

TORCHMARK CORPORATION

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/08	6/07		2008	2008	2007	2007	2007
		UNDERWRITING INCOME					
		Life:					
\$809,440	\$783,758	Premium	\$406,492	\$402,948	\$393,486	\$392,720	\$392,290
-338,900	-331,508	Net Policy Obligations	-172,032	-166,868	-159,294	-160,452	-165,791
-258,825	-249,026	Commissions and Acquisition Expenses	-130,320	-128,505	-125,766	-126,880	-125,037
211,715	203,224	Underwriting Margin	104,140	107,575	108,426	105,388	101,462
		Health:					
495,495	523,873	Premium	242,400	253,095	252,549	253,117	258,987
-308,113	-328,604	Net Policy Obligations	-151,000	-157,113	-156,901	-157,588	-162,653
-98,201	-101,916	Commissions and Acquisition Expenses	-47,723	-50,478	-49,697	-50,747	-50,567
89,181	93,353	Underwriting Margin	43,677	45,504	45,951	44,782	45,767
10,337	11,080	Health - Part D Underwriting Margin	5,438	4,899	6,671	6,417	5,959
2,099	5,335	Annuity Underwriting Margin	974	1,125	1,581	2,421	2,694
313,332	312,992	Total Underwriting Margin	154,229	159,103	162,629	159,008	155,882
1,870	2,266	Other Income	1,023	847	1,069	978	1,379
-77,962	-75,594	Admin. Expenses	-38,189	-39,773	-38,900	-40,058	-36,907
237,240	239,664	Underwriting Income	117,063	120,177	124,798	119,928	120,354
		EXCESS INVESTMENT INCOME					
334,597	323,177	Net Investment Income	167,760	166,837	162,371	163,014	160,663
-136,251	-126,406	Required Interest on Net Policy Liabilities	-68,947	-67,304	-66,212	-64,882	-64,119
-30,858	-33,666	Interest on Debt	-14,752	-16,106	-16,121	-17,513	-16,475
167,488	163,105	Total Excess Investment Income	84,061	83,427	80,038	80,619	80,069
-4,352	-4,354	Parent Company Expenses	-2,693	-1,659	-3,437	-2,024	-2,528
400,376	398,415	Pre-Tax Operating Income	198,431	201,945	201,399	198,523	197,895
-134,312	-135,455	Income Tax	-65,824	-68,488	-67,959	-67,541	-67,323
\$266,064	\$262,960	Net Operating Income Before Stock Compensation Expense	\$132,607	\$133,457	\$133,440	\$130,982	\$130,572
-3,628	-2,788	Stock Compensation Expense, Net of Tax	-2,006	-1,622	-1,240	-1,241	-1,459
\$262,436	\$260,172	Net Operating Income	\$130,601	\$131,835	\$132,200	\$129,741	\$129,113
\$2.87	\$2.66	Per Share	\$1.44	\$1.43	\$1.41	\$1.38	\$1.34
91,366	97,857	Average Diluted Shares Outstanding	90,698	91,877	93,543	94,061	96,652
		Reconciling items, net of tax:					
\$146	\$1,798	Gain on Sale of Agency Buildings	\$134	\$12	\$181	\$789	\$1,211
-9,530	4,694	Capital Gain (Loss) - Investments	-5,004	-4,526	-3,832	915	-1,838
-10,744	-4,729	Part D Adjustment	-2,118	-8,626	3,260	1,469	-1,603
10,106	701	Tax Settlements	10,106	0	536	-88	351
869	-328	Net Proceeds (Cost) from Legal Settlements	7	862	0	56	-117
-1,384	0	Loss on Company Occupied Property	0	-1,384	0	0	0
\$251,899	\$262,308	Net Income	\$133,726	\$118,173	\$132,345	\$132,882	\$127,117

