

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/11	6/10		2011	2011	2010	2010	2010
		<b>UNDERWRITING INCOME</b>					
		Life:					
\$864,230	\$831,271	Premium	\$433,573	\$430,657	\$415,384	\$417,044	\$417,345
-330,031	-325,705	Net Policy Obligations	-164,006	-166,025	-162,612	-159,787	-162,715
-290,391	-280,610	Commissions and Acquisition Expenses	-144,846	-145,545	-137,891	-141,828	-140,738
243,808	224,956	Underwriting Margin	124,721	119,087	114,881	115,429	113,892
		Health:					
377,165	401,273	Premium	185,381	191,784	188,337	189,357	198,622
-223,006	-236,825	Net Policy Obligations	-110,180	-112,826	-113,264	-112,120	-117,137
-83,276	-90,748	Commissions and Acquisition Expenses	-41,211	-42,065	-39,640	-40,623	-43,254
70,883	73,700	Underwriting Margin	33,990	36,893	35,433	36,614	38,231
10,431	10,206	Health - Part D Underwriting Margin	5,438	4,993	8,548	5,558	5,130
1,166	724	Annuity Underwriting Margin	608	558	365	259	234
326,288	309,586	Total Underwriting Margin	164,757	161,531	159,227	157,860	157,487
1,240	1,546	Other Income	697	543	510	778	950
-77,909	-76,509	Admin. Expenses	-40,170	-37,739	-40,693	-38,413	-39,435
249,619	234,623	Underwriting Income	125,284	124,335	119,044	120,225	119,002
		<b>EXCESS INVESTMENT INCOME</b>					
352,060	337,591	Net Investment Income	176,758	175,302	175,391	172,271	170,546
-165,261	-153,520	Required Interest on Net Policy Liabilities	-83,512	-81,749	-80,460	-78,863	-77,407
-38,739	-37,617	Interest on Debt	-19,345	-19,394	-18,924	-18,724	-18,746
148,060	146,454	Total Excess Investment Income	73,901	74,159	76,007	74,684	74,393
-4,811	-5,163	Parent Company Expenses	-2,386	-2,425	-1,681	-1,965	-2,601
392,868	375,914	Pre-Tax Operating Income	196,799	196,069	193,370	192,944	190,794
-130,590	-126,932	Income Tax	-65,302	-65,288	-64,735	-64,837	-64,398
\$262,278	\$248,982	Net Operating Income Before Stock Compensation Expense	\$131,497	\$130,781	\$128,635	\$128,107	\$126,396
-4,551	-4,091	Stock Compensation Expense, Net of Tax	-2,572	-1,979	-1,806	-1,804	-2,118
<b>\$257,727</b>	<b>\$244,891</b>	<b>Net Operating Income from Continuing Operations</b>	<b>\$128,925</b>	<b>\$128,802</b>	<b>\$126,829</b>	<b>\$126,303</b>	<b>\$124,278</b>
<b>\$2.23</b>	<b>\$1.97</b>	<b>Per Share</b>	<b>\$1.14</b>	<b>\$1.08</b>	<b>\$1.04</b>	<b>\$1.03</b>	<b>\$1.00</b>
0	12,472	Discontinued Operations - UILIC	0	0	9,401	6,059	6,509
<b>\$257,727</b>	<b>\$257,363</b>	<b>Net Operating Income from All Operations</b>	<b>\$128,925</b>	<b>\$128,802</b>	<b>\$136,230</b>	<b>\$132,362</b>	<b>\$130,787</b>
<b>\$2.23</b>	<b>\$2.07</b>	<b>Per Share</b>	<b>\$1.14</b>	<b>\$1.08</b>	<b>\$1.12</b>	<b>\$1.08</b>	<b>\$1.06</b>
115,722	124,493	Average Diluted Shares Outstanding	112,831	119,014	121,405	122,033	123,905
		Reconciling items, net of tax:					
\$5,557	\$1,468	Capital Gain (Loss) - Investments	\$21,016	-\$15,459	\$17,573	\$5,229	-\$3,251
0	12	Capital Gain (Loss) - Discontinued Operations - UILIC	0	0	380	1,460	-308
-599	0	Loss on Disposal of Discontinued Operations	0	-599	-3,928	-31,085	0
-3,676	-11,118	Part D Adjustment	-1,213	-2,463	4,553	6,565	-1,179
-3,900	0	State administrative settlement	182	-4,082	0	0	0
-636	0	Loss on Sale of Equipment	30	-666	0	0	0
<b>\$254,473</b>	<b>\$247,725</b>	<b>Net Income</b>	<b>\$148,940</b>	<b>\$105,533</b>	<b>\$154,808</b>	<b>\$114,531</b>	<b>\$126,049</b>

