

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/09	9/08		2009	2009	2009	2008	2008
		UNDERWRITING INCOME					
		Life:					
\$1,242,184	\$1,215,554	Premium	\$414,392	\$415,044	\$412,748	\$401,250	\$406,114
-496,429	-504,251	Net Policy Obligations	-163,476	-168,475	-164,478	-158,453	-165,351
-413,287	-391,578	Commissions and Acquisition Expenses	-139,542	-135,945	-137,800	-130,747	-132,753
<u>332,468</u>	<u>319,725</u>	Underwriting Margin	<u>111,374</u>	<u>110,624</u>	<u>110,470</u>	<u>112,050</u>	<u>108,010</u>
		Health:					
636,115	726,350	Premium	200,197	211,881	224,037	224,954	230,855
-376,399	-451,140	Net Policy Obligations	-118,264	-125,380	-132,755	-138,058	-143,027
-144,918	-144,167	Commissions and Acquisition Expenses	-46,205	-48,196	-50,517	-44,989	-45,966
<u>114,798</u>	<u>131,043</u>	Underwriting Margin	<u>35,728</u>	<u>38,305</u>	<u>40,765</u>	<u>41,907</u>	<u>41,862</u>
15,363	16,783	Health - Part D Underwriting Margin	5,767	4,777	4,819	4,978	6,446
<u>2,252</u>	<u>2,404</u>	Annuity Underwriting Margin	<u>1,179</u>	<u>5,169</u>	<u>-4,096</u>	<u>-8,827</u>	<u>305</u>
464,881	469,955	Total Underwriting Margin	154,048	158,875	151,958	150,108	156,623
2,080	3,027	Other Income	694	720	666	1,127	1,157
-116,646	-116,251	Admin. Expenses	-37,398	-39,831	-39,417	-43,032	-38,289
350,315	356,731	Underwriting Income	117,344	119,764	113,207	108,203	119,491
		EXCESS INVESTMENT INCOME					
505,807	503,565	Net Investment Income	169,542	167,288	168,977	167,666	168,968
-227,551	-206,605	Required Interest on Net Policy Liabilities	-78,076	-76,257	-73,218	-73,520	-70,354
-50,725	-46,299	Interest on Debt	-20,277	-14,850	-15,598	-16,666	-15,441
227,531	250,661	Total Excess Investment Income	71,189	76,181	80,161	77,480	83,173
-7,002	-5,978	Parent Company Expenses	-2,430	-2,640	-1,932	-4,477	-1,626
570,844	601,414	Pre-Tax Operating Income	186,103	193,305	191,436	181,206	201,038
-192,136	-201,285	Income Tax	-62,236	-65,306	-64,594	-61,013	-66,973
\$378,708	\$400,129	Net Operating Income Before Stock Compensation Expense	\$123,867	\$127,999	\$126,842	\$120,193	\$134,065
-4,963	-5,399	Stock Compensation Expense, Net of Tax	-1,579	-1,797	-1,587	-1,636	-1,771
\$373,745	\$394,730	Net Operating Income	\$122,288	\$126,202	\$125,255	\$118,557	\$132,294
\$4.50	\$4.38	Per Share	\$1.48	\$1.53	\$1.49	\$1.40	\$1.51
83,115	90,204	Average Diluted Shares Outstanding	82,844	82,735	83,875	84,987	87,811
		Reconciling items, net of tax:					
\$0	\$181	Gain on Sale of Agency Buildings	\$0	\$0	\$0	\$0	\$35
-78,284	-80,924	Capital Gain (Loss) - Investments	-25,482	-11,757	-41,045	11,046	-71,394
-6,626	-7,572	Part D Adjustment	4,364	-327	-10,663	7,572	3,172
3,020	10,707	Tax Settlements	-139	0	3,159	116	601
0	-688	Net Proceeds (Cost) from Legal Settlements	0	0	0	-82	-1,557
