

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/10	3/09		2010	2009	2009	2009	2009
		UNDERWRITING INCOME					
		Life:					
\$430,299	\$412,748	Premium	\$430,299	\$417,586	\$414,392	\$415,044	\$412,748
-170,768	-164,478	Net Policy Obligations	-170,768	-165,229	-163,476	-168,475	-164,478
-143,479	-137,800	Commissions and Acquisition Expenses	-143,479	-137,936	-139,542	-135,945	-137,800
<u>116,052</u>	<u>110,470</u>	Underwriting Margin	<u>116,052</u>	<u>114,421</u>	<u>111,374</u>	<u>110,624</u>	<u>110,470</u>
		Health:					
202,651	224,037	Premium	202,651	200,501	200,197	211,881	224,037
-119,688	-132,755	Net Policy Obligations	-119,688	-117,547	-118,264	-125,380	-132,755
-47,494	-50,517	Commissions and Acquisition Expenses	-47,494	-48,495	-46,205	-48,196	-50,517
<u>35,469</u>	<u>40,765</u>	Underwriting Margin	<u>35,469</u>	<u>34,459</u>	<u>35,728</u>	<u>38,305</u>	<u>40,765</u>
5,076	4,819	Health - Part D Underwriting Margin	5,076	5,790	5,767	4,777	4,819
<u>140</u>	<u>-4,096</u>	Annuity Underwriting Margin	<u>140</u>	<u>1,144</u>	<u>1,179</u>	<u>5,169</u>	<u>-4,096</u>
156,737	151,958	Total Underwriting Margin	156,737	155,814	154,048	158,875	151,958
618	666	Other Income	618	856	694	720	666
-37,832	-39,417	Admin. Expenses	-37,832	-37,638	-37,398	-39,831	-39,417
119,523	113,207	Underwriting Income	119,523	119,032	117,344	119,764	113,207
		EXCESS INVESTMENT INCOME					
177,233	168,977	Net Investment Income	177,233	168,844	169,542	167,288	168,977
-81,314	-73,218	Required Interest on Net Policy Liabilities	-81,314	-80,122	-78,076	-76,257	-73,218
-18,871	-15,598	Interest on Debt	-18,871	-18,943	-20,277	-14,850	-15,598
77,048	80,161	Total Excess Investment Income	77,048	69,779	71,189	76,181	80,161
-2,562	-1,932	Parent Company Expenses	-2,562	-2,588	-2,430	-2,640	-1,932
194,009	191,436	Pre-Tax Operating Income	194,009	186,223	186,103	193,305	191,436
-65,460	-64,594	Income Tax	-65,460	-62,942	-62,236	-65,306	-64,594
\$128,549	\$126,842	Net Operating Income Before Stock Compensation Expense	\$128,549	\$123,281	\$123,867	\$127,999	\$126,842
-1,973	-1,587	Stock Compensation Expense, Net of Tax	-1,973	-1,446	-1,579	-1,797	-1,587
\$126,576	\$125,255	Net Operating Income	\$126,576	\$121,835	\$122,288	\$126,202	\$125,255
\$1.52	\$1.49	Per Share	\$1.52	\$1.47	\$1.48	\$1.53	\$1.49
83,214	83,875	Average Diluted Shares Outstanding	83,214	83,075	82,844	82,735	83,875
		Reconciling items, net of tax:					
\$5,039	-\$41,045	Capital Gain (Loss) - Investments	\$5,039	-\$14,970	-\$25,482	-\$11,757	-\$41,045
-9,939	-10,663	Part D Adjustment	-9,939	6,626	4,364	-327	-10,663
0	3,159	Tax Settlements	0	-162	-139	0	3,159
0	0	Loss on Company Occupied Property	0	0	-231	0	0
