

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/09	12/08		2009	2009	2009	2009	2008
		UNDERWRITING INCOME					
		Life:					
\$1,659,770	\$1,616,804	Premium	\$417,586	\$414,392	\$415,044	\$412,748	\$401,250
-661,658	-662,704	Net Policy Obligations	-165,229	-163,476	-168,475	-164,478	-158,453
<u>-551,223</u>	<u>-522,325</u>	Commissions and Acquisition Expenses	<u>-137,936</u>	<u>-139,542</u>	<u>-135,945</u>	<u>-137,800</u>	<u>-130,747</u>
446,889	431,775	Underwriting Margin	114,421	111,374	110,624	110,470	112,050
		Health:					
836,616	951,304	Premium	200,501	200,197	211,881	224,037	224,954
-493,946	-589,198	Net Policy Obligations	-117,547	-118,264	-125,380	-132,755	-138,058
<u>-193,413</u>	<u>-189,156</u>	Commissions and Acquisition Expenses	<u>-48,495</u>	<u>-46,205</u>	<u>-48,196</u>	<u>-50,517</u>	<u>-44,989</u>
149,257	172,950	Underwriting Margin	34,459	35,728	38,305	40,765	41,907
21,153	21,761	Health - Part D Underwriting Margin	5,790	5,767	4,777	4,819	4,978
<u>3,396</u>	<u>-6,423</u>	Annuity Underwriting Margin	<u>1,144</u>	<u>1,179</u>	<u>5,169</u>	<u>-4,096</u>	<u>-8,827</u>
620,695	620,063	Total Underwriting Margin	155,814	154,048	158,875	151,958	150,108
2,936	4,154	Other Income	856	694	720	666	1,127
<u>-154,284</u>	<u>-159,283</u>	Admin. Expenses	<u>-37,638</u>	<u>-37,398</u>	<u>-39,831</u>	<u>-39,417</u>	<u>-43,032</u>
469,347	464,934	Underwriting Income	119,032	117,344	119,764	113,207	108,203
		EXCESS INVESTMENT INCOME					
674,651	671,231	Net Investment Income	168,844	169,542	167,288	168,977	167,666
-307,673	-280,125	Required Interest on Net Policy Liabilities	-80,122	-78,076	-76,257	-73,218	-73,520
<u>-69,668</u>	<u>-62,965</u>	Interest on Debt	<u>-18,943</u>	<u>-20,277</u>	<u>-14,850</u>	<u>-15,598</u>	<u>-16,666</u>
297,310	328,141	Total Excess Investment Income	69,779	71,189	76,181	80,161	77,480
<u>-9,590</u>	<u>-10,455</u>	Parent Company Expenses	<u>-2,588</u>	<u>-2,430</u>	<u>-2,640</u>	<u>-1,932</u>	<u>-4,477</u>
757,067	782,620	Pre-Tax Operating Income	186,223	186,103	193,305	191,436	181,206
<u>-255,078</u>	<u>-262,298</u>	Income Tax	<u>-62,942</u>	<u>-62,236</u>	<u>-65,306</u>	<u>-64,594</u>	<u>-61,013</u>
\$501,989	\$520,322	Net Operating Income Before Stock Compensation Expense	\$123,281	\$123,867	\$127,999	\$126,842	\$120,193
<u>-6,409</u>	<u>-7,035</u>	Stock Compensation Expense, Net of Tax	<u>-1,446</u>	<u>-1,579</u>	<u>-1,797</u>	<u>-1,587</u>	<u>-1,636</u>
\$495,580	\$513,287	Net Operating Income	\$121,835	\$122,288	\$126,202	\$125,255	\$118,557
\$5.97	\$5.80	Per Share	\$1.47	\$1.48	\$1.53	\$1.49	\$1.40
83,034	88,516	Average Diluted Shares Outstanding	83,075	82,844	82,735	83,875	84,987
		Reconciling items, net of tax:					
\$0	\$181	Gain on Sale of Agency Buildings	\$0	\$0	\$0	\$0	\$0
-93,254	-69,878	Capital Gain (Loss) - Investments	-14,970	-25,482	-11,757	-41,045	11,046
0	0	Part D Adjustment	6,626	4,364	-327	-10,663	7,572
2,858	10,823	Tax Settlements	-162	-139	0	3,159	116
0	-770	Net Proceeds (Cost) from Legal Settlements	0	0	0	0	-82
<u>-231</u>	<u>-1,384</u>	Loss on Company Occupied Property	<u>0</u>	<u>-231</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$404,953</u>	<u>\$452,259</u>	Net Income	<u>\$113,329</u>	<u>\$100,800</u>	<u>\$114,118</u>	<u>\$76,706</u>	<u>\$137,209</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	4Q 2009	%	4Q 2008	%	4Q 2009	%	4Q 2008	%	4Q 2009	%	4Q 2008	%	4Q 2009	4Q 2008
LNL Exclusive Agency *														
Premium	\$73,836		\$75,314		\$90,207		\$110,566							
Net Policy Obligations	33,206	45	30,388	40	53,143	59	67,801	61						
Comm. & Acq. Exp.	26,301	36	25,579	34	25,650	28	23,475	21						
Underwriting Margin	14,329	19	19,347	26	11,414	13	19,290	17						
UA Independent														
Premium	6,784		7,548		79,013		85,264							
Net Policy Obligations	2,847	42	3,421	45	48,792	62	54,628	64						
Comm. & Acq. Exp.	3,351	49	3,598	48	15,981	20	16,107	19						
Underwriting Margin	586	9	529	7	14,240	18	14,529	17						
Direct Response														
Premium	133,104		125,933		11,784		11,089							
Net Policy Obligations	59,104	44	57,633	46	8,423	71	8,836	80						
Comm. & Acq. Exp.	38,662	29	36,892	29	1,805	15	852	8						
Underwriting Margin	35,338	27	31,408	25	1,556	13	1,401	13						
American Income Agency														
Premium	132,451		118,911		19,497		18,035							
Net Policy Obligations	40,633	31	37,004	31	7,189	37	6,793	38						
Comm. & Acq. Exp.	49,026	37	41,706	35	5,059	26	4,555	25						
Underwriting Margin	42,792	32	40,201	34	7,249	37	6,687	37						
Military														
Premium	49,008		49,871											
Net Policy Obligations	20,144	41	18,985	38										
Comm. & Acq. Exp.	16,052	33	16,761	34										
Underwriting Margin	12,812	26	14,125	28										
Part D														
Premium									\$44,632		\$42,956			
Net Policy Obligations									36,641	82	34,359	80		