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	2Q 2008	%	2Q 2007	%	2Q 2008	%	2Q 2007	%	2Q 2008	%	2Q 2007	%	2Q 2008	2Q 2007
LNL Exclusive Agency														
Premium	\$71,991		\$74,455		\$33,795		\$35,508							
Net Policy Obligations	34,951	49	36,987	50	20,949	62	22,612	64						
Comm. & Acq. Exp.	21,175	29	21,051	28	4,194	12	4,259	12						
Underwriting Margin	15,865	22	16,417	22	8,652	26	8,637	24						
UA Independent														
Premium	8,122		9,080		90,600		98,248							
Net Policy Obligations	3,520	43	4,105	45	57,717	64	62,497	64						
Comm. & Acq. Exp.	4,077	50	4,471	49	17,858	20	19,241	20						
Underwriting Margin	525	6	504	6	15,025	17	16,510	17						
UA Branch Office Agency														
Premium	4,338		3,766		88,317		97,465							
Net Policy Obligations	1,797	41	1,617	43	56,475	64	62,364	64						
Comm. & Acq. Exp.	1,626	37	1,410	37	20,109	23	21,796	22						
Underwriting Margin	915	21	739	20	11,733	13	13,305	14						
Direct Response														
Premium	129,252		120,686		11,212		10,395							
Net Policy Obligations	61,370	47	55,997	46	8,935	80	8,286	80						
Comm. & Acq. Exp.	38,270	30	35,680	30	810	7	754	7						
Underwriting Margin	29,612	23	29,009	24	1,467	13	1,355	13						
American Income Agency														
Premium	118,783		108,959		18,476		17,371							
Net Policy Obligations	39,055	33	36,839	34	6,924	37	6,894	40						
Comm. & Acq. Exp.	41,849	35	37,967	35	4,752	26	4,517	26						
Underwriting Margin	37,879	32	34,153	31	6,800	37	5,960	34						
Military														
Premium	50,466		50,950											
Net Policy Obligations	20,202	40	20,955	41										
Comm. & Acq. Exp.	16,616	33	17,056	33										
Underwriting Margin	13,648	27	12,939	25										
Part D														
Premium								\$44,519		\$55,099				
Net Policy Obligations								34,984	79	43,903	80			
Net Amortization of DAC								1,115	3	1,378	3			
Fees to PBM								2,982	7	3,859	7			
Underwriting Margin								5,438	12	5,959	11			
Other Distribution														
Premium	23,540		24,394									\$3,828	\$5,353	
Net Policy Obligations	11,137	47	9,291	38								-840	-560	
Comm. & Acq. Exp.	6,707	28	7,402	30								3,694	3,219	
Underwriting Margin	5,696	24	7,701	32								974	2,694	
Totals:														
Premium	\$406,492		\$392,290		\$242,400		\$258,987		\$44,519		\$55,099		\$3,828	\$5,353
Net Policy Obligations	172,032	42	165,791	42	151,000	62	162,653	63	34,984	79	43,903	80	-840	-560
Comm. & Acq. Exp.	130,320	32	125,037	32	47,723	20	50,567	20	4,097	9	5,237	10	3,694	3,219
Underwriting Margin	\$104,140	26	\$101,462	26	\$43,677	18	\$45,767	18	\$5,438	12	\$5,959	11	\$974	\$2,694
TOTAL UNDERWRITING MARGINS, ALL LINES					\$154,229		\$155,882							
Other Income					1,023		1,379							
Administrative & Other Expenses					-38,189		-36,907							
INSURANCE UNDERWRITING INCOME					<u>\$117,063</u>		<u>\$120,354</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 6/08	%	YTD 6/07	%	YTD 6/08	%	YTD 6/07	%	YTD 6/08	%	YTD 6/07	%	YTD 6/08	YTD 6/07
LNL Exclusive Agency														
Premium	\$144,043		\$148,662		\$68,185		\$71,884							
Net Policy Obligations	68,051	47	72,099	48	42,096	62	45,825	64						
Comm. & Acq. Exp.	42,566	30	41,493	28	8,488	12	8,585	12						
Underwriting Margin	33,426	23	35,070	24	17,601	26	17,474	24						
UA Independent														
Premium	16,478		18,545		185,596		202,016							
Net Policy Obligations	7,326	44	8,273	45	118,344	64	128,505	64						
Comm. & Acq. Exp.	8,062	49	9,047	49	36,591	20	39,314	19						
Underwriting Margin	1,090	7	1,225	7	30,661	17	34,197	17						
UA Branch Office Agency														
Premium	8,584		7,530		182,463		194,369							
Net Policy Obligations	3,653	43	3,227	43	115,947	64	124,083	64						
Comm. & Acq. Exp.	3,218	37	2,818	37	42,070	23	43,328	22						
Underwriting Margin	1,713	20	1,485	20	24,446	13	26,958	14						
Direct Response														
Premium	257,887		243,363		22,859		21,360							
Net Policy Obligations	121,559	47	112,849	46	18,218	80	16,885	79						
Comm. & Acq. Exp.	76,397	30	71,962	30	1,640	7	1,683	8						
Underwriting Margin	59,931	23	58,552	24	3,001	13	2,792	13						
American Income Agency														
Premium	234,266		215,405		36,392		34,244							
Net Policy Obligations	76,396	33	73,521	34	13,508	37	13,306	39						
Comm. & Acq. Exp.	82,548	35	75,262	35	9,412	26	9,006	26						
Underwriting Margin	75,322	32	66,622	31	13,472	37	11,932	35						
Military														
Premium	101,117		101,873											
Net Policy Obligations	40,959	41	41,907	41										
Comm. & Acq. Exp.	33,233	33	33,859	33										
Underwriting Margin	26,925	27	26,107	26										
Part D														
Premium								\$91,140		\$109,787				
Net Policy Obligations								72,416	79	87,927	80			
Net Amortization of DAC								2,281	3	2,746	3			
Fees to PBM								6,106	7	8,034	7			
Underwriting Margin								10,337	11	11,080	10			
Other Distribution														
Premium	47,065		48,380									\$7,809	\$10,419	
Net Policy Obligations	20,956	45	19,632	41								-1,558	-1,211	
Comm. & Acq. Exp.	12,801	27	14,585	30								7,268	6,295	
Underwriting Margin	13,308	28	14,163	29								2,099	5,335	
Totals:														
Premium	\$809,440		\$783,758		\$495,495		\$523,873		\$91,140		\$109,787		\$7,809	\$10,419
Net Policy Obligations	338,900	42	331,508	42	308,113	62	328,604	63	72,416	79	87,927	80	-1,558	-1,211
Comm. & Acq. Exp.	258,825	32	249,026	32	98,201	20	101,916	19	8,387	9	10,780	10	7,268	6,295
Underwriting Margin	\$211,715	26	\$203,224	26	\$89,181	18	\$93,353	18	\$10,337	11	\$11,080	10	\$2,099	\$5,335
TOTAL UNDERWRITING MARGINS, ALL LINES					\$313,332		\$312,992							
Other Income					1,870		2,266							
Administrative & Other Expenses					-77,962		-75,594							
INSURANCE UNDERWRITING INCOME					<u>\$237,240</u>		<u>\$239,664</u>							