## TORCHMARK CORPORATION

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

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	2Q 2011	%	2Q 2010	%	2Q 2011	%	2Q 2010	%	2Q 2011	%	2Q 2010	%	2Q 2011	2Q 2010
<b>LNL Exclusive Agency *</b>														
Premium	\$72,526		\$73,926		\$73,828		\$84,334							
Net Policy Obligations	28,135	39	33,732	46	42,535	58	49,631	59						
Comm. & Acq. Exp.	26,341	36	26,235	35	21,863	30	22,225	26						
Underwriting Margin	18,050	25	13,959	19	9,430	13	12,478	15						
<b>Direct Response</b>														
Premium	150,655		143,040		14,159		13,887							
Net Policy Obligations	69,237	46	62,308	44	11,034	78	10,416	75						
Comm. & Acq. Exp.	43,755	29	43,291	30	748	5	981	7						
Underwriting Margin	37,663	25	37,441	26	2,377	17	2,490	18						
<b>American Income Agency</b>														
Premium	150,893		139,772		19,784		19,852							
Net Policy Obligations	45,109	30	43,563	31	6,588	33	7,228	36						
Comm. & Acq. Exp.	54,491	36	50,181	36	5,057	26	5,002	25						
Underwriting Margin	51,293	34	46,028	33	8,139	41	7,622	38						
<b>Part D</b>														
Premium								\$48,859		\$52,893				
Net Policy Obligations								40,773	83	44,965	85			
Net Amortization of DAC								938	2	958	2			
Fees to PBM								1,710	3	1,840	3			
Underwriting Margin								5,438	11	5,130	10			
<b>Other Distribution</b>														
Premium	59,499		60,607		77,610		80,549					\$160	\$138	
Net Policy Obligations	21,525	36	23,112	38	50,023	64	49,862	62				-3,553	-2,439	
Comm. & Acq. Exp.	20,259	34	21,031	35	13,543	17	15,046	19				3,105	2,343	
Underwriting Margin	17,715	30	16,464	27	14,044	18	15,641	19				608	234	
<b>Totals:</b>														
Premium	\$433,573		\$417,345		\$185,381		\$198,622		\$48,859		\$52,893		\$160	\$138
Net Policy Obligations	164,006	38	162,715	39	110,180	59	117,137	59	40,773	83	44,965	85	-3,553	-2,439
Comm. & Acq. Exp.	144,846	33	140,738	34	41,211	22	43,254	22	2,648	5	2,798	5	3,105	2,343
Underwriting Margin	\$124,721	29	\$113,892	27	\$33,990	18	\$38,231	19	\$5,438	11	\$5,130	10	\$608	\$234
<b>TOTAL UNDERWRITING MARGINS, ALL LINES</b>					\$164,757		\$157,487							
Other Income					697		950							
Administrative & Other Expenses					-40,170		-39,435							
<b>INSURANCE UNDERWRITING INCOME</b>					<u>\$125,284</u>		<u>\$119,002</u>							

