

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/10	12/09		2010	2010	2010	2010	2009
		<b>UNDERWRITING INCOME</b>					
		Life:					
\$1,663,699	\$1,591,853	Premium	\$415,384	\$417,044	\$417,345	\$413,926	\$400,873
-648,104	-629,332	Net Policy Obligations	-162,612	-159,787	-162,715	-162,990	-157,844
-560,329	-535,109	Commissions and Acquisition Expenses	-137,891	-141,828	-140,738	-139,872	-133,967
<u>455,266</u>	<u>427,412</u>	Underwriting Margin	<u>114,881</u>	<u>115,429</u>	<u>113,892</u>	<u>111,064</u>	<u>109,062</u>
		Health:					
778,967	836,616	Premium	188,337	189,357	198,622	202,651	200,501
-462,209	-493,946	Net Policy Obligations	-113,264	-112,120	-117,137	-119,688	-117,547
-171,011	-193,413	Commissions and Acquisition Expenses	-39,640	-40,623	-43,254	-47,494	-48,495
<u>145,747</u>	<u>149,257</u>	Underwriting Margin	<u>35,433</u>	<u>36,614</u>	<u>38,231</u>	<u>35,469</u>	<u>34,459</u>
24,312	21,153	Health - Part D Underwriting Margin	8,548	5,558	5,130	5,076	5,790
<u>1,348</u>	<u>312</u>	Annuity Underwriting Margin	<u>365</u>	<u>259</u>	<u>234</u>	<u>490</u>	<u>310</u>
626,673	598,134	Total Underwriting Margin	159,227	157,860	157,487	152,099	149,621
2,834	2,914	Other Income	510	778	950	596	856
-155,615	-150,325	Admin. Expenses	-40,693	-38,413	-39,435	-37,074	-36,738
<u>473,892</u>	<u>450,723</u>	Underwriting Income	<u>119,044</u>	<u>120,225</u>	<u>119,002</u>	<u>115,621</u>	<u>113,739</u>
		<b>EXCESS INVESTMENT INCOME</b>					
685,253	632,276	Net Investment Income	175,391	172,271	170,546	167,045	158,852
-312,843	-286,958	Required Interest on Net Policy Liabilities	-80,460	-78,863	-77,407	-76,113	-74,861
-75,265	-69,668	Interest on Debt	-18,924	-18,724	-18,746	-18,871	-18,943
<u>297,145</u>	<u>275,650</u>	Total Excess Investment Income	<u>76,007</u>	<u>74,684</u>	<u>74,393</u>	<u>72,061</u>	<u>65,048</u>
-8,809	-9,590	Parent Company Expenses	-1,681	-1,965	-2,601	-2,562	-2,588
762,228	716,783	Pre-Tax Operating Income	193,370	192,944	190,794	185,120	176,199
-256,504	-241,604	Income Tax	-64,735	-64,837	-64,398	-62,534	-59,662
\$505,724	\$475,179	Net Operating Income Before Stock Compensation Expense	\$128,635	\$128,107	\$126,396	\$122,586	\$116,537
-7,701	-6,409	Stock Compensation Expense, Net of Tax	-1,806	-1,804	-2,118	-1,973	-1,446
<b>\$498,023</b>	<b>\$468,770</b>	<b>Net Operating Income from Continuing Operations</b>	<b>\$126,829</b>	<b>\$126,303</b>	<b>\$124,278</b>	<b>\$120,613</b>	<b>\$115,091</b>
<b>\$6.07</b>	<b>\$5.65</b>	<b>Per Share</b>	<b>\$1.57</b>	<b>\$1.55</b>	<b>\$1.50</b>	<b>\$1.45</b>	<b>\$1.39</b>
<u>27,932</u>	<u>26,810</u>	Discontinued Operations - UILIC	<u>9,401</u>	<u>6,059</u>	<u>6,509</u>	<u>5,963</u>	<u>6,744</u>
<b>\$525,955</b>	<b>\$495,580</b>	<b>Net Operating Income from All Operations</b>	<b>\$136,230</b>	<b>\$132,362</b>	<b>\$130,787</b>	<b>\$126,576</b>	<b>\$121,835</b>
<b>\$6.41</b>	<b>\$5.97</b>	<b>Per Share</b>	<b>\$1.68</b>	<b>\$1.63</b>	<b>\$1.58</b>	<b>\$1.52</b>	<b>\$1.47</b>
82,082	83,034	Average Diluted Shares Outstanding	80,937	81,355	82,603	83,214	83,075
		Reconciling items, net of tax:					
\$24,270	-\$85,345	Capital Gain (Loss) - Investments	\$17,573	\$5,229	-\$3,251	\$4,719	-\$14,810
1,852	-7,909	Capital Gain (Loss) - Discontinued Operations - UILIC	380	1,460	-308	320	-160
-35,013	0	Loss on Disposal of Discontinued Operations	-3,928	-31,085	0	0	0
0	0	Part D Adjustment	4,553	6,565	-1,179	-9,939	6,626
0	2,858	Tax Settlements	0	0	0	0	-162
0	-231	Loss on Company Occupied Property	0	0	0	0	0
<u>\$517,064</u>	<u>\$404,953</u>	Net Income	<u>\$154,808</u>	<u>\$114,531</u>	<u>\$126,049</u>	<u>\$121,676</u>	<u>\$113,329</u>

