

TORCHMARK CORPORATION
Summary of Net Realized Investment Losses
(In thousands)

| | <u>Qtr Ended 03/31/2009</u> | <u>Qtr Ended 06/30/2009</u> | <u>Qtr Ended 09/30/2009</u> | <u>YTD 09/30/2009</u> |
|---|--|---------------------------------|---------------------------------|---------------------------|
| Realized Gain (Loss), Before Tax | 114 | 8,477 | 8,434 | 17,025 |
| Impairments, Before Tax | -46,409 | -38,106 | -51,409 | -135,924 |
| Capital Gain (Loss), Before Tax | (A) <u>-\$46,295</u> | <u>-\$29,629</u> | <u>-\$42,975</u> | <u>-\$118,899</u> |
| Income taxes: | | | | |
| Tax benefit @ 35% | \$16,203 | \$10,369 | \$15,043 | \$41,615 |
| Valuation allowance on deferred tax assets | -10,953 | 7,503 | 2,450 | -1,000 |
| Net income tax benefit | (B) <u>\$5,250</u> | <u>\$17,872</u> | <u>\$17,493</u> | <u>\$40,615</u> |
| Capital Gain (Loss), Net of Tax | (A) + (B) <u><u>-\$41,045</u></u> | <u><u>-\$11,757</u></u> | <u><u>-\$25,482</u></u> | <u><u>-\$78,284</u></u> |
| Effective tax rate | (B)/(A) 11.34% | 60.32% | 40.71% | 34.16% |

Detail of Impairments:

| | <u>Book</u> | <u>Market Value</u> | <u>Pre Tax Realized Loss</u> |
|--------------------------------|-----------------|-------------------------|--------------------------------------|
| US Capital Funding (CDO) | \$2,835 | \$0 | -\$2,835 |
| Alesco Preferred Funding (CDO) | 57,837 | 17,162 | -17,407 |
| Trapeza (CDO) | 10,339 | 0 | -10,339 |
| RAM Holdings | 10,739 | 3,937 | -6,802 |
| Triad Guaranty | 16,782 | 2,755 | -14,027 |
| Total Impairments | <u>\$98,532</u> | <u>\$23,854</u> | <u>-\$51,409</u> |