

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/11	9/10		2011	2011	2011	2010	2010
		UNDERWRITING INCOME					
		Life:					
\$1,294,157	\$1,248,315	Premium	\$429,927	\$433,573	\$430,657	\$415,384	\$417,044
-494,906	-485,492	Net Policy Obligations	-164,875	-164,006	-166,025	-162,612	-159,787
-434,393	-422,438	Commissions and Acquisition Expenses	-144,002	-144,846	-145,545	-137,891	-141,828
364,858	340,385	Underwriting Margin	121,050	124,721	119,087	114,881	115,429
		Health:					
554,566	590,630	Premium	177,401	185,381	191,784	188,337	189,357
-327,637	-348,945	Net Policy Obligations	-104,631	-110,180	-112,826	-113,264	-112,120
-122,300	-131,371	Commissions and Acquisition Expenses	-39,024	-41,211	-42,065	-39,640	-40,623
104,629	110,314	Underwriting Margin	33,746	33,990	36,893	35,433	36,614
16,997	15,764	Health - Part D Underwriting Margin	6,566	5,438	4,993	8,548	5,558
1,865	983	Annuity Underwriting Margin	699	608	558	365	259
488,349	467,446	Total Underwriting Margin	162,061	164,757	161,531	159,227	157,860
1,953	2,324	Other Income	713	697	543	510	778
-117,796	-114,922	Admin. Expenses	-39,887	-40,170	-37,739	-40,693	-38,413
372,506	354,848	Underwriting Income	122,887	125,284	124,335	119,044	120,225
		EXCESS INVESTMENT INCOME					
528,902	509,862	Net Investment Income	176,842	176,758	175,302	175,391	172,271
-250,344	-232,383	Required Interest on Net Policy Liabilities	-85,083	-83,512	-81,749	-80,460	-78,863
-58,183	-56,341	Interest on Debt	-19,444	-19,345	-19,394	-18,924	-18,724
220,375	221,138	Total Excess Investment Income	72,315	73,901	74,159	76,007	74,684
-6,162	-7,128	Parent Company Expenses	-1,351	-2,386	-2,425	-1,681	-1,965
586,719	568,858	Pre-Tax Operating Income	193,851	196,799	196,069	193,370	192,944
-192,982	-191,769	Income Tax	-62,392	-65,302	-65,288	-64,735	-64,837
\$393,737	\$377,089	Net Operating Income Before Stock Compensation Expense	\$131,459	\$131,497	\$130,781	\$128,635	\$128,107
-7,171	-5,895	Stock Compensation Expense, Net of Tax	-2,620	-2,572	-1,979	-1,806	-1,804
\$386,566	\$371,194	Net Operating Income from Continuing Operations	\$128,839	\$128,925	\$128,802	\$126,829	\$126,303
\$3.44	\$3.00	Per Share	\$1.22	\$1.14	\$1.08	\$1.04	\$1.03
0	18,531	Discontinued Operations - UILIC	0	0	0	9,401	6,059
\$386,566	\$389,725	Net Operating Income from All Operations	\$128,839	\$128,925	\$128,802	\$136,230	\$132,362
\$3.44	\$3.15	Per Share	\$1.22	\$1.14	\$1.08	\$1.12	\$1.08
112,272	123,751	Average Diluted Shares Outstanding	105,312	112,831	119,014	121,405	122,033
		Reconciling items, net of tax:					
\$13,747	\$6,697	Capital Gain (Loss) - Investments	\$8,190	\$21,016	-\$15,459	\$17,573	\$5,229
0	1,472	Capital Gain (Loss) - Discontinued Operations - UILIC	0	0	0	380	1,460
-455	-31,085	Loss on Disposal of Discontinued Operations	144	0	-599	-3,928	-31,085
-3,794	-4,553	Part D Adjustment	-118	-1,213	-2,463	4,553	6,565
-3,900	0	State administrative settlement	0	182	-4,082	0	0
-636	0	Loss on Sale of Equipment	0	30	-666	0	0
\$391,528	\$362,256	Net Income	\$137,055	\$148,940	\$105,533	\$154,808	\$114,531