Net Amortization of DAC									938	2	1,070	2		
Fees to PBM									1,263	3	2,549	6		
Underwriting Margin									5,790	13	4,978	12		
Other Distribution														
Premium	22,403		23,673										\$2,514	\$3,041
Net Policy Obligations	9,295	41	11,022	47									-3,083	4,868
Comm. & Acq. Exp.	4,544	20	6,211	26									4,453	7,000
Underwriting Margin	8,564	38	6,440	27									1,144	-8,827
Totals:														
Premium	\$417,586		\$401,250		\$200,501		\$224,954		\$44,632		\$42,956		\$2,514	\$3,041
Net Policy Obligations	165,229	40	158,453	39	117,547	59	138,058	61	36,641	82	34,359	80	-3,083	4,868
Comm. & Acq. Exp.	137,936	33	130,747	33	48,495	24	44,989	20	2,201	5	3,619	8	4,453	7,000
Underwriting Margin	\$114,421	27	\$112,050	28	\$34,459	17	\$41,907	19	\$5,790	13	\$4,978	12	\$1,144	-\$8,827
TOTAL UNDERWRITING MARGINS, ALL LINES					\$155,814		\$150,108							
Other Income					856		1,127							
Administrative & Other Expenses					-37,638		-43,032							
INSURANCE UNDERWRITING INCOME					<u>\$119,032</u>		<u>\$108,203</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 12/09	%	YTD 12/08	%	YTD 12/09	%	YTD 12/08	%	YTD 12/09	%	YTD 12/08	%	YTD 12/09	YTD 12/08
LNL Exclusive Agency														
Premium	\$298,485		\$304,262		\$388,522		\$475,905							
Net Policy Obligations	133,760	45	134,731	44	229,710	59	298,334	63						
Comm. & Acq. Exp.	104,791	35	96,527	32	101,862	26	97,061	20						
Underwriting Margin	59,934	20	73,004	24	56,950	15	80,510	17						
UA Independent														
Premium	28,498		31,855		326,442		356,853							
Net Policy Obligations	12,563	44	14,357	45	201,514	62	227,518	64						
Comm. & Acq. Exp.	14,040	49	15,374	48	66,884	20	70,068	20						
Underwriting Margin	1,895	7	2,124	7	58,044	18	59,267	17						
Direct Response														
Premium	536,878		511,165		46,555		45,123							
Net Policy Obligations	241,579	45	238,956	47	34,753	75	35,957	80						
Comm. & Acq. Exp.	160,253	30	151,036	30	5,188	11	3,310	7						
Underwriting Margin	135,046	25	121,173	24	6,614	14	5,856	13						
American Income Agency														
Premium	507,899		473,784		75,097		73,423							
Net Policy Obligations	155,950	31	151,312	32	27,969	37	27,389	37						
Comm. & Acq. Exp.	183,951	36	167,011	35	19,479	26	18,717	25						
Underwriting Margin	167,998	33	155,461	33	27,649	37	27,317	37						
Military														
Premium	197,508		201,235											
Net Policy Obligations	79,881	40	79,689	40										
Comm. & Acq. Exp.	64,682	33	66,710	33										
Underwriting Margin	52,945	27	54,836	27										
Part D														
Premium								\$183,586		\$175,633				
Net Policy Obligations								151,621	83	138,239	79			
Net Amortization of DAC								3,852	2	4,381	2			
Fees to PBM								6,960	4	11,252	6			
Underwriting Margin								21,153	12	21,761	12			
Other Distribution														
Premium	90,502		94,503										\$9,718	\$14,393
Net Policy Obligations	37,925	42	43,659	46									-7,857	2,355
Comm. & Acq. Exp.	23,506	26	25,667	27									14,179	18,461
Underwriting Margin	29,071	32	25,177	27									3,396	-6,423
Totals:														
Premium	\$1,659,770		\$1,616,804		\$836,616		\$951,304		\$183,586		\$175,633		\$9,718	\$14,393
Net Policy Obligations	661,658	40	662,704	41	493,946	59	589,198	62	151,621	83	138,239	79	-7,857	2,355
Comm. & Acq. Exp.	551,223	33	522,325	32	193,413	23	189,156	20	10,812	6	15,633	9	14,179	18,461
Underwriting Margin	\$446,889	27	\$431,775	27	\$149,257	18	\$172,950	18	\$21,153	12	\$21,761	12	\$3,396	-\$6,423
TOTAL UNDERWRITING MARGINS, ALL LINES					\$620,695		\$620,063							
Other Income					2,936		4,154							
Administrative & Other Expenses					-154,284		-159,283							
INSURANCE UNDERWRITING INCOME					<u>\$469,347</u>		<u>\$464,934</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>12/09</u>	<u>YTD</u> <u>12/08</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2009</u>	<u>4th Qtr.</u> <u>2008</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$131,566	\$123,076	7	\$30,408	\$31,310	-3
American Income Agency	127,688	108,353	18	35,139	28,228	24
LNL Agency:						
LNL Exclusive Agency	45,930	48,540	-5	9,849	13,331	-26
UA Branch Office Agency	9,216	6,244	48	2,282	1,098	108
Military	6,393	7,101	-10	1,382	1,503	-8
UA Independent	919	672	37	368	149	147
Other Distribution	<u>4,818</u>	<u>4,477</u>	<u>8</u>	<u>1,493</u>	<u>1,350</u>	<u>11</u>
Total Life	326,530	298,463	9	80,921	76,969	5
<u>HEALTH</u>						
Direct Response	10,898	5,823	87	7,968	2,280	249
American Income Agency	13,393	11,848	13	3,632	2,925	24
LNL Agency:						
LNL Exclusive Agency	12,131	12,183	0	2,653	3,642	-27
UA Branch Office Agency	17,636	71,548	-75	2,626	10,797	-76
UA Independent	<u>42,687</u>	<u>37,601</u>	<u>14</u>	<u>21,946</u>	<u>10,710</u>	<u>105</u>
Total Health	96,745	139,003	-30	38,825	30,354	28
Part D	43,004	28,292	52	27,458	16,213	69
TOTAL NET SALES	\$466,279	\$465,758	0	\$147,204	\$123,536	19

