

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/08	9/07		2008	2008	2008	2007	2007
		UNDERWRITING INCOME					
		Life:					
\$1,215,554	\$1,176,478	Premium	\$406,114	\$406,492	\$402,948	\$393,486	\$392,720
-504,251	-491,960	Net Policy Obligations	-165,351	-172,032	-166,868	-159,294	-160,452
-391,578	-375,906	Commissions and Acquisition Expenses	-132,753	-130,320	-128,505	-125,766	-126,880
319,725	308,612	Underwriting Margin	108,010	104,140	107,575	108,426	105,388
		Health:					
726,350	776,990	Premium	230,855	242,400	253,095	252,549	253,117
-451,140	-486,192	Net Policy Obligations	-143,027	-151,000	-157,113	-156,901	-157,588
-144,167	-152,663	Commissions and Acquisition Expenses	-45,966	-47,723	-50,478	-49,697	-50,747
131,043	138,135	Underwriting Margin	41,862	43,677	45,504	45,951	44,782
16,783	17,497	Health - Part D Underwriting Margin	6,446	5,438	4,899	6,671	6,417
2,404	7,756	Annuity Underwriting Margin	305	974	1,125	1,581	2,421
469,955	472,000	Total Underwriting Margin	156,623	154,229	159,103	162,629	159,008
3,027	3,244	Other Income	1,157	1,023	847	1,069	978
-116,251	-115,652	Admin. Expenses	-38,289	-38,189	-39,773	-38,900	-40,058
356,731	359,592	Underwriting Income	119,491	117,063	120,177	124,798	119,928
		EXCESS INVESTMENT INCOME					
503,565	486,191	Net Investment Income	168,968	167,760	166,837	162,371	163,014
-206,605	-191,288	Required Interest on Net Policy Liabilities	-70,354	-68,947	-67,304	-66,212	-64,882
-46,299	-51,179	Interest on Debt	-15,441	-14,752	-16,106	-16,121	-17,513
250,661	243,724	Total Excess Investment Income	83,173	84,061	83,427	80,038	80,619
-5,978	-6,378	Parent Company Expenses	-1,626	-2,693	-1,659	-3,437	-2,024
601,414	596,938	Pre-Tax Operating Income	201,038	198,431	201,945	201,399	198,523
-201,285	-202,996	Income Tax	-66,973	-65,824	-68,488	-67,959	-67,541
\$400,129	\$393,942	Net Operating Income Before Stock Compensation Expense	\$134,065	\$132,607	\$133,457	\$133,440	\$130,982
-5,399	-4,029	Stock Compensation Expense, Net of Tax	-1,771	-2,006	-1,622	-1,240	-1,241
\$394,730	\$389,913	Net Operating Income	\$132,294	\$130,601	\$131,835	\$132,200	\$129,741
\$4.38	\$4.04	Per Share	\$1.51	\$1.44	\$1.43	\$1.41	\$1.38
90,204	96,601	Average Diluted Shares Outstanding	87,811	90,698	91,877	93,543	94,061
		Reconciling items, net of tax:					
\$181	\$2,587	Gain on Sale of Agency Buildings	\$35	\$134	\$12	\$181	\$789
-80,924	5,609	Capital Gain (Loss) - Investments	-71,394	-5,004	-4,526	-3,832	915
-7,572	-3,260	Part D Adjustment	3,172	-2,118	-8,626	3,260	1,469
10,707	613	Tax Settlements	601	10,106	0	536	-88
-688	-272	Net Proceeds (Cost) from Legal Settlements	-1,557	7	862	0	56
-1,384	0	Loss on Company Occupied Property	0	0	-1,384	0	0
\$315,050	\$395,190	Net Income	\$63,151	\$133,726	\$118,173	\$132,345	\$132,882