## TORCHMARK CORPORATION

Insurance Operations (Unaudited), Excluding Discontinued Operations  
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	4Q 2010	%	4Q 2009	%	4Q 2010	%	4Q 2009	%	4Q 2010	%	4Q 2009	%	4Q 2010	4Q 2009
<b>LNL Exclusive Agency *</b>														
Premium	\$73,008		\$73,836		\$78,431		\$90,207							
Net Policy Obligations	31,085	43	33,206	45	47,108	60	53,143	59						
Comm. & Acq. Exp.	25,351	35	26,301	36	21,297	27	25,650	28						
Underwriting Margin	16,572	23	14,329	19	10,026	13	11,414	13						
<b>UA Independent</b>														
Premium	6,065		6,784		76,658		79,013							
Net Policy Obligations	3,161	52	2,847	42	48,963	64	48,792	62						
Comm. & Acq. Exp.	2,665	44	3,351	49	12,850	17	15,981	20						
Underwriting Margin	239	4	586	9	14,845	19	14,240	18						
<b>Direct Response</b>														
Premium	138,347		133,104		13,512		11,784							
Net Policy Obligations	64,057	46	59,104	44	10,654	79	8,423	71						
Comm. & Acq. Exp.	40,295	29	38,662	29	464	3	1,805	15						
Underwriting Margin	33,995	25	35,338	27	2,394	18	1,556	13						
<b>American Income Agency</b>														
Premium	144,331		132,451		19,736		19,497							
Net Policy Obligations	43,779	30	40,633	31	6,539	33	7,189	37						
Comm. & Acq. Exp.	52,506	36	49,026	37	5,029	25	5,059	26						
Underwriting Margin	48,046	33	42,792	32	8,168	41	7,249	37						
<b>Military</b>														
Premium	48,255		49,008											
Net Policy Obligations	19,266	40	20,144	41										
Comm. & Acq. Exp.	15,332	32	16,052	33										
Underwriting Margin	13,657	28	12,812	26										
<b>Part D</b>														
Premium								\$51,243		\$44,632				
Net Policy Obligations								38,900	76	36,641	82			
Net Amortization of DAC								1,330	3	938	2			
Fees to PBM								2,465	5	1,263	3			
Underwriting Margin								8,548	17	5,790	13			
<b>Other Distribution</b>														
Premium	5,378		5,690									\$196	\$129	
Net Policy Obligations	1,264	24	1,910	34								-2,976	-2,225	
Comm. & Acq. Exp.	1,742	32	575	10								2,807	2,044	
Underwriting Margin	2,372	44	3,205	56								365	310	
<b>Totals:</b>														
Premium	\$415,384		\$400,873		\$188,337		\$200,501		\$51,243		\$44,632	\$196	\$129	
Net Policy Obligations	162,612	39	157,844	39	113,264	60	117,547	59	38,900	76	36,641	-2,976	-2,225	
Comm. & Acq. Exp.	137,891	33	133,967	33	39,640	21	48,495	24	3,795	7	2,201	2,807	2,044	
Underwriting Margin	\$114,881	28	\$109,062	27	\$35,433	19	\$34,459	17	\$8,548	17	\$5,790	\$365	\$310	
<b>TOTAL UNDERWRITING MARGINS, ALL LINES</b>					\$159,227		\$149,621							
Other Income					510		856							
Administrative & Other Expenses					-40,693		-36,738							
<b>INSURANCE UNDERWRITING INCOME</b>					<u>\$119,044</u>		<u>\$113,739</u>							
Insurance Underwriting Income - Discontinued Operations - UILIC					\$8,077		\$5,293							