* 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>12/09</u>	<u>YTD</u> <u>12/08</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2009</u>	<u>4th Qtr.</u> <u>2008</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$84,775	\$80,075	6	\$21,107	\$19,275	10
American Income Agency	95,693	82,063	17	26,188	21,129	24
LNL Exclusive Agency **	35,137	33,299	6	8,876	8,512	4
Military	6,330	7,908	-20	1,560	1,745	-11
UA Independent	483	415	16	160	107	50
Other Distribution	<u>3,972</u>	<u>4,422</u>	<u>-10</u>	<u>1,045</u>	<u>1,054</u>	<u>-1</u>
Total Life	226,390	208,182	9	58,936	51,822	14
<u>HEALTH</u>						
Direct Response	4,635	4,539	2	1,650	1,162	42
American Income Agency	12,996	12,316	6	3,481	3,060	14
LNL Exclusive Agency **	32,976	85,927	-62	5,813	14,901	-61
UA Independent	<u>27,525</u>	<u>35,855</u>	<u>-23</u>	<u>7,651</u>	<u>8,510</u>	<u>-10</u>
Total Health	78,132	138,637	-44	18,595	27,633	-33
Part D	26,708	16,655	60	6,934	4,000	73
TOTAL FIRST YEAR COLLECTED PREMIUM	\$331,230	\$363,474	-9	\$84,465	\$83,455	1

