

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/08	12/07		2008	2008	2008	2008	2007
		UNDERWRITING INCOME					
		Life:					
\$1,616,804	\$1,569,964	Premium	\$401,250	\$406,114	\$406,492	\$402,948	\$393,486
-662,704	-651,254	Net Policy Obligations	-158,453	-165,351	-172,032	-166,868	-159,294
-522,325	-501,672	Commissions and Acquisition Expenses	-130,747	-132,753	-130,320	-128,505	-125,766
<u>431,775</u>	<u>417,038</u>	Underwriting Margin	<u>112,050</u>	<u>108,010</u>	<u>104,140</u>	<u>107,575</u>	<u>108,426</u>
		Health:					
951,304	1,029,539	Premium	224,954	230,855	242,400	253,095	252,549
-589,198	-643,093	Net Policy Obligations	-138,058	-143,027	-151,000	-157,113	-156,901
-189,156	-202,360	Commissions and Acquisition Expenses	-44,989	-45,966	-47,723	-50,478	-49,697
<u>172,950</u>	<u>184,086</u>	Underwriting Margin	<u>41,907</u>	<u>41,862</u>	<u>43,677</u>	<u>45,504</u>	<u>45,951</u>
21,761	24,168	Health - Part D Underwriting Margin	4,978	6,446	5,438	4,899	6,671
<u>-6,423</u>	<u>9,337</u>	Annuity Underwriting Margin	<u>-8,827</u>	<u>305</u>	<u>974</u>	<u>1,125</u>	<u>1,581</u>
620,063	634,629	Total Underwriting Margin	150,108	156,623	154,229	159,103	162,629
4,154	4,313	Other Income	1,127	1,157	1,023	847	1,069
-159,283	-154,552	Admin. Expenses	-43,032	-38,289	-38,189	-39,773	-38,900
<u>464,934</u>	<u>484,390</u>	Underwriting Income	<u>108,203</u>	<u>119,491</u>	<u>117,063</u>	<u>120,177</u>	<u>124,798</u>
		EXCESS INVESTMENT INCOME					
671,231	648,562	Net Investment Income	167,666	168,968	167,760	166,837	162,371
-280,125	-257,500	Required Interest on Net Policy Liabilities	-73,520	-70,354	-68,947	-67,304	-66,212
<u>-62,965</u>	<u>-67,300</u>	Interest on Debt	<u>-16,666</u>	<u>-15,441</u>	<u>-14,752</u>	<u>-16,106</u>	<u>-16,121</u>
328,141	323,762	Total Excess Investment Income	77,480	83,173	84,061	83,427	80,038
<u>-10,455</u>	<u>-9,815</u>	Parent Company Expenses	<u>-4,477</u>	<u>-1,626</u>	<u>-2,693</u>	<u>-1,659</u>	<u>-3,437</u>
782,620	798,337	Pre-Tax Operating Income	181,206	201,038	198,431	201,945	201,399
<u>-262,298</u>	<u>-270,955</u>	Income Tax	<u>-61,013</u>	<u>-66,973</u>	<u>-65,824</u>	<u>-68,488</u>	<u>-67,959</u>
\$520,322	\$527,382	Net Operating Income Before Stock Compensation Expense	\$120,193	\$134,065	\$132,607	\$133,457	\$133,440
<u>-7,035</u>	<u>-5,269</u>	Stock Compensation Expense, Net of Tax	<u>-1,636</u>	<u>-1,771</u>	<u>-2,006</u>	<u>-1,622</u>	<u>-1,240</u>
\$513,287	\$522,113	Net Operating Income	\$118,557	\$132,294	\$130,601	\$131,835	\$132,200
\$5.80	\$5.45	Per Share	\$1.40	\$1.51	\$1.44	\$1.43	\$1.41
88,516	95,846	Average Diluted Shares Outstanding	84,987	87,811	90,698	91,877	93,543
		Reconciling items, net of tax:					
\$181	\$2,768	Gain on Sale of Agency Buildings	\$0	\$35	\$134	\$12	\$181
-69,878	1,777	Capital Gain (Loss) - Investments	11,046	-71,394	-5,004	-4,526	-3,832
0	0	Part D Adjustment	7,572	3,172	-2,118	-8,626	3,260
10,823	1,149	Tax Settlements	116	601	10,106	0	536
-770	-272	Net Proceeds (Cost) from Legal Settlements	-82	-1,557	7	862	0
<u>-1,384</u>	<u>0</u>	Loss on Company Occupied Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>-1,384</u>	<u>0</u>
<u>\$452,259</u>	<u>\$527,535</u>	Net Income	<u>\$137,209</u>	<u>\$63,151</u>	<u>\$133,726</u>	<u>\$118,173</u>	<u>\$132,345</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)