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	3Q 2008	%	3Q 2007	%	3Q 2008	%	3Q 2007	%	3Q 2008	%	3Q 2007	%	3Q 2008	3Q 2007
LNL Exclusive Agency														
Premium	\$71,976		\$72,944		\$33,733		\$34,837							
Net Policy Obligations	30,812	43	32,721	45	20,909	62	22,182	64						
Comm. & Acq. Exp.	23,552	33	21,840	30	4,180	12	4,228	12						
Underwriting Margin	17,612	24	18,383	25	8,644	26	8,427	24						
UA Independent														
Premium	7,829		8,819		85,993		92,934							
Net Policy Obligations	3,610	46	3,962	45	54,546	63	60,061	65						
Comm. & Acq. Exp.	3,714	47	4,327	49	17,370	20	17,460	19						
Underwriting Margin	505	6	530	6	14,077	16	15,413	17						
UA Branch Office Agency														
Premium	4,345		3,997		80,958		96,630							
Net Policy Obligations	1,827	42	1,710	43	51,581	64	60,370	62						
Comm. & Acq. Exp.	1,612	37	1,504	38	18,848	23	23,786	25						
Underwriting Margin	906	21	783	20	10,529	13	12,474	13						
Direct Response														
Premium	127,345		120,603		11,175		10,494							
Net Policy Obligations	59,764	47	55,039	46	8,903	80	8,498	81						
Comm. & Acq. Exp.	37,747	30	36,197	30	818	7	670	6						
Underwriting Margin	29,834	23	29,367	24	1,454	13	1,326	13						
American Income Agency														
Premium	120,607		111,108		18,996		18,222							
Net Policy Obligations	37,912	31	36,508	33	7,088	37	6,477	36						
Comm. & Acq. Exp.	42,757	35	38,951	35	4,750	25	4,603	25						
Underwriting Margin	39,938	33	35,649	32	7,158	38	7,142	39						
Military														
Premium	50,247		50,784											
Net Policy Obligations	19,745	39	20,832	41										
Comm. & Acq. Exp.	16,716	33	16,637	33										
Underwriting Margin	13,786	27	13,315	26										
Part D														
Premium									\$41,537		\$52,583			
Net Policy Obligations									31,464	76	42,329	80		
Net Amortization of DAC									1,030	2	1,313	2		
Fees to PBM									2,597	6	2,524	5		
Underwriting Margin									6,446	16	6,417	12		
Other Distribution														
Premium	23,765		24,465										\$3,543	\$4,901
Net Policy Obligations	11,681	49	9,680	40									-955	-1,826
Comm. & Acq. Exp.	6,655	28	7,424	30									4,193	4,306
Underwriting Margin	5,429	23	7,361	30									305	2,421
Totals:														
Premium	\$406,114		\$392,720		\$230,855		\$253,117		\$41,537		\$52,583		\$3,543	\$4,901
Net Policy Obligations	165,351	41	160,452	41	143,027	62	157,588	62	31,464	76	42,329	80	-955	-1,826
Comm. & Acq. Exp.	132,753	33	126,880	32	45,966	20	50,747	20	3,627	9	3,837	7	4,193	4,306
Underwriting Margin	\$108,010	27	\$105,388	27	\$41,862	18	\$44,782	18	\$6,446	16	\$6,417	12	\$305	\$2,421
TOTAL UNDERWRITING MARGINS, ALL LINES					\$156,623		\$159,008							
Other Income					1,157		978							
Administrative & Other Expenses					-38,289		-40,058							
INSURANCE UNDERWRITING INCOME					<u>\$119,491</u>		<u>\$119,928</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 9/08	%	YTD 9/07	%	YTD 9/08	%	YTD 9/07	%	YTD 9/08	%	YTD 9/07	%	YTD 9/08	YTD 9/07
LNL Exclusive Agency														
Premium	\$216,019		\$221,606		\$101,918		\$106,721							
Net Policy Obligations	98,863	46	104,820	47	63,005	62	68,007	64						
Comm. & Acq. Exp.	66,118	31	63,333	29	12,668	12	12,813	12						
Underwriting Margin	51,038	24	53,453	24	26,245	26	25,901	24						
UA Independent														
Premium	24,307		27,364		271,589		294,950							
Net Policy Obligations	10,936	45	12,235	45	172,890	64	188,566	64						
Comm. & Acq. Exp.	11,776	48	13,374	49	53,961	20	56,774	19						
Underwriting Margin	1,595	7	1,755	6	44,738	16	49,610	17						
UA Branch Office Agency														
Premium	12,929		11,527		263,421		290,999							
Net Policy Obligations	5,480	42	4,937	43	167,528	64	184,453	63						
Comm. & Acq. Exp.	4,830	37	4,322	37	60,918	23	67,114	23						
Underwriting Margin	2,619	20	2,268	20	34,975	13	39,432	14						
Direct Response														
Premium	385,232		363,966		34,034		31,854							
Net Policy Obligations	181,323	47	167,888	46	27,121	80	25,383	80						
Comm. & Acq. Exp.	114,144	30	108,159	30	2,458	7	2,353	7						
Underwriting Margin	89,765	23	87,919	24	4,455	13	4,118	13						
American Income Agency														
Premium	354,873		326,513		55,388		52,466							
Net Policy Obligations	114,308	32	110,029	34	20,596	37	19,783	38						
Comm. & Acq. Exp.	125,305	35	114,213	35	14,162	26	13,609	26						
Underwriting Margin	115,260	32	102,271	31	20,630	37	19,074	36						
Military														
Premium	151,364		152,657											
Net Policy Obligations	60,704	40	62,739	41										
Comm. & Acq. Exp.	49,949	33	50,496	33										
Underwriting Margin	40,711	27	39,422	26										
Part D														
Premium								\$132,677		\$162,370				
Net Policy Obligations								103,880	78	130,256	80			
Net Amortization of DAC								3,311	2	4,059	2			
Fees to PBM								8,703	7	10,558	7			
Underwriting Margin								16,783	13	17,497	11			
Other Distribution														
Premium	70,830		72,845									\$11,352	\$15,320	
Net Policy Obligations	32,637	46	29,312	40								-2,513	-3,037	
Comm. & Acq. Exp.	19,456	27	22,009	30								11,461	10,601	
Underwriting Margin	18,737	26	21,524	30								2,404	7,756	
Totals:														
Premium	\$1,215,554		\$1,176,478		\$726,350		\$776,990		\$132,677		\$162,370	\$11,352	\$15,320	
Net Policy Obligations	504,251	41	491,960	42	451,140	62	486,192	63	103,880	78	130,256	-2,513	-3,037	
Comm. & Acq. Exp.	391,578	32	375,906	32	144,167	20	152,663	20	12,014	9	14,617	11,461	10,601	
Underwriting Margin	\$319,725	26	\$308,612	26	\$131,043	18	\$138,135	18	\$16,783	13	\$17,497	\$2,404	\$7,756	
TOTAL UNDERWRITING MARGINS, ALL LINES					\$469,955		\$472,000							
Other Income					3,027		3,244							
Administrative & Other Expenses					-116,251		-115,652							
INSURANCE UNDERWRITING INCOME					<u>\$356,731</u>		<u>\$359,592</u>							