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

## TORCHMARK CORPORATION

Insurance Operations (Unaudited), Excluding Discontinued Operations  
(In thousands)

	LIFE				HEALTH				HEALTH - PART D			ANNUITY		
	YTD 12/10	%	YTD 12/09	%	YTD 12/10	%	YTD 12/09	%	YTD 12/10	%	YTD 12/09	%	YTD 12/10	YTD 12/09
<b>LNL Exclusive Agency</b>														
Premium	\$294,587		\$298,485		\$331,056		\$388,522							
Net Policy Obligations	127,944	43	133,760	45	195,834	59	229,710	59						
Comm. & Acq. Exp.	106,565	36	104,791	35	89,141	27	101,862	26						
Underwriting Margin	60,078	20	59,934	20	46,081	14	56,950	15						
<b>UA Independent</b>														
Premium	25,534		28,498		314,524		326,442							
Net Policy Obligations	11,737	46	12,563	44	196,924	63	201,514	62						
Comm. & Acq. Exp.	12,028	47	14,040	49	58,197	19	66,884	20						
Underwriting Margin	1,769	7	1,895	7	59,403	19	58,044	18						
<b>Direct Response</b>														
Premium	566,604		536,878		54,328		46,555							
Net Policy Obligations	253,074	45	241,579	45	41,222	76	34,753	75						
Comm. & Acq. Exp.	168,567	30	160,253	30	3,630	7	5,188	11						
Underwriting Margin	144,963	26	135,046	25	9,476	17	6,614	14						
<b>American Income Agency</b>														
Premium	560,649		507,899		79,059		75,097							
Net Policy Obligations	172,073	31	155,950	31	28,229	36	27,969	37						
Comm. & Acq. Exp.	202,815	36	183,951	36	20,043	25	19,479	26						
Underwriting Margin	185,761	33	167,998	33	30,787	39	27,649	37						
<b>Military</b>														
Premium	194,333		197,508											
Net Policy Obligations	78,904	41	79,881	40										
Comm. & Acq. Exp.	61,899	32	64,682	33										
Underwriting Margin	53,530	28	52,945	27										
<b>Part D</b>														
Premium								\$208,970		\$183,586				
Net Policy Obligations								172,131	82	151,621	83			
Net Amortization of DAC								4,186	2	3,852	2			
Fees to PBM								8,341	4	6,960	4			
Underwriting Margin								24,312	12	21,153	12			
<b>Other Distribution</b>														
Premium	21,992		22,585									\$638	\$541	
Net Policy Obligations	4,372	20	5,599	25								-10,566	-6,078	
Comm. & Acq. Exp.	8,455	38	7,392	33								9,856	6,307	
Underwriting Margin	9,165	42	9,594	42								1,348	312	
<b>Totals:</b>														
Premium	\$1,663,699		\$1,591,853		\$778,967		\$836,616		\$208,970		\$183,586		\$638	\$541
Net Policy Obligations	648,104	39	629,332	40	462,209	59	493,946	59	172,131	82	151,621	83	-10,566	-6,078
Comm. & Acq. Exp.	560,329	34	535,109	34	171,011	22	193,413	23	12,527	6	10,812	6	9,856	6,307
Underwriting Margin	\$455,266	27	\$427,412	27	\$145,747	19	\$149,257	18	\$24,312	12	\$21,153	12	\$1,348	\$312
<b>TOTAL UNDERWRITING MARGINS, ALL LINES</b>					\$626,673		\$598,134							
Other Income					2,834		2,914							
Administrative & Other Expenses					-155,615		-150,325							
<b>INSURANCE UNDERWRITING INCOME</b>					<u>\$473,892</u>		<u>\$450,723</u>							
Insurance Underwriting Income - Discontinued Operations - UILIC					\$19,142		\$18,624							