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

NET SALES **

	<u>YTD 6/08</u>	<u>YTD 6/07</u>	<u>% Incr (Decr)</u>	<u>2nd Qtr. 2008</u>	<u>2nd Qtr. 2007</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$62,218	\$57,644	8	\$31,662	\$29,406	8
American Income Agency	52,002	43,661	19	27,647	22,763	21
LNL Exclusive Agency	22,167	17,806	24	12,117	9,024	34
Military	3,932	5,375	-27	1,786	2,926	-39
UA Independent	347	310	12	183	189	-3
UA Branch Office Agency	3,675	1,456	152	1,635	939	74
Other Distribution	2,168	3,552	-39	985	2,182	-55
Total Life	146,509	129,804	13	76,015	67,429	13
<u>HEALTH</u>						
Direct Response	2,801	3,174	-12	1,319	1,428	-8
American Income Agency	5,894	5,338	10	3,123	2,770	13
LNL Exclusive Agency	5,232	4,627	13	2,933	2,438	20
UA Independent	19,592	23,367	-16	9,689	13,263	-27
UA Branch Office Agency	45,881	86,264	-47	20,550	43,937	-53
Total Health	79,400	122,770	-35	37,614	63,836	-41
Part D	10,607	13,909 *	-24	1,382	3,125	-56
TOTAL NET SALES	\$236,516	\$266,483	-11	\$115,011	\$134,390	-14