(In thousands)

	LIFE				HEALTH				HEALTH - PART D			ANNUITY	
	4Q 2008	%	4Q 2007	%	4Q 2008	%	4Q 2007	%	4Q 2008	%	4Q 2007	4Q 2008	4Q 2007
LNL Exclusive Agency													
Premium	\$71,293		\$72,330		\$33,471		\$34,445						
Net Policy Obligations	28,989	41	28,890	40	19,866	59	21,900	64					
Comm. & Acq. Exp.	24,092	34	22,557	31	4,182	12	4,325	13					
Underwriting Margin	18,212	26	20,883	29	9,423	28	8,220	24					
UA Independent													
Premium	7,548		8,464		85,264		93,460						
Net Policy Obligations	3,421	45	3,902	46	54,628	64	59,203	63					
Comm. & Acq. Exp.	3,598	48	3,948	47	16,107	19	18,215	19					
Underwriting Margin	529	7	614	7	14,529	17	16,042	17					
UA Branch Office Agency													
Premium	4,021		4,046		77,095		95,955						
Net Policy Obligations	1,399	35	1,683	42	47,935	62	60,654	63					
Comm. & Acq. Exp.	1,487	37	1,482	37	19,293	25	21,775	23					
Underwriting Margin	1,135	28	881	22	9,867	13	13,526	14					
Direct Response													
Premium	125,933		120,210		11,089		10,484						
Net Policy Obligations	57,633	46	55,598	46	8,836	80	8,353	80					
Comm. & Acq. Exp.	36,892	29	35,351	29	852	8	687	7					
Underwriting Margin	31,408	25	29,261	24	1,401	13	1,444	14					
American Income Agency													
Premium	118,911		113,651		18,035		18,205						
Net Policy Obligations	37,004	31	38,009	33	6,793	38	6,791	37					
Comm. & Acq. Exp.	41,706	35	40,194	35	4,555	25	4,695	26					
Underwriting Margin	40,201	34	35,448	31	6,687	37	6,719	37					
Military													
Premium	49,871		50,636										
Net Policy Obligations	18,985	38	20,654	41									
Comm. & Acq. Exp.	16,761	34	16,719	33									
Underwriting Margin	14,125	28	13,263	26									
Part D													
Premium									\$42,956		\$52,219		
Net Policy Obligations									34,359	80	41,018	79	
Net Amortization of DAC									1,070	2	1,197	2	
Fees to PBM									2,549	6	3,333	6	
Underwriting Margin									4,978	12	6,671	13	
Other Distribution													
Premium	23,673		24,149									\$3,041	\$5,150
Net Policy Obligations	11,022	47	10,558	44								4,868	-580
Comm. & Acq. Exp.	6,211	26	5,515	23								7,000	4,149
Underwriting Margin	6,440	27	8,076	33								-8,827	1,581
Totals:													
Premium	\$401,250		\$393,486		\$224,954		\$252,549		\$42,956		\$52,219	\$3,041	\$5,150
Net Policy Obligations	158,453	39	159,294	40	138,058	61	156,901	62	34,359	80	41,018	4,868	-580
Comm. & Acq. Exp.	130,747	33	125,766	32	44,989	20	49,697	20	3,619	8	4,530	7,000	4,149
Underwriting Margin	\$112,050	28	\$108,426	28	\$41,907	19	\$45,951	18	\$4,978	12	\$6,671	-8,827	\$1,581
TOTAL UNDERWRITING MARGINS, ALL LINES					\$150,108		\$162,629						
Other Income					1,127		1,069						
Administrative & Other Expenses					-43,032		-38,900						
INSURANCE UNDERWRITING INCOME					<u>\$108,203</u>		<u>\$124,798</u>						