-231	-1,384	Loss on Company Occupied Property	-231	0	0	0	0
<u>\$291,624</u>	<u>\$315,050</u>	Net Income	<u>\$100,800</u>	<u>\$114,118</u>	<u>\$76,706</u>	<u>\$137,209</u>	<u>\$63,151</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	3Q 2009	%	3Q 2008	%	3Q 2009	%	3Q 2008	%	3Q 2009	%	3Q 2008	%	3Q 2009	3Q 2008
LNL Exclusive Agency *														
Premium	\$74,596		\$76,321		\$92,806		\$114,691							
Net Policy Obligations	33,394	45	32,639	43	55,433	60	72,490	63						
Comm. & Acq. Exp.	26,974	36	25,164	33	24,181	26	23,028	20						
Underwriting Margin	14,228	19	18,518	24	13,192	14	19,173	17						
UA Independent														
Premium	7,001		7,829		77,000		85,993							
Net Policy Obligations	3,163	45	3,610	46	46,921	61	54,546	63						
Comm. & Acq. Exp.	3,528	50	3,714	47	15,815	21	17,370	20						
Underwriting Margin	310	4	505	6	14,264	19	14,077	16						
Direct Response														
Premium	133,171		127,345		11,434		11,175							
Net Policy Obligations	60,230	45	59,764	47	8,495	74	8,903	80						
Comm. & Acq. Exp.	39,593	30	37,747	30	1,353	12	818	7						
Underwriting Margin	33,348	25	29,834	23	1,586	14	1,454	13						
American Income Agency														
Premium	127,549		120,607		18,957		18,996							
Net Policy Obligations	37,955	30	37,912	31	7,415	39	7,088	37						
Comm. & Acq. Exp.	46,245	36	42,757	35	4,856	26	4,750	25						
Underwriting Margin	43,349	34	39,938	33	6,686	35	7,158	38						
Military														
Premium	49,273		50,247											
Net Policy Obligations	19,915	40	19,745	39										
Comm. & Acq. Exp.	16,256	33	16,716	33										
Underwriting Margin	13,102	27	13,786	27										
Part D														
Premium								\$47,610		\$41,537				
Net Policy Obligations								38,897	82	31,464	76			
Net Amortization of DAC								994	2	1,030	2			
Fees to PBM								1,952	4	2,597	6			
Underwriting Margin								5,767	12	6,446	16			
Other Distribution														
Premium	22,802		23,765									\$2,324	\$3,543	
Net Policy Obligations	8,819	39	11,681	49								-2,132	-955	
Comm. & Acq. Exp.	6,946	30	6,655	28								3,277	4,193	
Underwriting Margin	7,037	31	5,429	23								1,179	305	
Totals:														
Premium	\$414,392		\$406,114		\$200,197		\$230,855		\$47,610		\$41,537		\$2,324	\$3,543
Net Policy Obligations	163,476	39	165,351	41	118,264	59	143,027	62	38,897	82	31,464	76	-2,132	-955
Comm. & Acq. Exp.	139,542	34	132,753	33	46,205	23	45,966	20	2,946	6	3,627	9	3,277	4,193
Underwriting Margin	\$111,374	27	\$108,010	27	\$35,728	18	\$41,862	18	\$5,767	12	\$6,446	16	\$1,179	\$305
TOTAL UNDERWRITING MARGINS, ALL LINES					\$154,048		\$156,623							
Other Income					694		1,157							
Administrative & Other Expenses					-37,398		-38,289							
INSURANCE UNDERWRITING INCOME					<u>\$117,344</u>		<u>\$119,491</u>							