\* 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 6/11	%	YTD 6/10	%	YTD 6/11	%	YTD 6/10	%	YTD 6/11	%	YTD 6/10	%	YTD 6/11	YTD 6/10
<b>LNL Exclusive Agency</b>														
Premium	\$145,669		\$148,351		\$151,306		\$172,893							
Net Policy Obligations	58,068	40	67,258	45	87,600	58	101,800	59						
Comm. & Acq. Exp.	52,837	36	53,177	36	44,092	29	46,790	27						
Underwriting Margin	34,764	24	27,916	19	19,614	13	24,303	14						
<b>Direct Response</b>														
Premium	302,232		286,754		28,821		27,066							
Net Policy Obligations	138,361	46	125,060	44	22,243	77	20,304	75						
Comm. & Acq. Exp.	88,540	29	86,673	30	1,516	5	2,470	9						
Underwriting Margin	75,331	25	75,021	26	5,062	18	4,292	16						
<b>American Income Agency</b>														
Premium	297,008		274,570		39,291		38,884							
Net Policy Obligations	89,905	30	85,410	31	12,851	33	14,325	37						
Comm. & Acq. Exp.	108,045	36	98,861	36	10,041	26	9,890	25						
Underwriting Margin	99,058	33	90,299	33	16,399	42	14,669	38						
<b>Part D</b>														
Premium								\$98,310		\$105,221				
Net Policy Obligations								82,539	84	88,915	85			
Net Amortization of DAC								1,701	2	1,905	2			
Fees to PBM								3,639	4	4,195	4			
Underwriting Margin								10,431	11	10,206	10			
<b>Other Distribution</b>														
Premium	119,321		121,596		157,747		162,430					\$298	\$290	
Net Policy Obligations	43,697	37	47,977	39	100,312	64	100,396	62				-6,763	-4,915	
Comm. & Acq. Exp.	40,969	34	41,899	34	27,627	18	31,598	19				5,895	4,481	
Underwriting Margin	34,655	29	31,720	26	29,808	19	30,436	19				1,166	724	
<b>Totals:</b>														
Premium	\$864,230		\$831,271		\$377,165		\$401,273		\$98,310		\$105,221		\$298	\$290
Net Policy Obligations	330,031	38	325,705	39	223,006	59	236,825	59	82,539	84	88,915	85	-6,763	-4,915
Comm. & Acq. Exp.	290,391	34	280,610	34	83,276	22	90,748	23	5,340	5	6,100	6	5,895	4,481
Underwriting Margin	\$243,808	28	\$224,956	27	\$70,883	19	\$73,700	18	\$10,431	11	\$10,206	10	\$1,166	\$724
<b>TOTAL UNDERWRITING MARGINS, ALL LINES</b>					\$326,288		\$309,586							
Other Income					1,240		1,546							
Administrative & Other Expenses					-77,909		-76,509							
<b>INSURANCE UNDERWRITING INCOME</b>					<u>\$249,619</u>		<u>\$234,623</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), Excluding Discontinued Operations  
(In thousands)

### NET SALES \*

	YTD 6/11	YTD 6/10	% Incr (Decr)	2nd Qtr. 2011	2nd Qtr. 2010	% Incr (Decr)
<b><u>LIFE</u></b>						
Direct Response	\$72,907	\$74,322	-2	\$36,741	\$37,336	-2
American Income Agency	69,025	71,170	-3	36,160	36,715	-2
LNL Exclusive Agency **	19,215	22,589	-15	9,772	11,881	-18
Other Distribution	5,482	5,828	-6	2,846	2,869	-1
Total Life	<u>166,629</u>	<u>173,909</u>	<u>-4</u>	<u>85,519</u>	<u>88,801</u>	<u>-4</u>
<b><u>HEALTH</u></b>						
Direct Response	3,026	3,498	-13	1,328	1,394	-5
American Income Agency	5,084	7,090	-28	2,585	3,612	-28
LNL Exclusive Agency **	7,139	7,491	-5	4,168	3,783	10
UA Independent	11,829	13,996	-15	4,709	6,335	-26
Total Health	<u>27,078</u>	<u>32,075</u>	<u>-16</u>	<u>12,790</u>	<u>15,124</u>	<u>-15</u>
<b>Part D</b>	9,677	18,040	-46	2,186	1,438	52
<b>TOTAL NET SALES</b>	<b>\$203,384</b>	<b>\$224,024</b>	<b>-9</b>	<b>\$100,495</b>	<b>\$105,363</b>	<b>-5</b>