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

NET SALES **

	<u>YTD 9/08</u>	<u>YTD 9/07</u>	<u>% Incr (Decr)</u>	<u>3rd Qtr. 2008</u>	<u>3rd Qtr. 2007</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$91,766	\$85,311	8	\$29,548	\$27,667	7
American Income Agency	80,125	68,080	18	28,123	24,419	15
LNL Exclusive Agency	35,209	26,676	32	13,042	8,870	47
Military	5,598	7,576	-26	1,666	2,201	-24
UA Independent	523	443	18	176	133	32
UA Branch Office Agency	5,146	3,041	69	1,471	1,585	-7
Other Distribution	3,127	4,791	-35	959	1,239	-23
Total Life	<u>221,494</u>	<u>195,918</u>	<u>13</u>	<u>74,985</u>	<u>66,114</u>	<u>13</u>
<u>HEALTH</u>						
Direct Response	3,543	4,179	-15	742	1,005	-26
American Income Agency	8,923	8,356	7	3,029	3,018	0
LNL Exclusive Agency	8,541	7,222	18	3,309	2,595	28
UA Independent	26,891	34,154	-21	7,299	10,787	-32
UA Branch Office Agency	60,751	126,350	-52	14,870	40,086	-63
Total Health	<u>108,649</u>	<u>180,261</u>	<u>-40</u>	<u>29,249</u>	<u>57,491</u>	<u>-49</u>
Part D	12,079	16,184 *	-25	1,472	2,275	-35
TOTAL NET SALES	\$342,222	\$392,363	-13	\$105,706	\$125,880	-16