TORCHMARK CORPORATION

Insurance Operations (Unaudited)

(In thousands)

	LIFE				HEALTH				HEALTH - PART D			ANNUITY		
	YTD 12/08	%	YTD 12/07	%	YTD 12/08	%	YTD 12/07	%	YTD 12/08	%	YTD 12/07	%	YTD 12/08	YTD 12/07
LNL Exclusive Agency														
Premium	\$287,312		\$293,936		\$135,389		\$141,166							
Net Policy Obligations	127,852	44	133,710	45	82,871	61	89,907	64						
Comm. & Acq. Exp.	90,210	31	85,890	29	16,850	12	17,138	12						
Underwriting Margin	69,250	24	74,336	25	35,668	26	34,121	24						
UA Independent														
Premium	31,855		35,828		356,853		388,410							
Net Policy Obligations	14,357	45	16,137	45	227,518	64	247,769	64						
Comm. & Acq. Exp.	15,374	48	17,322	48	70,068	20	74,989	19						
Underwriting Margin	2,124	7	2,369	7	59,267	17	65,652	17						
UA Branch Office Agency														
Premium	16,950		15,573		340,516		386,954							
Net Policy Obligations	6,879	41	6,620	43	215,463	63	245,107	63						
Comm. & Acq. Exp.	6,317	37	5,804	37	80,211	24	88,889	23						
Underwriting Margin	3,754	22	3,149	20	44,842	13	52,958	14						
Direct Response														
Premium	511,165		484,176		45,123		42,338							
Net Policy Obligations	238,956	47	223,486	46	35,957	80	33,736	80						
Comm. & Acq. Exp.	151,036	30	143,510	30	3,310	7	3,040	7						
Underwriting Margin	121,173	24	117,180	24	5,856	13	5,562	13						
American Income Agency														
Premium	473,784		440,164		73,423		70,671							
Net Policy Obligations	151,312	32	148,038	34	27,389	37	26,574	38						
Comm. & Acq. Exp.	167,011	35	154,407	35	18,717	25	18,304	26						
Underwriting Margin	155,461	33	137,719	31	27,317	37	25,793	36						
Military														
Premium	201,235		203,293											
Net Policy Obligations	79,689	40	83,393	41										
Comm. & Acq. Exp.	66,710	33	67,215	33										
Underwriting Margin	54,836	27	52,685	26										
Part D														
Premium									\$175,633		\$214,589			
Net Policy Obligations									138,239	79	171,274	80		
Net Amortization of DAC									4,381	2	5,256	2		
Fees to PBM									11,252	6	13,891	6		
Underwriting Margin									21,761	12	24,168	11		
Other Distribution														
Premium	94,503		96,994										\$14,393	\$20,470
Net Policy Obligations	43,659	46	39,870	41									2,355	-3,617
Comm. & Acq. Exp.	25,667	27	27,524	28									18,461	14,750
Underwriting Margin	25,177	27	29,600	31									-6,423	9,337
Totals:														
Premium	\$1,616,804		\$1,569,964		\$951,304		\$1,029,539		\$175,633		\$214,589		\$14,393	\$20,470
Net Policy Obligations	662,704	41	651,254	41	589,198	62	643,093	62	138,239	79	171,274	80	2,355	-3,617
Comm. & Acq. Exp.	522,325	32	501,672	32	189,156	20	202,360	20	15,633	9	19,147	9	18,461	14,750
Underwriting Margin	\$431,775	27	\$417,038	27	\$172,950	18	\$184,086	18	\$21,761	12	\$24,168	11	-\$6,423	\$9,337
TOTAL UNDERWRITING MARGINS, ALL LINES					\$620,063		\$634,629							
Other Income					4,154		4,313							
Administrative & Other Expenses					-159,283		-154,552							
INSURANCE UNDERWRITING INCOME					<u>\$464,934</u>		<u>\$484,390</u>							

