		97,616									\$20,470	\$22,914	
Net Policy Obligations	39,870	41	39,155	40								-3,617	-4,575	
Comm. & Acq. Exp.	27,524	28	29,341	30								14,750	15,574	
Underwriting Margin	29,600	31	29,120	30								9,337	11,915	
Totals:														
Premium	\$1,569,964		\$1,524,267		\$1,029,539		\$1,025,150		\$214,589		\$212,382		\$20,470	\$22,914
Net Policy Obligations	651,254	41	641,458	42	643,093	62	645,898	63	171,274	80	163,457	77	-3,617	-4,575
Comm. & Acq. Exp.	501,672	32	485,365	32	202,360	20	198,121	19	19,147	9	23,362	11	14,750	15,574
Underwriting Margin	\$417,038	27	\$397,444	26	\$184,086	18	\$181,131	18	\$24,168	11	\$25,563	12	\$9,337	\$11,915
TOTAL UNDERWRITING MARGINS, ALL LINES					\$634,629		\$616,053							
Other Income					4,313		4,024							
Administrative & Other Expenses					-154,552		-155,331							
INSURANCE UNDERWRITING INCOME					<u>\$484,390</u>		<u>\$464,746</u>							

TORCHMARK CORPORATION
Net Sales and First Year Collected Premium (Unaudited)
(In thousands)

NET SALES **

	<u>YTD</u> <u>12/07</u>	<u>YTD</u> <u>12/06</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2007</u>	<u>4th Qtr.</u> <u>2006</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$114,232	\$115,031	-1	\$28,921	\$25,846	12
American Income Agency	92,306	86,369	7	24,226	20,992	15
LNL Exclusive Agency	36,981	41,369	-11	10,305	9,180	12
Military	9,397	12,005	-22	1,821	2,568	-29
UA Independent	599	1,675	-64	156	339	-54
UA Branch Office Agency	4,698	1,899	147	1,657	643	158
Other Distribution	6,033	7,149	-16	1,242	1,630	-24
Total Life	<u>264,246</u>	<u>265,497</u>	<u>0</u>	<u>68,328</u>	<u>61,198</u>	<u>12</u>
<u>HEALTH</u>						
Direct Response	5,462	5,344	2	1,283	1,313	-2
American Income Agency	11,307	11,685	-3	2,951	2,752	7
LNL Exclusive Agency	9,972	11,804	-16	2,750	2,666	3
UA Independent	50,298	54,929	-8	16,144	13,736	18
UA Branch Office Agency	162,330	159,476	2	35,980	43,888	-18
Total Health	<u>239,369</u>	<u>243,238</u>	<u>-2</u>	<u>59,108</u>	<u>64,355</u>	<u>-8</u>
Part D	37,913	278,023	-86	8,330	8,140	2
TOTAL NET SALES	\$541,528	\$786,758	-31	\$135,766	\$133,693	2

** Net sales is defined as annualized premium issued, net of cancellations in the first 30 days after issue, except at Direct Response where net sales is annualized premium issued at the time the first full premium is paid after any introductory offer period has expired.