** 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 9/08</u>	<u>YTD 9/07</u>	<u>% Incr (Decr)</u>	<u>3rd Qtr. 2008</u>	<u>3rd Qtr. 2007</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$60,800	\$57,175	6	\$19,820	\$18,746	6
American Income Agency	60,934	54,884	11	21,189	18,467	15
LNL Exclusive Agency	21,809	22,153	-2	7,608	6,958	9
Military	6,163	7,988	-23	1,867	2,537	-26
UA Independent	308	593	-48	101	139	-27
UA Branch Office Agency	2,978	1,443	106	1,012	714	42
Other Distribution	3,368	4,605	-27	995	1,502	-34
Total Life	<u>156,360</u>	<u>148,841</u>	<u>5</u>	<u>52,592</u>	<u>49,063</u>	<u>7</u>
<u>HEALTH</u>						
Direct Response	3,377	3,794	-11	1,078	1,176	-8
American Income Agency	9,256	9,252	0	3,443	3,332	3
LNL Exclusive Agency	6,087	6,440	-5	2,156	2,028	6
UA Independent	27,345	30,302	-10	8,859	9,559	-7
UA Branch Office Agency	64,939	95,908	-32	17,180	31,677	-46
Total Health	<u>111,004</u>	<u>145,696</u>	<u>-24</u>	<u>32,716</u>	<u>47,772</u>	<u>-32</u>
Part D	12,655	47,629	-73	4,259	6,297	-32
TOTAL FIRST YEAR COLLECTED PREMIUM	\$280,019	\$342,166	-18	\$89,567	\$103,132	-13

* Corrected in April 2008

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

	At September 30,	
	2008	2007
Assets		
Investments:		
Fixed maturities available for sale *	\$8,168,032	\$9,130,601
Equity securities available for sale	17,188	30,473
Mortgage loans	17,655	18,877
Real estate	7,432	8,276
Policy loans	354,819	338,844
Other long-term investments	54,543	43,540
Short-term investments	65,805	99,037
Total investments	8,685,474	9,669,648
Cash	16,495	9,070
Accrued investment income	183,043	177,680
Other receivables	90,186	97,321
Deferred acquisition costs	3,296,173	3,049,942
Value of insurance purchased	56,615	63,392
Property and equipment	51,122	43,076
Goodwill	423,519	423,519
Other assets	131,691	141,447
Separate account assets	1,016,048	1,479,040
Total assets	\$13,950,366	\$15,154,135
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$8,387,642	\$7,821,375
Unearned and advance premium	89,389	89,324
Policy claims and other benefits payable	235,644	252,953
Other policy liabilities	90,404	90,342
Deferred and accrued income taxes	540,056	988,202
Short-term debt	345,342	204,146
Long-term debt	622,624	721,603
Other liabilities	182,250	243,266
Separate account liabilities	1,016,048	1,479,040
Total liabilities	11,509,399	11,890,251
Shareholders' equity:		
Preferred stock	0	0
Common stock	94,875	99,875
Additional paid-in-capital	489,646	503,830
Unrealized investment gains (losses), net of tax	-900,865	-20,633
Retained earnings	3,269,586	3,176,498
Treasury stock, at cost	-512,275	-495,686
Total shareholders' equity	2,440,967	3,263,884
Total liabilities and shareholders' equity	\$13,950,366	\$15,154,135
Diluted Basis:		
Shares outstanding	87,319	93,505
Book value per common share	\$27.95	\$34.91
Book value per common share excluding FAS 115	\$37.99	\$35.18
* Amortized cost of fixed maturities	\$9,603,716	\$9,174,723