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

NET SALES **

	<u>YTD</u> <u>12/08</u>	<u>YTD</u> <u>12/07</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2008</u>	<u>4th Qtr.</u> <u>2007</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$123,076	\$114,232	8	\$31,310	\$28,921	8
American Income Agency	108,353	92,306	17	28,228	24,226	17
LNL Exclusive Agency	48,540	36,981	31	13,331	10,305	29
Military	7,101	9,397	-24	1,503	1,821	-17
UA Independent	672	599	12	149	156	-4
UA Branch Office Agency	6,244	4,698	33	1,098	1,657	-34
Other Distribution	4,477	6,033	-26	1,350	1,242	9
Total Life	<u>298,463</u>	<u>264,246</u>	<u>13</u>	<u>76,969</u>	<u>68,328</u>	<u>13</u>
<u>HEALTH</u>						
Direct Response	5,823	5,462	7	2,280	1,283	78
American Income Agency	11,848	11,307	5	2,925	2,951	-1
LNL Exclusive Agency	12,183	9,972	22	3,642	2,750	32
UA Independent	37,601	50,298	-25	10,710	16,144	-34
UA Branch Office Agency	71,548	162,330	-56	10,797	35,980	-70
Total Health	<u>139,003</u>	<u>239,369</u>	<u>-42</u>	<u>30,354</u>	<u>59,108</u>	<u>-49</u>
Part D	28,292	24,514 *	15	16,213	8,330	95
TOTAL NET SALES	\$465,758	\$528,129	-12	\$123,536	\$135,766	-9

** 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>12/08</u>	<u>YTD</u> <u>12/07</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2008</u>	<u>4th Qtr.</u> <u>2007</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$80,075	\$76,043	5	\$19,275	\$18,868	2
American Income Agency	82,063	73,862	11	21,129	18,978	11
LNL Exclusive Agency	29,571	28,773	3	7,762	6,620	17
Military	7,908	10,347	-24	1,745	2,359	-26
UA Independent	415	695	-40	107	102	5
UA Branch Office Agency	3,728	1,954	91	750	511	47
Other Distribution	4,422	5,984	-26	1,054	1,379	-24
Total Life	<u>208,182</u>	<u>197,658</u>	<u>5</u>	<u>51,822</u>	<u>48,817</u>	<u>6</u>
<u>HEALTH</u>						
Direct Response	4,539	4,969	-9	1,162	1,175	-1
American Income Agency	12,316	12,347	0	3,060	3,095	-1
LNL Exclusive Agency	8,450	8,341	1	2,363	1,901	24
UA Independent	35,855	40,047	-10	8,510	9,745	-13
UA Branch Office Agency	77,477	125,386	-38	12,538	29,478	-57
Total Health	<u>138,637</u>	<u>191,090</u>	<u>-27</u>	<u>27,633</u>	<u>45,394</u>	<u>-39</u>
Part D	16,655	53,269	-69	4,000	5,640	-29
TOTAL FIRST YEAR COLLECTED PREMIUM	\$363,474	\$442,017	-18	\$83,455	\$99,851	-16

* Corrected in April 2008

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

	At December 31,	
	2008	2007
Assets		
Investments:		
Fixed maturities available for sale *	\$7,817,186	\$9,226,045
Equity securities available for sale	16,346	21,295
Mortgage loans	17,215	18,580
Real estate	2,388	8,411
Policy loans	360,431	344,349
Other long-term investments	52,681	42,299
Short-term investments	130,954	111,220
Total investments	8,397,201	9,772,199
Cash	46,400	20,098
Accrued investment income	176,068	172,783
Other receivables	151,684	96,750
Deferred acquisition costs	3,339,880	3,097,554
Value of insurance purchased	55,331	61,497
Property and equipment	50,153	48,804
Goodwill	423,519	423,519
Other assets	130,791	125,029
Separate account assets	758,023	1,423,195
Total assets	\$13,529,050	\$15,241,428
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$8,475,020	\$7,958,983
Unearned and advance premium	85,190	86,714
Policy claims and other benefits payable	236,313	256,462
Other policy liabilities	89,709	89,958
Deferred and accrued income taxes	419,203	966,008
Short-term debt	403,707	202,058
Long-term debt	622,760	721,723
Other liabilities	216,218	211,700
Separate account liabilities	758,023	1,423,195
Total liabilities	11,306,143	11,916,801
Shareholders' equity:		
Preferred stock	0	0
Common stock	85,875	94,875
Additional paid-in-capital	446,065	481,228
Unrealized investment gains (losses), net of tax	-1,170,417	-80,938
Retained earnings	2,928,950	3,003,152
Treasury stock, at cost	-67,566	-173,690
Total shareholders' equity	2,222,907	3,324,627
Total liabilities and shareholders' equity	\$13,529,050	\$15,241,428
Diluted Basis:		
Shares outstanding	84,708	93,383
Book value per common share	\$26.24	\$35.60
Book value per common share excluding FAS 115	\$39.17	\$36.26
* Amortized cost of fixed maturities	\$9,609,856	\$9,329,149