FIRST YEAR COLLECTED PREMIUM

	<u>YTD</u> <u>12/07</u>	<u>YTD</u> <u>12/06</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2007</u>	<u>4th Qtr.</u> <u>2006</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$76,043	\$77,385	-2	\$18,868	\$18,471	2
American Income Agency	73,862	72,072	2	18,978	18,113	5
LNL Exclusive Agency	28,773	34,342	-16	6,620	7,784	-15
Military	10,347	14,129	-27	2,359	3,037	-22
UA Independent	695	1,565	-56	102	309	-67
UA Branch Office Agency	1,954	1,072	82	511	319	60
Other Distribution	5,984	8,503	-30	1,379	1,630	-15
Total Life	<u>197,658</u>	<u>209,068</u>	<u>-5</u>	<u>48,817</u>	<u>49,663</u>	<u>-2</u>
<u>HEALTH</u>						
Direct Response	4,969	5,094	-2	1,175	1,285	-9
American Income Agency	12,347	12,716	-3	3,095	3,251	-5
LNL Exclusive Agency	8,341	10,004	-17	1,901	2,361	-19
UA Independent	40,047	46,901	-15	9,745	11,519	-15
UA Branch Office Agency	125,386	106,922	17	29,478	30,745	-4
Total Health	<u>191,090</u>	<u>181,637</u>	<u>5</u>	<u>45,394</u>	<u>49,161</u>	<u>-8</u>
Part D	53,269	212,382	-75	5,640	56,573	-90
TOTAL FIRST YEAR COLLECTED PREMIUM	\$442,017	\$603,087	-27	\$99,851	\$155,397	-36

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

	At December 31,	
	2007	2006
Assets		
Investments:		
Fixed maturities available for sale *	\$9,226,045	\$9,126,784
Equity securities available for sale	21,295	41,245
Mortgage loans	18,580	19,739
Real estate	8,411	8,396
Policy loans	344,349	328,891
Other long-term investments	42,299	21,546
Short-term investments	111,220	156,671
Total investments	9,772,199	9,703,272
Cash	20,098	16,716
Accrued investment income	172,783	168,118
Other receivables	96,750	78,809
Deferred acquisition costs	3,097,554	2,890,651
Value of insurance purchased	61,497	65,191
Property and equipment	48,804	29,020
Goodwill	423,519	378,436
Other assets	125,029	151,520
Separate account assets	1,423,195	1,498,622
Total assets	\$15,241,428	\$14,980,355
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$7,958,983	\$7,456,423
Unearned and advance premium	86,714	88,039
Policy claims and other benefits payable	256,462	243,346
Other policy liabilities	89,958	90,671
Deferred and accrued income taxes	966,008	1,010,618
Short-term debt	202,058	169,736
Long-term debt	721,723	721,248
Other liabilities	211,700	242,459
Separate account liabilities	1,423,195	1,498,622
Total liabilities	11,916,801	11,521,162
Shareholders' equity:		
Preferred stock	0	0
Common stock	94,875	99,875
Additional paid-in-capital	481,228	492,333
Unrealized investment gains (losses), net of tax	-80,938	140,097
Retained earnings	3,003,152	2,827,287
Treasury stock, at cost	-173,690	-100,399
Total shareholders' equity	3,324,627	3,459,193
Total liabilities and shareholders' equity	\$15,241,428	\$14,980,355
Diluted Basis:		
Shares outstanding	93,383	99,755
Book value per common share	\$35.60	\$34.68
Book value per common share excluding FAS 115	\$36.26	\$33.25
* Amortized cost of fixed maturities	\$9,329,149	\$8,897,401

TORCHMARK CORPORATION

Fixed Maturities
(Millions of \$)
December 31, 2007

Total Fixed Maturities

	<u>12/31/07</u>	<u>12/31/06</u>
Amortized Cost	\$9,329	\$8,897
Unrealized:		
Gains	247	319
Losses	<u>-350</u>	<u>-90</u>
Market	\$9,226	\$9,127
Annual Effective Yield (4Q)	6.97%	7.01%
Average Life	18.2	13.5

Fixed Maturities at 12/31/07

	<u>Amort. Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Net</u>	<u>Market</u>	<u>Ratings</u>
Investment Grade	\$8,575	\$224	-\$275	-\$52	\$8,524	A-
Below Investment Grade	<u>754</u>	<u>23</u>	<u>-74</u>	<u>-51</u>	<u>702</u>	BB-
Total	\$9,329	\$247	-\$350	-\$103	\$9,226	A-

Fixed Maturity Acquisitions:

	<u>4Q'07</u>	<u>4Q'06</u>
Amount	\$348	\$360
Yield	7.1%	6.7%
Ratings	A-	A-
Average Life	31.7	22.1