\* 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 6/11	YTD 6/10	% Incr (Decr)	2nd Qtr. 2011	2nd Qtr. 2010	% Incr (Decr)
<b><u>LIFE</u></b>						
Direct Response	\$46,338	\$46,401	0	\$22,888	\$23,023	-1
American Income Agency	55,541	55,196	1	28,243	28,408	-1
LNL Exclusive Agency **	16,428	17,925	-8	8,130	8,924	-9
Other Distribution	4,822	5,296	-9	2,417	2,630	-8
Total Life	<u>123,129</u>	<u>124,818</u>	<u>-1</u>	<u>61,678</u>	<u>62,985</u>	<u>-2</u>
<b><u>HEALTH</u></b>						
Direct Response	2,621	4,359	-40	1,033	2,742	-62
American Income Agency	5,827	6,744	-14	2,960	3,444	-14
LNL Exclusive Agency **	5,814	9,099	-36	2,887	4,187	-31
UA Independent	14,172	16,502	-14	7,158	9,442	-24
Total Health	<u>28,434</u>	<u>36,704</u>	<u>-23</u>	<u>14,038</u>	<u>19,815</u>	<u>-29</u>
<b>Part D</b>	13,903	23,232	-40	6,713	12,294	-45
<b>TOTAL FIRST YEAR COLLECTED PREMIUM</b>	<b>\$165,466</b>	<b>\$184,754</b>	<b>-10</b>	<b>\$82,429</b>	<b>\$95,094</b>	<b>-13</b>

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

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

	<u>At June 30,</u>	
	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Investments:		
Fixed maturities available for sale *	\$11,025,120	\$10,224,773
Equity securities available for sale	17,240	16,137
Mortgage loans	569	15,200
Real estate	1,519	1,517
Policy loans	387,342	362,918
Other long-term investments	24,554	27,047
Short-term investments	20,405	249,234
Total investments	<u>11,476,749</u>	<u>10,896,826</u>
Cash	90,230	24,973
Accrued investment income	188,742	179,003
Other receivables	223,870	197,863
Deferred acquisition costs	3,414,506	3,292,505
Value of insurance purchased	40,152	46,032
Property and equipment	49,081	52,149
Goodwill	396,891	396,891
Other assets	337,991	246,534
Assets held for sale	0	1,617,433
Total assets	<u>\$16,218,212</u>	<u>\$16,950,209</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Liabilities:		
Future policy benefits	\$9,375,248	\$8,859,281
Unearned and advance premium	76,603	81,742
Policy claims and other benefits payable	211,130	217,667
Other policy liabilities	92,052	90,016
Current and deferred income taxes	1,278,037	1,205,293
Short-term debt	199,855	200,452
Long-term debt	913,812	912,919
Other liabilities	291,376	200,408
Liabilities held for sale	0	1,237,215
Total liabilities	<u>12,438,113</u>	<u>13,004,993</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	79,875	83,875
Additional paid-in-capital	439,035	443,792
Unrealized investment gains (losses), net of tax	153,264	72,708
Retained earnings	3,733,250	3,452,243
Treasury stock, at cost	-625,325	-107,402
Total shareholders' equity	<u>3,780,099</u>	<u>3,945,216</u>
Total liabilities and shareholders' equity	<u>\$16,218,212</u>	<u>\$16,950,209</u>
Diluted Basis:		
Shares outstanding	106,769	122,873
Book value per common share	\$35.40	\$32.11
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$33.61	\$31.21
* Amortized cost of fixed maturities from Continuing Operations	\$10,719,320	\$10,082,233

**TORCHMARK CORPORATION**

Invested Assets

(Millions of \$)

June 30, 2011

<b>Investment Portfolio at 6/30/11</b>	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,719	96%	75%
Equities	15	0%	2%
Mortgage loans	1	0%	10%
Investment real estate	2	0%	1%
Policy loans	387	3%	4%
Other long-term investments	25	0%	4%
Short-term investments	<u>20</u>	<u>0%</u>	<u>4%</u>
 Total	 \$11,169	 100%	

\* Data available from the American Council of Life Insurance

**Fixed Maturities at 6/30/11**

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	\$9,998	\$10,414	\$416	A-	93%
Below Investment Grade	<u>721</u>	<u>611</u>	<u>-110</u>	B+	7%
 Total	 \$10,719	 \$11,025	 \$306	 A-	