<u>\$121,676</u>	<u>\$76,706</u>	Net Income	<u>\$121,676</u>	<u>\$113,329</u>	<u>\$100,800</u>	<u>\$114,118</u>	<u>\$76,706</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	1Q 2010	%	1Q 2009	%	1Q 2010	%	1Q 2009	%	1Q 2010	%	1Q 2009	%	1Q 2010	1Q 2009
LNL Exclusive Agency *														
Premium	\$74,425		\$74,921		\$88,559		\$106,211							
Net Policy Obligations	33,526	45	32,612	44	52,169	59	62,594	59						
Comm. & Acq. Exp.	26,942	36	25,478	34	24,565	28	26,817	25						
Underwriting Margin	13,957	19	16,831	22	11,825	13	16,800	16						
UA Independent														
Premium	6,690		7,481		81,881		87,799							
Net Policy Obligations	2,785	42	3,411	46	50,534	62	54,510	62						
Comm. & Acq. Exp.	3,158	47	3,571	48	16,552	20	17,966	20						
Underwriting Margin	747	11	499	7	14,795	18	15,323	17						
Direct Response														
Premium	143,714		135,283		13,179		11,862							
Net Policy Obligations	62,752	44	60,067	44	9,888	75	9,072	76						
Comm. & Acq. Exp.	43,382	30	42,413	31	1,489	11	1,011	9						
Underwriting Margin	37,580	26	32,803	24	1,802	14	1,779	15						
American Income Agency														
Premium	134,798		122,993		19,032		18,165							
Net Policy Obligations	41,847	31	38,752	32	7,097	37	6,579	36						
Comm. & Acq. Exp.	48,680	36	43,669	36	4,888	26	4,723	26						
Underwriting Margin	44,271	33	40,572	33	7,047	37	6,863	38						
Military														
Premium	48,899		49,675											
Net Policy Obligations	20,899	43	20,084	40										
Comm. & Acq. Exp.	15,527	32	16,321	33										
Underwriting Margin	12,473	26	13,270	27										
Part D														
Premium								\$52,328		\$45,888				
Net Policy Obligations								43,950	84	37,766	82			
Net Amortization of DAC								947	2	1,422	3			
Fees to PBM								2,355	5	1,881	4			
Underwriting Margin								5,076	10	4,819	11			
Other Distribution														
Premium	21,773		22,395									\$2,204	\$2,397	
Net Policy Obligations	8,959	41	9,552	43								-2,566	239	
Comm. & Acq. Exp.	5,790	27	6,348	28								4,630	6,254	
Underwriting Margin	7,024	32	6,495	29								140	-4,096	
Totals:														
Premium	\$430,299		\$412,748		\$202,651		\$224,037		\$52,328		\$45,888		\$2,204	\$2,397
Net Policy Obligations	170,768	40	164,478	40	119,688	59	132,755	59	43,950	84	37,766	82	-2,566	239
Comm. & Acq. Exp.	143,479	33	137,800	33	47,494	23	50,517	23	3,302	6	3,303	7	4,630	6,254
Underwriting Margin	\$116,052	27	\$110,470	27	\$35,469	18	\$40,765	18	\$5,076	10	\$4,819	11	\$140	-\$4,096
TOTAL UNDERWRITING MARGINS, ALL LINES					\$156,737		\$151,958							
Other Income					618		666							
Administrative & Other Expenses					-37,832		-39,417							
INSURANCE UNDERWRITING INCOME					<u>\$119,523</u>		<u>\$113,207</u>							