TORCHMARK CORPORATION

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

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	3Q 2011	%	3Q 2010	%	3Q 2011	%	3Q 2010	%	3Q 2011	%	3Q 2010	%	3Q 2011	3Q 2010
LNL Exclusive Agency *														
Premium	\$71,891		\$73,228		\$69,733		\$79,732							
Net Policy Obligations	28,904	40	29,601	40	40,180	58	46,926	59						
Comm. & Acq. Exp.	26,666	37	28,037	38	20,079	29	21,054	26						
Underwriting Margin	16,321	23	15,590	21	9,474	14	11,752	15						
Direct Response														
Premium	145,268		141,503		14,061		13,750							
Net Policy Obligations	66,227	46	63,957	45	10,653	76	10,264	75						
Comm. & Acq. Exp.	42,162	29	41,599	29	755	5	696	5						
Underwriting Margin	36,879	25	35,947	25	2,653	19	2,790	20						
American Income Agency														
Premium	154,046		141,748		20,652		20,439							
Net Policy Obligations	47,510	31	42,884	30	8,053	39	7,365	36						
Comm. & Acq. Exp.	55,525	36	51,448	36	5,000	24	5,124	25						
Underwriting Margin	51,011	33	47,416	33	7,599	37	7,950	39						
Part D														
Premium									\$49,931		\$52,506			
Net Policy Obligations									40,695	82	44,316	84		
Net Amortization of DAC									869	2	951	2		
Fees to PBM									1,801	4	1,681	3		
Underwriting Margin									6,566	13	5,558	11		
Other Distribution														
Premium	58,722		60,565		72,955		75,436						\$140	\$152
Net Policy Obligations	22,234	38	23,345	39	45,745	63	47,565	63					-3,742	-2,675
Comm. & Acq. Exp.	19,649	33	20,744	34	13,190	18	13,749	18					3,183	2,568
Underwriting Margin	16,839	29	16,476	27	14,020	19	14,122	19					699	259
Totals:														
Premium	\$429,927		\$417,044		\$177,401		\$189,357		\$49,931		\$52,506		\$140	\$152
Net Policy Obligations	164,875	38	159,787	38	104,631	59	112,120	59	40,695	82	44,316	84	-3,742	-2,675
Comm. & Acq. Exp.	144,002	33	141,828	34	39,024	22	40,623	21	2,670	5	2,632	5	3,183	2,568
Underwriting Margin	\$121,050	28	\$115,429	28	\$33,746	19	\$36,614	19	\$6,566	13	\$5,558	11	\$699	\$259
TOTAL UNDERWRITING MARGINS, ALL LINES					\$162,061		\$157,860							
Other Income					713		778							
Administrative & Other Expenses					-39,887		-38,413							
INSURANCE UNDERWRITING INCOME					<u>\$122,887</u>		<u>\$120,225</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 9/11	%	YTD 9/10	%	YTD 9/11	%	YTD 9/10	%	YTD 9/11	%	YTD 9/10	%	YTD 9/11	YTD 9/10
LNL Exclusive Agency														
Premium	\$217,560		\$221,579		\$221,039		\$252,625							
Net Policy Obligations	86,972	40	96,859	44	127,780	58	148,726	59						
Comm. & Acq. Exp.	79,503	37	81,214	37	64,171	29	67,844	27						
Underwriting Margin	51,085	23	43,506	20	29,088	13	36,055	14						
Direct Response														
Premium	447,500		428,257		42,882		40,816							
Net Policy Obligations	204,588	46	189,017	44	32,896	77	30,568	75						
Comm. & Acq. Exp.	130,702	29	128,272	30	2,271	5	3,166	8						
Underwriting Margin	112,210	25	110,968	26	7,715	18	7,082	17						
American Income Agency														
Premium	451,054		416,318		59,943		59,323							
Net Policy Obligations	137,415	30	128,294	31	20,904	35	21,690	37						
Comm. & Acq. Exp.	163,570	36	150,309	36	15,041	25	15,014	25						
Underwriting Margin	150,069	33	137,715	33	23,998	40	22,619	38						
Part D														
Premium									\$148,241		\$157,727			
Net Policy Obligations									123,234	83	133,231	84		
Net Amortization of DAC									2,570	2	2,856	2		
Fees to PBM									5,440	4	5,876	4		
Underwriting Margin									16,997	11	15,764	10		
Other Distribution														
Premium	178,043		182,161		230,702		237,866						\$438	\$442
Net Policy Obligations	65,931	37	71,322	39	146,057	63	147,961	62					-10,505	-7,590
Comm. & Acq. Exp.	60,618	34	62,643	34	40,817	18	45,347	19					9,078	7,049
Underwriting Margin	51,494	29	48,196	26	43,828	19	44,558	19					1,865	983
Totals:														
Premium	\$1,294,157		\$1,248,315		\$554,566		\$590,630		\$148,241		\$157,727		\$438	\$442
Net Policy Obligations	494,906	38	485,492	39	327,637	59	348,945	59	123,234	83	133,231	84	-10,505	-7,590
Comm. & Acq. Exp.	434,393	34	422,438	34	122,300	22	131,371	22	8,010	5	8,732	6	9,078	7,049
Underwriting Margin	\$364,858	28	\$340,385	27	\$104,629	19	\$110,314	19	\$16,997	11	\$15,764	10	\$1,865	\$983
TOTAL UNDERWRITING MARGINS, ALL LINES					\$488,349		\$467,446							
Other Income					1,953		2,324							
Administrative & Other Expenses					-117,796		-114,922							
INSURANCE UNDERWRITING INCOME					<u>\$372,506</u>		<u>\$354,848</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 *