\* 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), Excluding Discontinued Operations  
(In thousands)

### NET SALES \*

	YTD 12/10	YTD 12/09	% Incr (Decr)	4th Qtr. 2010	4th Qtr. 2009	% Incr (Decr)
<b><u>LIFE</u></b>						
Direct Response	\$136,653	\$131,566	4	\$30,626	\$30,408	1
American Income Agency	137,554	127,688	8	32,843	35,139	-7
LNL Exclusive Agency **	44,763	55,146	-19	10,776	12,131	-11
Military	5,907	6,393	-8	1,284	1,382	-7
UA Independent	738	919	-20	88	368	-76
Other Distribution	3,916	4,206	-7	1,060	1,247	-15
Total Life	<u>329,531</u>	<u>325,918</u>	<u>1</u>	<u>76,677</u>	<u>80,675</u>	<u>-5</u>
<b><u>HEALTH</u></b>						
Direct Response	5,097	10,898	-53	729	7,968	-91
American Income Agency	13,081	13,393	-2	2,840	3,632	-22
LNL Exclusive Agency **	14,189	29,767	-52	3,345	5,279	-37
UA Independent	32,040	42,687	-25	12,820	21,946	-42
Total Health	<u>64,407</u>	<u>96,745</u>	<u>-33</u>	<u>19,734</u>	<u>38,825</u>	<u>-49</u>
<b>Part D</b>	38,799	43,004	-10	14,074	27,458	-49
<b>TOTAL NET SALES</b>	<b>\$432,737</b>	<b>\$465,667</b>	<b>-7</b>	<b>\$110,485</b>	<b>\$146,958</b>	<b>-25</b>
Discontinued Operations - UILIC	522	612		143	246	

\* 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

	YTD 12/10	YTD 12/09	% Incr (Decr)	4th Qtr. 2010	4th Qtr. 2009	% Incr (Decr)
<b><u>LIFE</u></b>						
Direct Response	\$89,542	\$84,775	6	\$21,121	\$21,107	0
American Income Agency	110,751	95,693	16	27,638	26,188	6
LNL Exclusive Agency **	34,845	35,137	-1	8,303	8,876	-6
Military	6,005	6,330	-5	1,437	1,560	-8
UA Independent	746	483	54	153	160	-4
Other Distribution	3,613	3,500	3	846	944	-10
Total Life	<u>245,502</u>	<u>225,918</u>	<u>9</u>	<u>59,498</u>	<u>58,835</u>	<u>1</u>
<b><u>HEALTH</u></b>						
Direct Response	9,650	4,635	108	2,614	1,650	58
American Income Agency	13,965	12,996	7	3,208	3,481	-8
LNL Exclusive Agency **	15,759	32,976	-52	2,986	5,813	-49
UA Independent	35,637	27,525	29	9,759	7,651	28
Total Health	<u>75,011</u>	<u>78,132</u>	<u>-4</u>	<u>18,567</u>	<u>18,595</u>	<u>0</u>
<b>Part D</b>	48,945	26,708	83	12,506	6,934	80
<b>TOTAL FIRST YEAR COLLECTED PREMIUM</b>	<b>\$369,458</b>	<b>\$330,758</b>	<b>12</b>	<b>\$90,571</b>	<b>\$84,364</b>	<b>7</b>
Discontinued Operations - UILIC	386	472		115	101	