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

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

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Investments:		
Fixed maturities available for sale *	\$9,696,355	\$7,817,186
Equity securities available for sale	16,722	16,346
Mortgage loans	15,896	17,215
Real estate	1,508	2,388
Policy loans	384,083	360,431
Other long-term investments	35,024	52,681
Short-term investments	357,599	130,954
Total investments	<u>10,507,187</u>	<u>8,397,201</u>
Cash	231,918	46,400
Accrued investment income	179,132	176,068
Other receivables	197,234	151,684
Deferred acquisition costs	3,407,273	3,339,880
Value of insurance purchased	49,865	55,331
Property and equipment	51,670	50,153
Goodwill	423,519	423,519
Other assets	183,138	130,791
Separate account assets	792,823	758,023
Total assets	<u>\$16,023,759</u>	<u>\$13,529,050</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$9,140,473	\$8,475,020
Unearned and advance premium	82,488	85,190
Policy claims and other benefits payable	220,155	236,313
Other policy liabilities	90,397	89,709
Current and deferred income taxes	966,426	419,203
Short-term debt	233,307	403,707
Long-term debt	919,761	622,760
Other liabilities	179,038	216,218
Separate account liabilities	792,823	758,023
Total liabilities	<u>12,624,868</u>	<u>11,306,143</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	83,875	85,875
Additional paid-in-capital	441,361	446,065
Unrealized investment gains (losses), net of tax	-319,183	-1,170,417
Retained earnings	3,228,904	2,928,950
Treasury stock, at cost	-36,066	-67,566
Total shareholders' equity	<u>3,398,891</u>	<u>2,222,907</u>
Total liabilities and shareholders' equity	<u>\$16,023,759</u>	<u>\$13,529,050</u>
Diluted Basis:		
Shares outstanding	83,159	84,708
Book value per common share	\$40.87	\$26.24
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$44.22	\$39.17
 * Amortized cost of fixed maturities	 \$10,152,070	 \$9,609,856

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2009

Investment Portfolio at 12/31/09

	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,152	93%	74%
Equities	15	0%	2%
Mortgage loans	16	0%	11%
Investment real estate	2	0%	1%
Policy loans	384	4%	4%
Other long-term investments	35	0%	4%
Short-term investments	<u>358</u>	<u>3%</u>	4%
 Total	 \$10,961	 100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 12/31/09

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	\$9,328	\$9,112	-\$216	A-	92%
Below Investment Grade	<u>824</u>	<u>585</u>	<u>-239</u>	B+	8%
 Total	 \$10,152	 \$9,696	 -\$456	 BBB+	

