

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/10	6/09		2010	2010	2009	2009	2009
		UNDERWRITING INCOME					
		Life:					
\$864,127	\$827,792	Premium	\$433,828	\$430,299	\$417,586	\$414,392	\$415,044
-340,324	-332,953	Net Policy Obligations	-169,556	-170,768	-165,229	-163,476	-168,475
-288,105	-273,745	Commissions and Acquisition Expenses	-144,626	-143,479	-137,936	-139,542	-135,945
<u>235,698</u>	<u>221,094</u>	Underwriting Margin	<u>119,646</u>	<u>116,052</u>	<u>114,421</u>	<u>111,374</u>	<u>110,624</u>
		Health:					
401,273	435,918	Premium	198,622	202,651	200,501	200,197	211,881
-236,825	-258,135	Net Policy Obligations	-117,137	-119,688	-117,547	-118,264	-125,380
-90,748	-98,713	Commissions and Acquisition Expenses	-43,254	-47,494	-48,495	-46,205	-48,196
<u>73,700</u>	<u>79,070</u>	Underwriting Margin	<u>38,231</u>	<u>35,469</u>	<u>34,459</u>	<u>35,728</u>	<u>38,305</u>
10,206	9,596	Health - Part D Underwriting Margin	5,130	5,076	5,790	5,767	4,777
<u>-839</u>	<u>1,073</u>	Annuity Underwriting Margin	<u>-979</u>	<u>140</u>	<u>1,144</u>	<u>1,179</u>	<u>5,169</u>
318,765	310,833	Total Underwriting Margin	162,028	156,737	155,814	154,048	158,875
1,580	1,386	Other Income	962	618	856	694	720
-77,813	-79,248	Admin. Expenses	-39,981	-37,832	-37,638	-37,398	-39,831
242,532	232,971	Underwriting Income	123,009	119,523	119,032	117,344	119,764
		EXCESS INVESTMENT INCOME					
358,787	336,265	Net Investment Income	181,554	177,233	168,844	169,542	167,288
-164,008	-149,475	Required Interest on Net Policy Liabilities	-82,694	-81,314	-80,122	-78,076	-76,257
-37,617	-30,448	Interest on Debt	-18,746	-18,871	-18,943	-20,277	-14,850
157,162	156,342	Total Excess Investment Income	80,114	77,048	69,779	71,189	76,181
<u>-5,163</u>	<u>-4,572</u>	Parent Company Expenses	<u>-2,601</u>	<u>-2,562</u>	<u>-2,588</u>	<u>-2,430</u>	<u>-2,640</u>
394,531	384,741	Pre-Tax Operating Income	200,522	194,009	186,223	186,103	193,305
-133,077	-129,900	Income Tax	-67,617	-65,460	-62,942	-62,236	-65,306
\$261,454	\$254,841	Net Operating Income Before Stock Compensation Expense	\$132,905	\$128,549	\$123,281	\$123,867	\$127,999
-4,091	-3,384	Stock Compensation Expense, Net of Tax	-2,118	-1,973	-1,446	-1,579	-1,797
\$257,363	\$251,457	Net Operating Income	\$130,787	\$126,576	\$121,835	\$122,288	\$126,202
\$3.10	\$3.02	Per Share	\$1.58	\$1.52	\$1.47	\$1.48	\$1.53
82,995	83,302	Average Diluted Shares Outstanding	82,603	83,214	83,075	82,844	82,735
		Reconciling items, net of tax:					
\$1,480	-\$52,802	Capital Gain (Loss) - Investments	-\$3,559	\$5,039	-\$14,970	-\$25,482	-\$11,757
-11,118	-10,990	Part D Adjustment	-1,179	-9,939	6,626	4,364	-327
0	3,159	Tax Settlements	0	0	-162	-139	0
0	0	Loss on Company Occupied Property	0	0	0	-231	0