By Type

Corporates	8,090	\$8,439	\$349	BBB+	75%
Redeemable preferred stock:					
U.S.	1,118	1,098	-20	BBB	10%
Foreign	85	82	-3	BBB	1%
Municipals	1,222	1,233	11	AA	11%
Government-sponsored enterprises	60	60	0	AAA	1%
Government & Agencies	37	38	1	AAA	0%
Residential mortgage-backed securities	15	17	1	AAA	0%
CDO's	58	22	-36	C+	1%
Other asset-backed securities	<u>34</u>	<u>36</u>	<u>2</u>	A-	0%
 Total	 \$10,719	 \$11,025	 \$306	 A-	

**TORCHMARK CORPORATION**

Invested Assets

(Millions of \$)

June 30, 2011

<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	\$1,791	\$1,788	-\$3	BBB+	17%
Financial - Bank	1,352	1,350	-2	A-	13%
Financial - Financial Guarantor	16	15	-1	A	0%
Financial - Insurance Brokers	47	48	1	BBB-	0%
Financial - Other	446	458	12	A-	4%
Utilities	1,666	1,765	99	BBB+	16%
Energy	1,129	1,191	63	BBB+	11%
Consumer, Non-cyclical	518	556	38	BBB+	5%
Consumer, Cyclical	336	342	7	BBB	3%
Communications	460	484	24	BBB+	4%
Basic Materials	735	781	46	BBB+	7%
Transportation	341	364	23	BBB	3%
Technology	66	77	10	BBB+	1%
Other Industrials	425	436	11	BBB	4%
ABS - CDO	58	22	-36	C+	1%
MBS	15	17	1	AAA	0%
Government	1,319	1,331	12	AA	12%
<b>Total</b>	<b>\$10,719</b>	<b>\$11,025</b>	<b>\$306</b>	<b>A-</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		\$85	\$501	\$1,100	\$105	\$1,791
Financial - Bank	122	150	442	427	211	1,352
Financial - Financial Guarantor			16			16
Financial - Insurance Brokers				47		47
Financial - Other		114	61	268	3	446
Utilities		49	663	917	37	1,666
Energy		12	240	877		1,129
Consumer, Non-cyclical		32	250	197	40	518
Consumer, Cyclical		40	51	168	77	336
Communications			187	220	53	460
Basic Materials			159	493	84	735
Transportation		7	50	285		341
Technology			37	26	3	66
Other Industrials			112	262	50	425
ABS - CDO					58	58
MBS	15					15
Government	390	743	186	0		1,319
<b>Total \$</b>	<b>\$527</b>	<b>\$1,231</b>	<b>\$2,954</b>	<b>\$5,286</b>	<b>\$721</b>	<b>\$10,719</b>
<b>% of Total</b>	<b>5%</b>	<b>11%</b>	<b>28%</b>	<b>49%</b>	<b>7%</b>	<b>100%</b>

**TORCHMARK CORPORATION**  
Invested Assets  
Excluding Discontinued Operations - UILIC  
(Millions of \$)  
June 30, 2011

<u>Below Investment Grade Bonds by Sector</u>	<u>6/30/11</u>	<u>3/31/11</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$105	\$105	\$0
Financial - Bank	211	251	-40
Financial - Financial Guarantor	0	0	0
Financial - Mortgage Insurer	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	3	3	0
Utilities	37	22	14
Energy	0	0	0
Consumer, Non-cyclical	40	33	7
Consumer, Cyclical	77	85	-8
Communications	53	53	0
Basic Materials	84	84	0
Transportation	0	0	0
Technology	3	14	-11
Other Industrials	50	50	0
ABS - CDO	58	57	1
MBS	0	0	0
Government	0	0	0
<b>Total</b>	<b>\$721</b>	<b>\$758</b>	<b>-\$37</b>

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>6/30/11</u>	<u>3/31/11</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$531	\$529	\$2
Asset Class 4	240	278	-38
Asset Class 5	166	196	-30
Asset Class 6 (at market value)	22	40	-18
	<b>\$959</b>	<b>\$1,043</b>	<b>-\$84</b>

**Fixed Maturity Acquisitions:**

	<u>2Q'11</u>	<u>2Q'10</u>
Amount	\$432	\$352
Yield	5.8%	6.3%
Ratings	A-	BBB+
Average Life To:		
First Call	26.8	25.1
Maturity	28.0	26.8