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

TORCHMARK CORPORATION

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

NET SALES *

	<u>YTD</u> <u>3/10</u>	<u>YTD</u> <u>3/09</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Direct Response	\$36,986	\$34,201	8
American Income Agency	34,455	27,537	25
LNL Agency:			
LNL Exclusive Agency	8,619	12,095	-29
UA Branch Office Agency	2,089	1,732	21
Military	1,423	1,725	-18
UA Independent	377	140	169
Other Distribution	1,307	1,027	27
Total Life	<u>85,256</u>	<u>78,457</u>	<u>9</u>
<u>HEALTH</u>			
Direct Response	2,104	413	409
American Income Agency	3,478	2,782	25
LNL Agency:			
LNL Exclusive Agency	1,515	2,976	-49
UA Branch Office Agency	2,193	7,009	-69
UA Independent	7,661	7,349	4
Total Health	<u>16,951</u>	<u>20,529</u>	<u>-17</u>
Part D	16,602	10,119	64
TOTAL NET SALES	\$118,809	\$109,105	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>3/10</u>	<u>YTD</u> <u>3/09</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Direct Response	\$23,378	\$21,550	8
American Income Agency	26,788	21,894	22
LNL Exclusive Agency **	9,001	8,648	4
Military	1,528	1,626	-6
UA Independent	191	98	95
Other Distribution	1,038	943	10
Total Life	<u>61,924</u>	<u>54,759</u>	<u>13</u>
<u>HEALTH</u>			
Direct Response	1,617	911	77
American Income Agency	3,300	2,814	17
LNL Exclusive Agency **	4,912	11,242	-56
UA Independent	7,060	6,834	3
Total Health	<u>16,889</u>	<u>21,801</u>	<u>-23</u>
Part D	10,938	5,687	92
TOTAL FIRST YEAR COLLECTED PREMIUM	\$89,751	\$82,247	9

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

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

	At March 31,	
	2010	2009
Assets		
Investments:		
Fixed maturities available for sale *	\$10,429,686	\$7,336,347
Equity securities available for sale	17,605	16,215
Mortgage loans	15,551	16,894
Real estate	1,770	2,392
Policy loans	389,217	363,564
Other long-term investments	32,139	39,837
Short-term investments	332,475	292,251
Total investments	<u>11,218,443</u>	<u>8,067,500</u>
Cash	39,939	46,685
Accrued investment income	199,635	185,932
Other receivables	195,128	179,906
Deferred acquisition costs	3,414,728	3,389,096
Value of insurance purchased	48,580	53,936
Property and equipment	51,810	51,112
Goodwill	423,519	423,519
Other assets	219,662	157,147
Separate account assets	789,927	690,917
Total assets	<u><u>\$16,601,371</u></u>	<u><u>\$13,245,750</u></u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$9,261,705	\$8,627,715
Unearned and advance premium	84,866	89,457
Policy claims and other benefits payable	232,271	242,979
Other policy liabilities	90,354	89,692
Current and deferred income taxes	1,114,564	345,895
Short-term debt	199,925	372,847
Long-term debt	919,974	622,903
Other liabilities	230,763	187,744
Separate account liabilities	789,927	690,917
Total liabilities	<u>12,924,349</u>	<u>11,270,149</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	83,875	85,875
Additional paid-in-capital	440,492	444,039
Unrealized investment gains (losses), net of tax	-141,405	-1,438,446
Retained earnings	3,338,417	2,993,652
Treasury stock, at cost	-44,357	-109,519
Total shareholders' equity	<u>3,677,022</u>	<u>1,975,601</u>
Total liabilities and shareholders' equity	<u><u>\$16,601,371</u></u>	<u><u>\$13,245,750</u></u>
Diluted Basis:		
Shares outstanding	83,326	82,735
Book value per common share	\$44.13	\$23.88
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$45.37	\$40.36
 * Amortized cost of fixed maturities	 \$10,602,942	 \$9,568,614

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2010

Investment Portfolio at 3/31/10

	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,603	93%	74%
Equities	15	0%	2%
Mortgage loans	16	0%	11%
Investment real estate	2	0%	1%
Policy loans	389	3%	4%
Other long-term investments	32	0%	4%
Short-term investments	<u>332</u>	<u>3%</u>	<u>4%</u>
 Total	 \$11,389	 100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 3/31/10

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	\$9,712	\$9,716	\$4	A-	92%
Below Investment Grade	<u>891</u>	<u>714</u>	<u>-177</u>	B+	8%
 Total	 \$10,603	 \$10,430	 -\$173	 BBB+	