<u>\$247,725</u>	<u>\$190,824</u>	Net Income	<u>\$126,049</u>	<u>\$121,676</u>	<u>\$113,329</u>	<u>\$100,800</u>	<u>\$114,118</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	2Q 2010	%	2Q 2009	%	2Q 2010	%	2Q 2009	%	2Q 2010	%	2Q 2009	%	2Q 2010	2Q 2009
LNL Exclusive Agency *														
Premium	\$73,926		\$75,132		\$84,334		\$99,298							
Net Policy Obligations	33,732	46	34,548	46	49,631	59	58,540	59						
Comm. & Acq. Exp.	26,235	35	26,038	35	22,225	26	25,214	25						
Underwriting Margin	13,959	19	14,546	19	12,478	15	15,544	16						
UA Independent														
Premium	6,509		7,232		80,549		82,630							
Net Policy Obligations	2,891	44	3,142	43	49,862	62	51,291	62						
Comm. & Acq. Exp.	3,167	49	3,590	50	15,046	19	17,122	21						
Underwriting Margin	451	7	500	7	15,641	19	14,217	17						
Direct Response														
Premium	143,040		135,320		13,887		11,475							
Net Policy Obligations	62,308	44	62,178	46	10,416	75	8,763	76						
Comm. & Acq. Exp.	43,291	30	39,585	29	981	7	1,019	9						
Underwriting Margin	37,441	26	33,557	25	2,490	18	1,693	15						
American Income Agency														
Premium	139,772		124,906		19,852		18,478							
Net Policy Obligations	43,563	31	38,610	31	7,228	36	6,786	37						
Comm. & Acq. Exp.	50,181	36	45,011	36	5,002	25	4,841	26						
Underwriting Margin	46,028	33	41,285	33	7,622	38	6,851	37						
Military														
Premium	48,693		49,552											
Net Policy Obligations	19,309	40	19,738	40										
Comm. & Acq. Exp.	15,559	32	16,053	32										
Underwriting Margin	13,825	28	13,761	28										
Part D														
Premium								\$52,893		\$45,456				
Net Policy Obligations								44,965	85	38,317	84			
Net Amortization of DAC								958	2	498	1			
Fees to PBM								1,840	3	1,864	4			
Underwriting Margin								5,130	10	4,777	11			
Other Distribution														
Premium	21,888		22,902										\$2,191	\$2,483
Net Policy Obligations	7,753	35	10,259	45									-2,188	-2,881
Comm. & Acq. Exp.	6,193	28	5,668	25									5,358	195
Underwriting Margin	7,942	36	6,975	30									-979	5,169
Totals:														
Premium	\$433,828		\$415,044		\$198,622		\$211,881		\$52,893		\$45,456		\$2,191	\$2,483
Net Policy Obligations	169,556	39	168,475	41	117,137	59	125,380	59	44,965	85	38,317	84	-2,188	-2,881
Comm. & Acq. Exp.	144,626	33	135,945	33	43,254	22	48,196	23	2,798	5	2,362	5	5,358	195
Underwriting Margin	\$119,646	28	\$110,624	27	\$38,231	19	\$38,305	18	\$5,130	10	\$4,777	11	-\$979	\$5,169
TOTAL UNDERWRITING MARGINS, ALL LINES					\$162,028		\$158,875							
Other Income					962		720							
Administrative & Other Expenses					-39,981		-39,831							
INSURANCE UNDERWRITING INCOME					<u>\$123,009</u>		<u>\$119,764</u>							