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2008

Investment Portfolio at 9/30/08

	<u>Amort. Cost</u>	<u>% of Total</u>
Fixed maturities	\$9,604	95%
Equities	17	0%
Mortgage loans	18	0%
Investment real estate	7	0%
Policy loans	355	4%
Other long-term investments	55	1%
Short-term investments	<u>66</u>	<u>1%</u>
 Total	 \$10,121	 100%

Fixed Maturities at 9/30/08

Summary

	<u>Amort. Cost</u>	<u>Market Value</u>	<u>Net Unreal. Gain (Loss)</u>	<u>Average Rating</u>	<u>% of Total Amort. Cost</u>
Investment Grade	\$8,906	\$7,579	-\$1,327	A-	93%
Below Investment Grade	<u>698</u>	<u>589</u>	<u>-109</u>	BB-	7%
 Total	 \$9,604	 \$8,168	 -\$1,436	BBB+	

By Type

Corporates	\$7,444	\$6,605	-\$839	BBB+	78%
Redeemable preferred stock	1,450	1,006	-444	BBB+	15%
Municipals	257	214	-43	AA	3%
Government-sponsored enterprises	216	211	-5	AAA	2%
Government & Agencies	24	26	2	AA+	0%
Residential mortgage-backed securities	24	26	2	AAA	0%
Commercial mortgage-backed securities	17	17	0	AAA	0%
CDO's	131	24	-107	A-	1%
Other asset-backed securities	<u>40</u>	<u>40</u>	<u>-1</u>	A-	0%
 Total	 \$9,604	 \$8,168	 -\$1,436	BBB+	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2008

<u>By Sector</u>	<u>Amort. Cost</u>	<u>Market Value</u>	<u>Net Unreal. Gain (Loss)</u>	<u>Average Rating</u>	<u>% of Total Amort. Cost</u>
Financial - Life/Health/PC Insurance	\$1,760	\$1,438	-\$322	BBB+	18%
Financial - Bank	1,614	1,211	-404	A	17%
Financial - Financial Guarantor	105	58	-47	A	1%
Financial - Mortgage Insurer	75	53	-22	BB	1%
Financial - Other	442	323	-120	A-	5%
Utilities	1,050	987	-63	BBB+	11%
Energy	747	675	-72	BBB	8%
Industrial	742	701	-41	BBB	8%
Consumer, Non-cyclical	629	595	-34	BBB+	7%
Consumer, Cyclical	484	430	-54	BBB	5%
Communications	601	528	-73	BBB	6%
Basic Materials	578	534	-44	BBB+	6%
Government	497	451	-46	AA+	5%
Technology	67	79	12	BBB+	1%
Other	213	107	-106	A	2%
Total	\$9,604	\$8,168	-\$1,436	BBB+	

<u>By Sector by Rating: Amortized Cost</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BIG</u>	<u>Total</u>
Financial - Life/Health/PC Insurance		\$26	\$770	\$914	\$51	\$1,760
Financial - Bank	65	246	1,041	263		1,614
Financial - Financial Guarantor			78	26		105
Financial - Mortgage Insurer					75	75
Financial - Other	99		116	188	39	442
Utilities		9	271	716	55	1,050
Energy		21	85	630	11	747
Industrial		4	156	539	43	742
Consumer, Non-cyclical		5	239	281	103	629
Consumer, Cyclical	25	15	144	179	122	484
Communications			109	347	145	601
Basic Materials		27	120	391	40	578
Government	314	147	36			497
Technology			48	7	13	67
Other	42	20	66	85		213
Total - \$	\$544	\$518	\$3,279	\$4,565	\$698	\$9,604
- % of Total	6%	5%	34%	48%	7%	100%

TORCHMARK CORPORATION

Fixed Maturity Acquisitions

(Millions of \$)

September 30, 2008

Fixed Maturity Acquisitions:

	<u>3Q'08</u>	<u>3Q'07</u>
Amount	\$263	\$226
Yield	7.0%	6.8%
Ratings	A-	A
Average Life To:		
First Call	26.0	21.7
Maturity	27.9	29.7