* Components of underwriting margin for UA Branch Office Agency are now included in LNL Exclusive Agency

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 9/09	%	YTD 9/08	%	YTD 9/09	%	YTD 9/08	%	YTD 9/09	%	YTD 9/08	%	YTD 9/09	YTD 9/08
LNL Exclusive Agency														
Premium	\$224,649		\$228,948		\$298,315		\$365,339							
Net Policy Obligations	100,554	45	104,343	46	176,567	59	230,533	63						
Comm. & Acq. Exp.	78,490	35	70,948	31	76,212	26	73,586	20						
Underwriting Margin	45,605	20	53,657	23	45,536	15	61,220	17						
UA Independent														
Premium	21,714		24,307		247,429		271,589							
Net Policy Obligations	9,716	45	10,936	45	152,722	62	172,890	64						
Comm. & Acq. Exp.	10,689	49	11,776	48	50,903	21	53,961	20						
Underwriting Margin	1,309	6	1,595	7	43,804	18	44,738	16						
Direct Response														
Premium	403,774		385,232		34,771		34,034							
Net Policy Obligations	182,475	45	181,323	47	26,330	76	27,121	80						
Comm. & Acq. Exp.	121,591	30	114,144	30	3,383	10	2,458	7						
Underwriting Margin	99,708	25	89,765	23	5,058	15	4,455	13						
American Income Agency														
Premium	375,448		354,873		55,600		55,388							
Net Policy Obligations	115,317	31	114,308	32	20,780	37	20,596	37						
Comm. & Acq. Exp.	134,925	36	125,305	35	14,420	26	14,162	26						
Underwriting Margin	125,206	33	115,260	32	20,400	37	20,630	37						
Military														
Premium	148,500		151,364											
Net Policy Obligations	59,737	40	60,704	40										
Comm. & Acq. Exp.	48,630	33	49,949	33										
Underwriting Margin	40,133	27	40,711	27										
Part D														
Premium								\$138,954		\$132,677				
Net Policy Obligations								114,980	83	103,880	78			
Net Amortization of DAC								2,914	2	3,311	2			
Fees to PBM								5,697	4	8,703	7			
Underwriting Margin								15,363	11	16,783	13			
Other Distribution														
Premium	68,099		70,830									\$7,204	\$11,352	
Net Policy Obligations	28,630	42	32,637	46								-4,774	-2,513	
Comm. & Acq. Exp.	18,962	28	19,456	27								9,726	11,461	
Underwriting Margin	20,507	30	18,737	26								2,252	2,404	
Totals:														
Premium	\$1,242,184		\$1,215,554		\$636,115		\$726,350		\$138,954		\$132,677		\$7,204	\$11,352
Net Policy Obligations	496,429	40	504,251	41	376,399	59	451,140	62	114,980	83	103,880	78	-4,774	-2,513
Comm. & Acq. Exp.	413,287	33	391,578	32	144,918	23	144,167	20	8,611	6	12,014	9	9,726	11,461
Underwriting Margin	\$332,468	27	\$319,725	26	\$114,798	18	\$131,043	18	\$15,363	11	\$16,783	13	\$2,252	\$2,404
TOTAL UNDERWRITING MARGINS, ALL LINES					\$464,881		\$469,955							
Other Income					2,080		3,027							
Administrative & Other Expenses					-116,646		-116,251							
INSURANCE UNDERWRITING INCOME					<u>\$350,315</u>		<u>\$356,731</u>							

* Components of underwriting margin for UA Branch Office Agency are now included in LNL Exclusive Agency

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

NET SALES *

	<u>YTD</u> <u>9/09</u>	<u>YTD</u> <u>9/08</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2009</u>	<u>3rd Qtr.</u> <u>2008</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$101,158	\$91,766	10	\$32,569	\$29,548	10
American Income Agency	92,549	80,125	16	32,028	28,123	14
LNL Agency:						
LNL Exclusive Agency	36,081	35,209	2	11,442	13,042	-12
UA Branch Office Agency	6,934	5,146	35	2,702	1,471	84
Military	5,011	5,598	-10	1,608	1,666	-3
UA Independent	551	523	5	209	176	19
Other Distribution	3,325	3,127	6	1,079	959	13
Total Life	<u>245,609</u>	<u>221,494</u>	<u>11</u>	<u>81,637</u>	<u>74,985</u>	<u>9</u>
<u>HEALTH</u>						
Direct Response	2,930	3,543	-17	921	742	24
American Income Agency	9,761	8,923	9	3,388	3,029	12
LNL Agency:						
LNL Exclusive Agency	9,478	8,541	11	3,122	3,309	-6
UA Branch Office Agency	15,010	60,751	-75	3,113	14,870	-79
UA Independent	20,741	26,891	-23	7,291	7,299	0
Total Health	<u>57,920</u>	<u>108,649</u>	<u>-47</u>	<u>17,835</u>	<u>29,249</u>	<u>-39</u>
Part D	15,546	12,079	29	2,928	1,472	99
TOTAL NET SALES	\$319,075	\$342,222	-7	\$102,400	\$105,706	-3