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

TORCHMARK CORPORATION

Insurance Operations (Unaudited)

(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 6/10	%	YTD 6/09	%	YTD 6/10	%	YTD 6/09	%	YTD 6/10	%	YTD 6/09	%	YTD 6/10	YTD 6/09
LNL Exclusive Agency														
Premium	\$148,351		\$150,053		\$172,893		\$205,509							
Net Policy Obligations	67,258	45	67,160	45	101,800	59	121,134	59						
Comm. & Acq. Exp.	53,177	36	51,516	34	46,790	27	52,031	25						
Underwriting Margin	27,916	19	31,377	21	24,303	14	32,344	16						
UA Independent														
Premium	13,199		14,713		162,430		170,429							
Net Policy Obligations	5,676	43	6,553	45	100,396	62	105,801	62						
Comm. & Acq. Exp.	6,325	48	7,161	49	31,598	19	35,088	21						
Underwriting Margin	1,198	9	999	7	30,436	19	29,540	17						
Direct Response														
Premium	286,754		270,603		27,066		23,337							
Net Policy Obligations	125,060	44	122,245	45	20,304	75	17,835	76						
Comm. & Acq. Exp.	86,673	30	81,998	30	2,470	9	2,030	9						
Underwriting Margin	75,021	26	66,360	25	4,292	16	3,472	15						
American Income Agency														
Premium	274,570		247,899		38,884		36,643							
Net Policy Obligations	85,410	31	77,362	31	14,325	37	13,365	36						
Comm. & Acq. Exp.	98,861	36	88,680	36	9,890	25	9,564	26						
Underwriting Margin	90,299	33	81,857	33	14,669	38	13,714	37						
Military														
Premium	97,592		99,227											
Net Policy Obligations	40,208	41	39,822	40										
Comm. & Acq. Exp.	31,086	32	32,374	33										
Underwriting Margin	26,298	27	27,031	27										
Part D														
Premium								\$105,221		\$91,344				
Net Policy Obligations								88,915	85	76,083	83			
Net Amortization of DAC								1,905	2	1,920	2			
Fees to PBM								4,195	4	3,745	4			
Underwriting Margin								10,206	10	9,596	11			
Other Distribution														
Premium	43,661		45,297										\$4,395	\$4,880
Net Policy Obligations	16,712	38	19,811	44									-4,754	-2,642
Comm. & Acq. Exp.	11,983	27	12,016	27									9,988	6,449
Underwriting Margin	14,966	34	13,470	30									-839	1,073
Totals:														
Premium	\$864,127		\$827,792		\$401,273		\$435,918		\$105,221		\$91,344		\$4,395	\$4,880
Net Policy Obligations	340,324	39	332,953	40	236,825	59	258,135	59	88,915	85	76,083	83	-4,754	-2,642
Comm. & Acq. Exp.	288,105	33	273,745	33	90,748	23	98,713	23	6,100	6	5,665	6	9,988	6,449
Underwriting Margin	\$235,698	27	\$221,094	27	\$73,700	18	\$79,070	18	\$10,206	10	\$9,596	11	-\$839	\$1,073
TOTAL UNDERWRITING MARGINS, ALL LINES					\$318,765		\$310,833							
Other Income					1,580		1,386							
Administrative & Other Expenses					-77,813		-79,248							
INSURANCE UNDERWRITING INCOME					<u>\$242,532</u>		<u>\$232,971</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>6/10</u>	<u>YTD</u> <u>6/09</u>	<u>% Incr</u> <u>(Decr)</u>	<u>2nd Qtr.</u> <u>2010</u>	<u>2nd Qtr.</u> <u>2009</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$74,322	\$68,589	8	\$37,336	\$34,388	9
American Income Agency	71,170	60,521	18	36,715	32,984	11
LNL Agency:						
LNL Exclusive Agency	17,874	24,639	-27	9,255	12,544	-26
UA Branch Office Agency	4,715	4,232	11	2,626	2,500	5
Military	3,200	3,403	-6	1,777	1,678	6
UA Independent	562	342	64	185	202	-8
Other Distribution	<u>2,338</u>	<u>2,246</u>	<u>4</u>	<u>1,031</u>	<u>1,219</u>	<u>-15</u>
Total Life	174,181	163,972	6	88,925	85,515	4
<u>HEALTH</u>						
Direct Response	3,498	2,009	74	1,394	1,596	-13
American Income Agency	7,090	6,373	11	3,612	3,591	1
LNL Agency:						
LNL Exclusive Agency	3,132	6,356	-51	1,617	3,380	-52
UA Branch Office Agency	4,359	11,897	-63	2,166	4,888	-56
UA Independent	<u>13,996</u>	<u>13,450</u>	<u>4</u>	<u>6,335</u>	<u>6,101</u>	<u>4</u>
Total Health	32,075	40,085	-20	15,124	19,556	-23
Part D	18,040	12,618	43	1,438	2,499	-42
TOTAL NET SALES	\$224,296	\$216,675	4	\$105,487	\$107,570	-2