\*\* UA Branch Office sales and premiums are included in LNL Exclusive Agency

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

	<b>At December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Investments:		
Fixed maturities available for sale *	\$10,543,034	\$9,104,115
Equity securities available for sale	17,154	16,722
Mortgage loans	14,481	15,896
Real estate	2,154	1,508
Policy loans	378,124	352,351
Other long-term investments	26,350	35,024
Short-term investments	216,680	298,077
Total investments	11,197,977	9,823,693
Cash	365,679	231,071
Accrued investment income	183,861	168,246
Other receivables	230,319	192,902
Deferred acquisition costs	3,363,484	3,270,895
Value of insurance purchased	42,851	48,610
Property and equipment	54,782	51,655
Goodwill	396,891	396,891
Other assets	323,918	183,153
Assets held for sale	0	1,656,643
Total assets	\$16,159,762	\$16,023,759
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Future policy benefits	\$9,150,031	\$8,629,349
Unearned and advance premium	74,165	81,077
Policy claims and other benefits payable	221,598	211,083
Other policy liabilities	91,293	90,076
Current and deferred income taxes	1,209,433	964,680
Short-term debt	198,875	233,307
Long-term debt	913,354	919,761
Other liabilities	284,772	175,476
Liabilities held for sale	0	1,320,059
Total liabilities	12,143,521	12,624,868
Shareholders' equity:		
Preferred stock	0	0
Common stock	79,875	83,875
Additional paid-in-capital	432,608	441,361
Unrealized investment gains (losses), net of tax	22,958	-319,183
Retained earnings	3,513,419	3,228,904
Treasury stock, at cost	-32,619	-36,066
Total shareholders' equity	4,016,241	3,398,891
Total liabilities and shareholders' equity	\$16,159,762	\$16,023,759
Diluted Basis:		
Shares outstanding	80,543	83,159
Book value per common share	\$49.86	\$40.87
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$49.03	\$44.22
 * Amortized cost of fixed maturities from Continuing Operations	 \$10,435,497	 \$9,559,499

**TORCHMARK CORPORATION**

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

<b>Investment Portfolio at 12/31/10</b>	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,435	94%	75%
Equities	15	0%	2%
Mortgage loans	14	0%	10%
Investment real estate	2	0%	1%
Policy loans	378	3%	4%
Other long-term investments	26	0%	4%
Short-term investments	<u>217</u>	<u>2%</u>	4%
 Total	 \$11,088	 100%	

\* Data available from the American Council of Life Insurance

<b>Fixed Maturities at 12/31/10</b>					
<u>Summary</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>
Investment Grade	\$9,573	\$9,812	\$240	A-	92%
Below Investment Grade	<u>863</u>	<u>731</u>	<u>-132</u>	B+	8%
 Total	 \$10,435	 \$10,543	 \$108	 BBB+	

By Type

Corporates	7,708	\$7,921	\$213	BBB+	74%
Redeemable preferred stock:					
U.S.	1,196	1,161	-35	BBB	11%
Foreign	116	107	-9	BBB	1%
Municipals	1,212	1,181	-31	AA	12%
Government-sponsored enterprises	58	57	-1	AAA	1%
Government & Agencies	36	38	1	AAA	0%
Residential mortgage-backed securities	16	18	2	AAA	0%
CDO's	57	22	-34	C+	1%
Other asset-backed securities	<u>37</u>	<u>38</u>	<u>2</u>	BBB+	0%
 Total	 \$10,435	 \$10,543	 \$108	 BBB+	