** 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 6/08</u>	<u>YTD 6/07</u>	<u>% Incr (Decr)</u>	<u>2nd Qtr. 2008</u>	<u>2nd Qtr. 2007</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$40,980	\$38,429	7	\$20,378	\$18,770	9
American Income Agency	39,745	36,417	9	20,508	18,432	11
LNL Exclusive Agency	14,201	15,195	-7	7,277	7,361	-1
Military	4,296	5,451	-21	2,052	2,669	-23
UA Independent	207	454	-54	105	206	-49
UA Branch Office Agency	1,966	729	170	1,045	391	167
Other Distribution	2,373	3,103	-24	1,141	1,610	-29
Total Life	103,768	99,778	4	52,506	49,439	6
<u>HEALTH</u>						
Direct Response	2,299	2,618	-12	1,144	1,248	-8
American Income Agency	5,813	5,920	-2	3,025	3,095	-2
LNL Exclusive Agency	3,931	4,412	-11	1,946	2,167	-10
UA Independent	18,486	20,743	-11	9,650	10,327	-7
UA Branch Office Agency	47,759	64,231	-26	21,877	32,560	-33
Total Health	78,288	97,924	-20	37,642	49,397	-24
Part D	8,396	41,332	-80	4,317	12,811	-66
TOTAL FIRST YEAR COLLECTED PREMIUM	\$190,452	\$239,034	-20	\$94,465	\$111,647	-15

* Corrected in April 2008

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

	At June 30,	
	2008	2007
Assets		
Investments:		
Fixed maturities available for sale *	\$8,874,152	\$9,152,398
Equity securities available for sale	19,454	30,634
Mortgage loans	17,968	19,168
Real estate	8,329	10,769
Policy loans	350,045	333,519
Other long-term investments	55,466	41,246
Short-term investments	72,068	104,473
Total investments	9,397,482	9,692,207
Cash	18,224	14,095
Accrued investment income	171,022	169,309
Other receivables	95,548	97,972
Deferred acquisition costs	3,214,372	3,006,153
Value of insurance purchased	58,204	64,968
Property and equipment	50,434	36,368
Goodwill	423,519	423,519
Other assets	125,285	136,380
Separate account assets	1,189,655	1,456,897
Total assets	\$14,743,745	\$15,097,868
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$8,269,660	\$7,733,870
Unearned and advance premium	93,525	90,194
Policy claims and other benefits payable	241,562	259,645
Other policy liabilities	90,337	90,271
Deferred and accrued income taxes	808,856	970,304
Short-term debt	124,402	263,453
Long-term debt	721,976	721,483
Other liabilities	230,188	263,967
Separate account liabilities	1,189,655	1,456,897
Total liabilities	11,770,161	11,850,084
Shareholders' equity:		
Preferred stock	0	0
Common stock	94,875	99,875
Additional paid-in-capital	484,665	501,814
Unrealized investment gains (losses), net of tax	-429,679	-17,188
Retained earnings	3,226,245	3,055,989
Treasury stock, at cost	-402,522	-392,706
Total shareholders' equity	2,973,584	3,247,784
Total liabilities and shareholders' equity	\$14,743,745	\$15,097,868
Diluted Basis:		
Shares outstanding	89,167	95,412
Book value per common share	\$33.35	\$34.04
Book value per common share excluding FAS 115	\$37.93	\$34.20
* Amortized cost of fixed maturities	\$9,543,749	\$9,179,468

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

June 30, 2008

Total Fixed Maturities

	<u>6/30/08</u>	<u>6/30/07</u>
Amortized Cost	\$9,544	\$9,179
Unrealized:		
Gains	131	196
Losses	<u>-800</u>	<u>-223</u>
Market	\$8,874	\$9,152
Annual Effective Yield (2Q)	6.97%	6.93%
Average Life To:		
First Call	14.9	13.7
Maturity	21.7	19.6

Fixed Maturities at 6/30/08

	Amort. <u>Cost</u>	<u>Unrealized</u>			<u>Market</u>	<u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$8,917	\$112	-\$729	-\$618	\$8,299	A-
Below Investment Grade	<u>627</u>	<u>19</u>	<u>-71</u>	<u>-52</u>	<u>575</u>	BB-
Total	\$9,544	\$131	-\$800	-\$670	\$8,874	A-

Fixed Maturity Acquisitions:

	<u>2Q'08</u>	<u>2Q'07</u>
Amount	\$241	\$944
Yield	7.0%	6.8%
Ratings	A+	A
Average Life To:		
First Call	22.8	19.8
Maturity	32.5	33.4