* 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>6/10</u>	<u>YTD</u> <u>6/09</u>	<u>% Incr</u> <u>(Decr)</u>	<u>2nd Qtr.</u> <u>2010</u>	<u>2nd Qtr.</u> <u>2009</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$46,401	\$42,738	9	\$23,023	\$21,188	9
American Income Agency	55,196	45,288	22	28,408	23,394	21
LNL Exclusive Agency **	17,925	17,614	2	8,924	8,966	0
Military	3,060	3,194	-4	1,532	1,568	-2
UA Independent	413	202	104	222	104	113
Other Distribution	<u>1,998</u>	<u>1,866</u>	<u>7</u>	<u>960</u>	<u>923</u>	<u>4</u>
Total Life	124,993	110,902	13	63,069	56,143	12
<u>HEALTH</u>						
Direct Response	4,359	1,947	124	2,742	1,036	165
American Income Agency	6,744	5,977	13	3,444	3,163	9
LNL Exclusive Agency **	9,099	20,240	-55	4,187	8,998	-53
UA Independent	<u>16,502</u>	<u>13,547</u>	<u>22</u>	<u>9,442</u>	<u>6,713</u>	<u>41</u>
Total Health	36,704	41,711	-12	19,815	19,910	0
Part D	23,232	12,543	85	12,294	6,856	79
TOTAL FIRST YEAR COLLECTED PREMIUM	\$184,929	\$165,156	12	\$95,178	\$82,909	15

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

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

	At June 30,	
	2010	2009
Assets		
Investments:		
Fixed maturities available for sale *	\$10,924,220	\$8,068,051
Equity securities available for sale	16,137	17,058
Mortgage loans	15,200	16,567
Real estate	1,517	1,861
Policy loans	396,382	368,957
Other long-term investments	27,047	38,396
Short-term investments	254,220	628,535
Total investments	11,634,723	9,139,425
Cash	27,292	339,608
Accrued investment income	191,427	172,356
Other receivables	200,339	228,636
Deferred acquisition costs	3,413,484	3,383,194
Value of insurance purchased	47,280	52,647
Property and equipment	52,275	51,150
Goodwill	423,519	423,519
Other assets	246,519	178,992
Separate account assets	713,351	738,198
Total assets	\$16,950,209	\$14,707,725
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$9,369,669	\$8,816,625
Unearned and advance premium	83,086	86,601
Policy claims and other benefits payable	226,836	218,449
Other policy liabilities	90,297	89,815
Current and deferred income taxes	1,204,453	613,744
Short-term debt	200,452	337,035
Long-term debt	912,919	919,355
Other liabilities	203,930	264,921
Separate account liabilities	713,351	738,198
Total liabilities	13,004,993	12,084,743
Shareholders' equity:		
Preferred stock	0	0
Common stock	83,875	85,875
Additional paid-in-capital	443,792	446,783
Unrealized investment gains (losses), net of tax	72,708	-896,344
Retained earnings	3,452,243	3,096,187
Treasury stock, at cost	-107,402	-109,519
Total shareholders' equity	3,945,216	2,622,982
Total liabilities and shareholders' equity	\$16,950,209	\$14,707,725
Diluted Basis:		
Shares outstanding	81,915	82,735
Book value per common share	\$48.16	\$31.70
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$46.81	\$41.74
 * Amortized cost of fixed maturities	 \$10,746,458	 \$9,429,880

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
June 30, 2010

Investment Portfolio at 6/30/10	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,746	94%	74%
Equities	15	0%	2%
Mortgage loans	15	0%	11%
Investment real estate	2	0%	1%
Policy loans	396	3%	4%
Other long-term investments	27	0%	4%
Short-term investments	<u>254</u>	<u>2%</u>	4%
 Total	 \$11,456	 100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 6/30/10			Net		% of
<u>Summary</u>	<u>Amort. Cost</u>	<u>Market Value</u>	<u>Unreal. Gain (Loss)</u>	<u>Average Rating</u>	<u>Total Amort. Cost</u>
Investment Grade	\$9,915	\$10,280	\$365	A-	92%
Below Investment Grade	<u>832</u>	<u>644</u>	<u>-188</u>	B+	8%
 Total	 \$10,746	 \$10,924	 \$178	BBB+	

