

## TORCHMARK CORPORATION

### Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Six months ended June 30,		Increase (Decrease)	
	<u>2010</u>	<u>2009</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$235,698	\$221,094	\$14,604	7
Health insurance	83,906	88,666	-4,760	-5
Annuity	-839	1,073	-1,912	-178
Other insurance:				
Other income	1,580	1,386	194	14
Administrative expense	-77,813	-79,248	1,435	-2
Investment	157,162	156,342	820	1
Corporate and adjustments	<u>-11,457</u>	<u>-9,778</u>	<u>-1,679</u>	<u>17</u>
Pretax total (pretax operating income)	388,237	379,535	8,702	2
Applicable taxes	<u>-130,874</u>	<u>-128,078</u>	<u>-2,796</u>	<u>2</u>
After-tax total (net operating income)	257,363	251,457	5,906	2
Reconciling items, net of tax:				
Realized gains (losses)	1,480	-52,802	54,282	
Part D adjustment	-11,118	-10,990	-128	
Tax settlements	<u>0</u>	<u>3,159</u>	<u>-3,159</u>	
Net Income	<u>\$247,725</u>	<u>\$190,824</u>	<u>\$56,901</u>	<u>30</u>