By Type

Corporates	7,850	\$7,836	-\$14	BBB+	74%
Redeemable preferred stock:					
U.S.	1,298	1,193	-105	BBB	12%
Foreign	115	100	-15	BBB	1%
Municipals	1,136	1,126	-9	AA	11%
Government-sponsored enterprises	55	54	-1	AAA	1%
Government & Agencies	39	41	1	AAA	0%
Residential mortgage-backed securities	20	22	2	AAA	0%
CDO's	54	20	-34	CC-	1%
Other asset-backed securities	<u>37</u>	<u>38</u>	<u>1</u>	BBB+	0%
 Total	 \$10,603	 \$10,430	 -\$173	 BBB+	

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2010

<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	\$1,746	\$1,607	-\$139	BBB+	16%
Financial - Bank	1,602	1,516	-86	BBB+	15%
Financial - Financial Guarantor	87	54	-33	BBB-	1%
Financial - Mortgage Insurer	2	2	0	CCC	0%
Financial - Insurance Brokers	50	47	-3	BBB-	0%
Financial - Other	351	332	-19	A-	3%
Utilities	1,600	1,637	37	BBB+	15%
Energy	1,047	1,094	47	BBB+	10%
Consumer, Non-cyclical	510	525	15	BBB+	5%
Consumer, Cyclical	321	312	-9	BBB-	3%
Communications	513	512	-1	BBB+	5%
Basic Materials	684	698	14	BBB	6%
Transportation	236	246	10	BBB+	2%
Other Industrials	468	480	12	BBB+	4%
ABS - CDO	54	20	-34	CC-	1%
MBS	20	22	2	AAA	0%
Government	1,230	1,221	-9	AA	12%
Technology	83	104	21	BBB+	1%
Total	\$10,603	\$10,430	-\$173	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	\$523	\$1,082	\$135	\$1,746
Financial - Bank	70	127	649	479	278	1,602
Financial - Financial Guarantor			22		66	87
Financial - Mortgage Insurer					2	2
Financial - Insurance Brokers				50		50
Financial - Other		98	66	177	10	351
Utilities		49	557	976	17	1,600
Energy		41	165	842		1,047
Consumer, Non-cyclical		39	227	201	43	510
Consumer, Cyclical		40	49	131	101	321
Communications			193	282	38	513
Basic Materials			156	421	107	684
Transportation		7	50	179		236
Other Industrials			151	289	28	468
ABS - CDO					54	54
MBS	20					20
Government	257	752	221			1,230
Technology			44	26	14	83
Total	\$346	\$1,158	\$3,072	\$5,135	\$891	\$10,603
% of Total	3%	11%	29%	48%	8%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
March 31, 2010

<u>Below Investment Grade Bonds by Sector</u>	<u>3/31/10</u>	<u>12/31/09</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$135	\$135	\$0
Financial - Bank	278	221	57
Financial - Financial Guarantor	66	65	1
Financial - Mortgage Insurer	2	5	-3
Financial - Insurance Brokers	0	0	0
Financial - Other	10	10	0
Utilities	17	17	0
Energy	0	0	0
Consumer, Non-cyclical	43	43	0
Consumer, Cyclical	101	101	0
Communications	38	38	0
Basic Materials	107	107	0
Transportation	0	0	0
Other Industrials	28	28	0
ABS - CDO	54	55	-1
MBS	0	0	0
Government	0	0	0
Technology	14	0	14
	<hr/>	<hr/>	<hr/>
Total	\$891	\$824	\$67

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>3/31/10</u>	<u>12/31/09</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$581	\$553	\$28
Asset Class 4	170	120	50
Asset Class 5	76	146	-70
Asset Class 6 (at market value)	55	30	25
	<hr/>	<hr/>	<hr/>
	\$882	\$849	\$33

Fixed Maturity Acquisitions:

	<u>1Q'10</u>	<u>1Q'09</u>
Amount	\$676	\$230
Yield	6.0%	7.7%
Ratings	A-	A-
Average Life To:		
First Call	23.9	24.7
Maturity	25.9	25.6