* 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>9/09</u>	<u>YTD</u> <u>9/08</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2009</u>	<u>3rd Qtr.</u> <u>2008</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$63,668	\$60,800	5	\$20,930	\$19,820	6
American Income Agency	69,505	60,934	14	24,217	21,189	14
LNL Exclusive Agency **	26,261	24,787	6	8,647	8,620	0
Military	4,770	6,163	-23	1,576	1,867	-16
UA Independent	323	308	5	121	101	20
Other Distribution	2,927	3,368	-13	1,061	995	7
Total Life	<u>167,454</u>	<u>156,360</u>	<u>7</u>	<u>56,552</u>	<u>52,592</u>	<u>8</u>
<u>HEALTH</u>						
Direct Response	2,985	3,377	-12	1,038	1,078	-4
American Income Agency	9,515	9,256	3	3,538	3,443	3
LNL Exclusive Agency **	27,163	71,026	-62	6,923	19,336	-64
UA Independent	19,874	27,345	-27	6,327	8,859	-29
Total Health	<u>59,537</u>	<u>111,004</u>	<u>-46</u>	<u>17,826</u>	<u>32,716</u>	<u>-46</u>
Part D	19,774	12,655	56	7,231	4,259	70
TOTAL FIRST YEAR COLLECTED PREMIUM	\$246,765	\$280,019	-12	\$81,609	\$89,567	-9

** UA Branch Office premiums are now included in LNL Exclusive Agency

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

	At September 30,	
	2009	2008
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$9,053,521	\$8,168,032
Equity securities available for sale	16,842	17,188
Mortgage loans	16,234	17,655
Real estate	1,665	7,432
Policy loans	375,937	354,819
Other long-term investments	37,387	54,543
Short-term investments	250,250	65,805
Total investments	9,751,836	8,685,474
Cash	171,520	16,495
Accrued investment income	177,698	183,043
Receivable from sales of securities	669,413	8,462
Other receivables	211,332	81,724
Deferred acquisition costs	3,366,582	3,296,173
Value of insurance purchased	51,316	56,615
Property and equipment	51,259	51,122
Goodwill	423,519	423,519
Other assets	187,340	131,691
Separate account assets	788,155	1,016,048
Total assets	\$15,849,970	\$13,950,366
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$8,992,853	\$8,387,642
Unearned and advance premium	84,700	89,389
Policy claims and other benefits payable	221,010	235,644
Other policy liabilities	90,079	90,404
Deferred and accrued income taxes	959,135	540,056
Short-term debt	233,410	345,342
Long-term debt	919,557	622,624
Other liabilities	245,812	182,250
Separate account liabilities	788,155	1,016,048
Total liabilities	12,534,711	11,509,399
Shareholders' equity:		
Preferred stock	0	0
Common stock	85,875	94,875
Additional paid-in-capital	449,398	489,646
Unrealized investment gains (losses), net of tax	-297,532	-900,865
Retained earnings	3,185,308	3,269,586
Treasury stock, at cost	-107,790	-512,275
Total shareholders' equity	3,315,259	2,440,967
Total liabilities and shareholders' equity	\$15,849,970	\$13,950,366
Diluted Basis:		
Shares outstanding	83,039	87,319
Book value per common share	\$39.92	\$27.95
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$42.82	\$37.99
 * Amortized cost of fixed maturities	 \$9,449,079	 \$9,603,716

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

September 30, 2009

Investment Portfolio at 9/30/09

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$9,449	93%	77%
Equities	15	0%	3%
Mortgage loans	16	0%	11%
Investment real estate	2	0%	1%
Policy loans	376	4%	4%
Other long-term investments	37	0%	3%
Short-term investments	250	3%	1%
Total	\$10,145	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 9/30/09

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$8,503	\$8,386	-\$117	A-	90%
Below Investment Grade	946	667	-279	B+	10%
Total	\$9,449	\$9,054	-\$396	BBB+	