By Type

Corporates	\$7,469	\$7,269	-\$200	BBB+	74%
Redeemable preferred stock:					
U.S.	1,301	1,132	-169	BBB	13%
Foreign	115	92	-23	BBB	1%
Municipals	1,030	1,005	-25	AA	10%
Government-sponsored enterprises	83	78	-5	AAA	1%
Government & Agencies	38	39	1	AAA	0%
Residential mortgage-backed securities	20	22	2	AAA	0%
Commercial mortgage-backed securities	2	2	0	AAA	0%
CDO's	55	18	-37	CC	1%
Other asset-backed securities	<u>39</u>	<u>39</u>	<u>0</u>	BBB+	0%
 Total	 \$10,152	 \$9,696	 -\$456	 BBB+	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 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	\$1,768	\$1,535	-\$233	BBB+	17%
Financial - Bank	1,580	1,432	-148	BBB+	16%
Financial - Financial Guarantor	87	42	-45	BB+	1%
Financial - Mortgage Insurer	5	5	0	CCC-	0%
Financial - Insurance Brokers	50	45	-5	BBB-	0%
Financial - Other	329	290	-39	A-	3%
Utilities	1,433	1,472	39	BBB+	14%
Energy	954	984	30	BBB+	9%
Consumer, Non-cyclical	529	536	7	BBB+	5%
Consumer, Cyclical	321	303	-17	BBB-	3%
Communications	527	516	-11	BBB+	5%
Basic Materials	635	631	-4	BBB	6%
Transportation	209	217	8	BBB+	2%
Other Industrials	440	449	9	BBB+	4%
ABS - CDO	55	18	-37	CC	1%
MBS	22	24	2	AAA	0%
Government	1,152	1,122	-30	AA	11%
Technology	57	75	18	A-	1%
Total	\$10,152	\$9,696	-\$456	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	\$617	\$1,009	\$135	\$1,768
Financial - Bank	67	113	705	474	221	1,580
Financial - Financial Guarantor			22		65	87
Financial - Mortgage Insurer					5	5
Financial - Insurance Brokers				50		50
Financial - Other		98	57	164	10	329
Utilities		49	475	892	17	1,433
Energy		41	150	763		954
Consumer, Non-cyclical		39	246	201	43	529
Consumer, Cyclical		40	49	131	101	321
Communications			207	283	38	527
Basic Materials			117	411	107	635
Transportation		6	37	165		209
Other Industrials			127	285	28	440
ABS - CDO					55	55
MBS	22					22
Government	284	721	146			1,152
Technology			47	11		57
Total \$	\$373	\$1,114	\$3,002	\$4,839	\$824	\$10,152
% of Total	4%	11%	30%	48%	8%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2009

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/09</u>	<u>9/30/09</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$135	\$135	\$0
Financial - Bank	221	286	-65
Financial - Financial Guarantor	65	65	0
Financial - Mortgage Insurer	5	20	-15
Financial - Insurance Brokers	0	0	0
Financial - Other	10	12	-2
Utilities	17	19	-2
Energy	0	0	0
Consumer, Non-cyclical	43	43	0
Consumer, Cyclical	101	123	-22
Communications	38	40	-2
Basic Materials	107	107	0
Transportation	0	0	0
Other Industrials	28	35	-7
ABS - CDO	55	61	-6
MBS	0	0	0
Government	0	0	0
Technology	0	0	0
	<hr/>	<hr/>	<hr/>
Total	\$824	\$946	-\$122

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>12/31/09</u>	<u>9/30/09</u>	<u>Decrease</u>
Asset Class 3	\$553	\$562	-\$9
Asset Class 4	120	151	-31
Asset Class 5	146	166	-20
Asset Class 6 (at market value)	30	30	0
	<hr/>	<hr/>	<hr/>
	\$849	\$909	-\$60

Fixed Maturity Acquisitions:

	<u>4Q'09</u>	<u>4Q'08</u>
Amount	\$879	\$157
Yield	6.0%	7.8%
Ratings	A	A
Average Life To:		
First Call	18.1	21.9
Maturity	23.3	23.2