**TORCHMARK CORPORATION**

Invested Assets  
(Millions of \$)  
December 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	\$1,677	\$1,619	-\$58	BBB+	16%
Financial - Bank	1,487	1,460	-27	BBB+	14%
Financial - Financial Guarantor	79	52	-28	BB-	1%
Financial - Insurance Brokers	47	45	-2	BBB-	0%
Financial - Other	376	375	0	A-	4%
Utilities	1,588	1,665	78	BBB+	15%
Energy	1,040	1,097	58	BBB+	10%
Consumer, Non-cyclical	510	546	37	BBB+	5%
Consumer, Cyclical	303	304	1	BBB-	3%
Communications	450	466	16	BBB	4%
Basic Materials	686	727	41	BBB+	7%
Transportation	297	315	19	BBB+	3%
Technology	77	100	23	BBB+	1%
Other Industrials	441	456	15	BBB	4%
ABS - CDO	57	22	-34	C+	1%
MBS	16	18	2	AAA	0%
Government	1,306	1,275	-31	AA	13%
<b>Total</b>	<b>\$10,435</b>	<b>\$10,543</b>	<b>\$108</b>	<b>BBB+</b>	

<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	\$488	\$1,056	\$127	\$1,677
Financial - Bank	71	159	486	476	294	1,487
Financial - Financial Guarantor			17		63	79
Financial - Insurance Brokers				47		47
Financial - Other		103	61	202	10	376
Utilities		49	580	936	22	1,588
Energy		12	236	791		1,040
Consumer, Non-cyclical		32	259	186	33	510
Consumer, Cyclical		40	34	143	85	303
Communications			187	210	53	450
Basic Materials			159	472	55	686
Transportation		7	50	240		297
Technology			37	26	14	77
Other Industrials			121	269	50	441
ABS - CDO					57	57
MBS	16					16
Government	382	738	186			1,306
<b>Total \$</b>	<b>\$469</b>	<b>\$1,147</b>	<b>\$2,901</b>	<b>\$5,055</b>	<b>\$863</b>	<b>\$10,435</b>
<b>% of Total</b>	<b>4%</b>	<b>11%</b>	<b>28%</b>	<b>48%</b>	<b>8%</b>	<b>100%</b>

**TORCHMARK CORPORATION**  
Invested Assets  
Excluding Discontinued Operations - UILIC  
(Millions of \$)  
December 31, 2010

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/10</u>	<u>9/30/10</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$127	\$133	-\$6
Financial - Bank	294	268	26
Financial - Financial Guarantor	63	62	0
Financial - Mortgage Insurer	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	10	10	0
Utilities	22	17	5
Energy	0	11	-11
Consumer, Non-cyclical	33	39	-6
Consumer, Cyclical	85	85	0
Communications	53	38	15
Basic Materials	55	61	-6
Transportation	0	0	0
Technology	14	14	0
Other Industrials	50	28	22
ABS - CDO	57	56	1
MBS	0	0	0
Government	0	0	0
<b>Total</b>	<b>\$863</b>	<b>\$822</b>	<b>\$41</b>

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>12/31/10</u>	<u>9/30/10</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$320	\$403	-\$83
Asset Class 4	259	232	27
Asset Class 5	77	41	36
Asset Class 6 (at market value)	58	54	4
	<b>\$714</b>	<b>\$730</b>	<b>-\$16</b>

**Fixed Maturity Acquisitions:**

	<u>4Q'10</u>	<u>4Q'09</u>
Amount	\$314	\$845
Yield	5.8%	6.0%
Ratings	A	A
Average Life To:		
First Call	27.0	18.2
Maturity	29.1	23.7