By Type

Corporates	7,936	\$8,228	\$292	BBB+	74%
Redeemable preferred stock:					
U.S.	1,327	1,222	-105	BBB	12%
Foreign	115	99	-16	BBB	1%
Municipals	1,162	1,196	34	AA	11%
Government-sponsored enterprises	56	58	3	AAA	1%
Government & Agencies	41	42	2	AAA	0%
Residential mortgage-backed securities	19	21	2	AAA	0%
CDO's	55	19	-35	CC-	1%
Other asset-backed securities	<u>37</u>	<u>38</u>	<u>2</u>	BBB+	0%
 Total	 \$10,746	 \$10,924	 \$178	BBB+	

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 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	\$1,739	\$1,641	-\$98	BBB+	16%
Financial - Bank	1,602	1,521	-82	BBB+	15%
Financial - Financial Guarantor	84	43	-40	BBB-	1%
Financial - Mortgage Insurer	2	2	0	CCC	0%
Financial - Insurance Brokers	50	47	-3	BBB-	0%
Financial - Other	356	346	-9	A-	3%
Utilities	1,633	1,778	145	BBB+	15%
Energy	1,102	1,161	59	BBB+	10%
Consumer, Non-cyclical	535	582	47	BBB+	5%
Consumer, Cyclical	309	309	0	BBB-	3%
Communications	478	493	15	BBB+	4%
Basic Materials	716	763	47	BBB	7%
Transportation	254	285	32	BBB+	2%
Technology	83	109	25	BBB+	1%
Other Industrials	472	508	36	BBB+	4%
ABS - CDO	55	19	-35	CC-	1%
MBS	19	21	2	AAA	0%
Government	1,258	1,296	38	AA	12%
Total	\$10,746	\$10,924	\$178	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	\$525	\$1,074	\$133	\$1,739
Financial - Bank	70	160	633	462	278	1,602
Financial - Financial Guarantor			22		62	84
Financial - Mortgage Insurer					2	2
Financial - Insurance Brokers				50		50
Financial - Other		98	66	182	10	356
Utilities		49	545	1,021	17	1,633
Energy	22	41	192	847		1,102
Consumer, Non-cyclical		39	252	201	43	535
Consumer, Cyclical		40	39	144	86	309
Communications			193	247	38	478
Basic Materials			156	493	67	716
Transportation		6	50	197		254
Technology			43	26	14	83
Other Industrials			151	294	28	472
ABS - CDO					55	55
MBS	19					19
Government	290	777	192			1,258
Total \$	\$402	\$1,216	\$3,058	\$5,238	\$832	\$10,746
% of Total	4%	11%	28%	49%	8%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
June 30, 2010

<u>Below Investment Grade Bonds by Sector</u>	<u>6/30/10</u>	<u>3/31/10</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$133	\$135	-\$2
Financial - Bank	278	278	0
Financial - Financial Guarantor	62	66	-4
Financial - Mortgage Insurer	2	2	0
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	86	101	-15
Communications	38	38	0
Basic Materials	67	107	-40
Transportation	0	0	0
Technology	14	14	0
Other Industrials	28	28	0
ABS - CDO	55	54	1
MBS	0	0	0
Government	0	0	0
Total	\$832	\$891	-\$59

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>6/30/10</u>	<u>3/31/10</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$472	\$581	-\$109
Asset Class 4	232	170	62
Asset Class 5	41	76	-35
Asset Class 6 (at market value)	53	55	-2
	\$798	\$882	-\$84

Fixed Maturity Acquisitions:

	<u>2Q'10</u>	<u>2Q'09</u>
Amount	\$377	\$246
Yield	6.3%	7.0%
Ratings	BBB+	A-
Average Life To:		
First Call	24.6	17.1
Maturity	26.7	17.6