By Type

Corporates	\$7,084	\$6,940	-\$143	BBB+	75%
Redeemable preferred stock:					
U.S.	1,317	1,110	-207	BBB	14%
Foreign	115	90	-26	BBB-	1%
Municipals	690	710	20	AA	7%
Government-sponsored enterprises	82	80	-2	AAA	1%
Government & Agencies	38	40	2	AAA	0%
Residential mortgage-backed securities	21	23	2	AAA	0%
Commercial mortgage-backed securities	3	3	0	AAA	0%
CDO's	61	20	-41	CC	1%
Other asset-backed securities	39	38	-1	A-	0%
Total	\$9,449	\$9,054	-\$396	BBB+	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2009

<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	\$1,496	-\$264	BBB+	19%
Financial - Bank	1,573	1,405	-168	BBB+	17%
Financial - Financial Guarantor	86	43	-43	BBB-	1%
Financial - Mortgage Insurer	20	10	-11	CCC	0%
Financial - Insurance Brokers	50	44	-6	BBB-	1%
Financial - Other	316	265	-50	A-	3%
Utilities	1,193	1,272	79	BBB+	13%
Energy	848	897	48	BBB+	9%
Consumer, Non-cyclical	563	581	18	BBB+	6%
Consumer, Cyclical	376	359	-17	BBB	4%
Communications	511	504	-6	BBB+	5%
Basic Materials	591	592	0	BBB	6%
Transportation	210	225	16	BBB+	2%
Other Industrials	401	410	9	BBB+	4%
ABS - CDO	61	20	-41	CC	1%
MBS	24	26	2	AAA	0%
Government	810	830	20	AA	9%
Technology	57	76	19	A-	1%
Total	\$9,449	\$9,054	-\$396	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		\$7	\$619	\$999	\$135	\$1,760
Financial - Bank	67	107	730	383	286	1,573
Financial - Financial Guarantor			22		65	86
Financial - Mortgage Insurer					20	20
Financial - Insurance Brokers				50		50
Financial - Other		98	42	164	12	316
Utilities		49	393	732	19	1,193
Energy		41	149	659		848
Consumer, Non-cyclical		23	303	194	43	563
Consumer, Cyclical		40	82	131	123	376
Communications			188	283	40	511
Basic Materials			117	367	107	591
Transportation		6	38	166		210
Other Industrials			127	239	35	401
ABS - CDO					61	61
MBS	24					24
Government	206	532	71			810
Technology			47	10		57
Total - \$	\$297	\$903	\$2,927	\$4,377	\$946	\$9,449
- % of Total	3%	10%	31%	46%	10%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2009

<u>Below Investment Grade Bonds by Sector</u>	<u>9/30/09</u>	<u>6/30/09</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$135	\$137	-\$2
Financial - Bank	286	306	-20
Financial - Financial Guarantor	65	84	-19
Financial - Mortgage Insurer	20	75	-55
Financial - Insurance Brokers	0	0	0
Financial - Other	12	39	-27
Utilities	19	21	-2
Energy	0	0	0
Consumer, Non-cyclical	43	83	-40
Consumer, Cyclical	123	183	-60
Communications	40	54	-14
Basic Materials	107	68	39
Transportation	0	4	-4
Other Industrials	35	92	-57
ABS - CDO	61	89	-28
MBS	0	0	0
Government	0	0	0
Technology	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Total	\$946	\$1,235	-\$289

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>9/30/09</u>	<u>6/30/09</u>	<u>Decrease</u>
Asset Class 3	\$562	\$717	-\$155
Asset Class 4	151	205	-54
Asset Class 5	166	231	-65
Asset Class 6 (at market value)	30	58	-28
	<u> </u>	<u> </u>	<u> </u>
	\$909	\$1,211	-\$302

Fixed Maturity Acquisitions:

	<u>3Q'09</u>	<u>3Q'08</u>
Amount	\$957	\$263
Yield	6.4%	7.0%
Ratings	A	A-
Average Life To:		
First Call	12.8	26.0
Maturity	19.4	27.9