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2008

Investment Portfolio at 12/31/08	Amort. Cost	% of Total	Industry
Fixed maturities	\$9,610	94%	78%
Equities	17	0%	3%
Mortgage loans	17	0%	10%
Investment real estate	2	0%	1%
Policy loans	360	4%	4%
Other long-term investments	53	1%	3%
Short-term investments	131	1%	1%
Total	\$10,190	100%	

Fixed Maturities at 12/31/08 <u>Summary</u>	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$8,897	\$7,356	-\$1,542	A-	93%
Below Investment Grade	712	461	-251	B+	7%
Total	\$9,610	\$7,817	-\$1,793	BBB+	

By Type

Corporates	\$7,463	\$6,275	-\$1,188	BBB+	78%
Redeemable preferred stock:					
U.S.	1,334	950	-384	BBB+	14%
Foreign	115	63	-52	BBB+	1%
Municipals	261	217	-44	AA	3%
Government-sponsored enterprises	202	195	-8	AAA	2%
Government & Agencies	23	25	2	AA+	0%
Residential mortgage-backed securities	23	25	2	AAA	0%
Commercial mortgage-backed securities	17	17	0	AAA	0%
CDO's	131	14	-117	A-	1%
Other asset-backed securities	40	37	-4	A-	0%
Total	\$9,610	\$7,817	-\$1,793	BBB+	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 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	\$1,764	\$1,270	-\$494	BBB+	18%
Financial - Bank	1,659	1,331	-328	A	17%
Financial - Financial Guarantor	105	52	-54	A-	1%
Financial - Mortgage Insurer	75	31	-44	BB-	1%
Financial - Insurance Brokers	50	28	-22	BBB-	1%
Financial - Other	278	212	-66	A-	3%
Utilities	1,105	1,045	-60	BBB+	11%
Energy	793	697	-96	BBB	8%
Consumer, Non-cyclical	644	591	-54	BBB+	7%
Consumer, Cyclical	471	354	-117	BBB	5%
Communications	600	496	-103	BBB-	6%
Basic Materials	578	470	-107	BBB	6%
Transportation	299	280	-19	BBB	3%
Other Industrials	532	469	-63	BBB+	6%
ABS - CDO	131	14	-117	A-	1%
MBS	40	42	2	AAA	0%
Government	486	436	-50	AA+	5%
Total	\$9,610	\$7,817	-\$1,793	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		\$22	\$777	\$913	\$51	\$1,764
Financial - Bank	55	184	1,119	292	9	1,659
Financial - Financial Guarantor			74	22	9	105
Financial - Mortgage Insurer					75	75
Financial - Insurance Brokers				50		50
Financial - Other	98	4	15	131	30	278
Utilities			289	761	55	1,105
Energy		41	108	633	11	793
Consumer, Non-cyclical		5	249	281	109	644
Consumer, Cyclical	25	15	144	172	115	471
Communications			109	344	147	600
Basic Materials		27	116	395	40	578
Transportation		3	39	246	11	299
Other Industrials			182	299	51	532
ABS - CDO		20	54	57		131
MBS	40					40
Government	274	122	90			486
Total - \$	\$492	\$443	\$3,366	\$4,597	\$712	\$9,610
- % of Total	5%	5%	35%	48%	7%	100%

TORCHMARK CORPORATION

Fixed Maturity Acquisitions

(Millions of \$)

December 31, 2008

Fixed Maturity Acquisitions:

	<u>4Q'08</u>	<u>4Q'07</u>
Amount	\$157	\$348
Yield	7.8%	7.1%
Ratings	A	A-
Average Life To:		
First Call	21.9	17.9
Maturity	23.2	37.5