	<u>YTD 9/11</u>	<u>YTD 9/10</u>	<u>% Incr (Decr)</u>	<u>3rd Qtr. 2011</u>	<u>3rd Qtr. 2010</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$103,497	\$106,027	-2	\$30,590	\$31,705	-4
American Income Agency	105,273	104,711	1	36,248	33,541	8
LNL Exclusive Agency **	28,005	33,987	-18	8,790	11,398	-23
Other Distribution	7,784	8,129	-4	2,302	2,301	0
Total Life	<u>244,559</u>	<u>252,854</u>	<u>-3</u>	<u>77,930</u>	<u>78,945</u>	<u>-1</u>
<u>HEALTH</u>						
Direct Response	4,023	4,368	-8	997	870	15
American Income Agency	7,370	10,241	-28	2,286	3,151	-27
LNL Exclusive Agency **	12,073	10,844	11	4,934	3,353	47
UA Independent	19,440	19,220	1	7,611	5,224	46
Total Health	<u>42,906</u>	<u>44,673</u>	<u>-4</u>	<u>15,828</u>	<u>12,598</u>	<u>26</u>
Part D	17,971	24,725	-27	8,294	6,685	24
TOTAL NET SALES	\$305,436	\$322,252	-5	\$102,052	\$98,228	4

* 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 9/11</u>	<u>YTD 9/10</u>	<u>% Incr (Decr)</u>	<u>3rd Qtr. 2011</u>	<u>3rd Qtr. 2010</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$67,495	\$68,421	-1	\$21,157	\$22,020	-4
American Income Agency	83,972	83,113	1	28,431	27,917	2
LNL Exclusive Agency **	24,086	26,542	-9	7,658	8,617	-11
Other Distribution	7,153	7,928	-10	2,331	2,632	-11
Total Life	<u>182,706</u>	<u>186,004</u>	<u>-2</u>	<u>59,577</u>	<u>61,186</u>	<u>-3</u>
<u>HEALTH</u>						
Direct Response	3,686	7,036	-48	1,065	2,677	-60
American Income Agency	8,910	10,757	-17	3,083	4,013	-23
LNL Exclusive Agency **	8,864	12,773	-31	3,050	3,674	-17
UA Independent	21,100	25,878	-18	6,928	9,376	-26
Total Health	<u>42,560</u>	<u>56,444</u>	<u>-25</u>	<u>14,126</u>	<u>19,740</u>	<u>-28</u>
Part D	20,040	36,439	-45	6,137	13,207	-54
TOTAL FIRST YEAR COLLECTED PREMIUM	\$245,306	\$278,887	-12	\$79,840	\$94,133	-15

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

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

	At September 30,	
	2011	2010
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$11,657,513	\$10,965,135
Equity securities available for sale	17,308	17,601
Mortgage loans	560	14,844
Real estate	1,519	1,518
Policy loans	395,391	370,763
Other long-term investments	23,036	26,235
Short-term investments	48,535	119,694
Total investments	12,143,862	11,515,790
Cash	175,960	30,264
Accrued investment income	193,790	191,037
Other receivables	232,354	205,210
Deferred acquisition costs	3,409,077	3,311,266
Value of insurance purchased	38,798	44,692
Property and equipment	48,849	51,543
Goodwill	396,891	396,891
Other assets	331,799	323,929
Assets held for sale	0	1,645,845
Total assets	\$16,971,380	\$17,716,467
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$9,470,005	\$9,031,866
Unearned and advance premium	73,202	79,015
Policy claims and other benefits payable	227,165	218,279
Other policy liabilities	92,424	90,633
Current and deferred income taxes	1,501,233	1,340,590
Short-term debt	225,672	188,865
Long-term debt	914,046	913,135
Other liabilities	284,580	311,545
Liabilities held for sale	0	1,274,845
Total liabilities	12,788,327	13,448,773
Shareholders' equity:		
Preferred stock	0	0
Common stock **	119,812	83,875
Additional paid-in-capital	445,238	447,296
Unrealized investment gains (losses), net of tax	545,602	356,836
Retained earnings	3,813,959	3,554,063
Treasury stock, at cost	-741,558	-174,376
Total shareholders' equity	4,183,053	4,267,694
Total liabilities and shareholders' equity	\$16,971,380	\$17,716,467
Diluted Basis:		
Shares outstanding	102,233	121,315
Book value per common share	\$40.92	\$35.18
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$35.20	\$31.95
* Amortized cost of fixed maturities from Continuing Operations	\$10,715,972	\$10,392,871
** Common stock increased due to a 3 for 2 stock split		

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2011

Investment Portfolio at 9/30/11	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$10,716	96%	75%
Equities	15	0%	2%
Mortgage loans	1	0%	10%
Investment real estate	2	0%	1%
Policy loans	395	4%	4%
Other long-term investments	23	0%	4%
Short-term investments	<u>49</u>	<u>0%</u>	<u>4%</u>
 Total	 \$11,200	 100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 9/30/11

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	\$9,982	\$11,049	\$1,067	A-	93%
Below Investment Grade	<u>734</u>	<u>608</u>	<u>-126</u>	B+	7%
 Total	 \$10,716	 \$11,658	 \$942	 A-	

By Type

Corporates	8,138	\$9,023	\$885	BBB+	76%
Redeemable preferred stock:					
U.S.	1,102	1,073	-30	BBB	10%
Foreign	85	77	-8	BBB	1%
Municipals	1,213	1,336	123	AA	11%
Government-sponsored enterprises	34	35	1	AAA	0%
Government & Agencies	36	37	2	AAA	0%
Residential mortgage-backed securities	15	16	1	AAA	0%
CDO's	59	25	-35	C+	1%
Other asset-backed securities	<u>34</u>	<u>36</u>	<u>2</u>	A-	0%
 Total	 \$10,716	 \$11,658	 \$942	 A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 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	\$1,780	\$1,818	\$38	BBB+	17%
Financial - Bank	1,338	1,313	-25	A-	12%
Financial - Financial Guarantor	16	14	-2	A	0%
Financial - Insurance Brokers	47	49	3	BBB-	0%
Financial - Other	445	462	16	A-	4%
Utilities	1,699	1,996	297	BBB+	16%
Energy	1,195	1,348	153	BBB+	11%
Consumer, Non-cyclical	518	611	93	BBB+	5%
Consumer, Cyclical	334	357	23	BBB	3%
Communications	469	517	48	BBB+	4%
Basic Materials	734	828	95	BBB+	7%
Transportation	312	369	57	BBB	3%
Technology	66	81	15	BBB+	1%
Other Industrials	407	446	39	BBB	4%
ABS - CDO	59	25	-35	C+	1%
MBS	15	16	1	AAA	0%
Government	1,282	1,408	125	AA	12%
Total	\$10,716	\$11,658	\$942	A-	

<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	\$490	\$1,099	\$105	\$1,780
Financial - Bank	122	140	440	425	211	1,338
Financial - Financial Guarantor			16			16
Financial - Insurance Brokers				47		47
Financial - Other		113	61	268	3	445
Utilities		75	640	947	37	1,699
Energy		12	239	932	12	1,195
Consumer, Non-cyclical		32	249	196	40	518
Consumer, Cyclical		40	51	167	76	334
Communications			245	172	53	469
Basic Materials		53	152	445	84	734
Transportation		6	50	256		312
Technology			37	26	3	66
Other Industrials			125	230	51	407
ABS - CDO					59	59
MBS	15					15
Government	372	724	186	0		1,282
Total \$	\$509	\$1,281	\$2,981	\$5,211	\$734	\$10,716
% of Total	5%	12%	28%	49%	7%	100%

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

<u>Below Investment Grade Bonds by Sector</u>	<u>9/30/11</u>	<u>6/30/11</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$105	\$105	\$0
Financial - Bank	211	211	0
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	37	0
Energy	12	0	12
Consumer, Non-cyclical	40	40	0
Consumer, Cyclical	76	77	-1
Communications	53	53	0
Basic Materials	84	84	0
Transportation	0	0	0
Technology	3	3	0
Other Industrials	51	50	1
ABS - CDO	59	58	1
MBS	0	0	0
Government	0	0	0
Total	\$734	\$721	\$13

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>9/30/11</u>	<u>6/30/11</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$516	\$531	-\$15
Asset Class 4	284	240	44
Asset Class 5	158	166	-8
Asset Class 6 (at market value)	25	22	3
	\$983	\$959	\$24

Fixed Maturity Acquisitions:

	<u>3Q'11</u>	<u>3Q'10</u>
Amount	\$134	\$447
Yield	5.5%	5.6%
Ratings	BBB+	A-
Average Life To:		
First Call	28.9	23.0
Maturity	29.1	25.4