

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/11	12/10		2011	2011	2011	2011	2010
		UNDERWRITING INCOME					
		Life:					
\$1,726,244	\$1,663,699	Premium	\$432,087	\$429,927	\$433,573	\$430,657	\$415,384
-660,880	-648,104	Net Policy Obligations	-165,974	-164,875	-164,006	-166,025	-162,612
-579,129	-560,329	Commissions and Acquisition Expenses	-144,736	-144,002	-144,846	-145,545	-137,891
<u>486,235</u>	<u>455,266</u>	Underwriting Margin	<u>121,377</u>	<u>121,050</u>	<u>124,721</u>	<u>119,087</u>	<u>114,881</u>
		Health:					
733,783	778,967	Premium	179,217	177,401	185,381	191,784	188,337
-434,172	-462,209	Net Policy Obligations	-106,535	-104,631	-110,180	-112,826	-113,264
-161,172	-171,011	Commissions and Acquisition Expenses	-38,872	-39,024	-41,211	-42,065	-39,640
<u>138,439</u>	<u>145,747</u>	Underwriting Margin	<u>33,810</u>	<u>33,746</u>	<u>33,990</u>	<u>36,893</u>	<u>35,433</u>
23,552	24,312	Health - Part D Underwriting Margin	6,555	6,566	5,438	4,993	8,548
<u>2,345</u>	<u>1,348</u>	Annuity Underwriting Margin	<u>480</u>	<u>699</u>	<u>608</u>	<u>558</u>	<u>365</u>
650,571	626,673	Total Underwriting Margin	162,222	162,061	164,757	161,531	159,227
2,507	2,834	Other Income	554	713	697	543	510
-159,109	-155,615	Admin. Expenses	-41,313	-39,887	-40,170	-37,739	-40,693
493,969	473,892	Underwriting Income	121,463	122,887	125,284	124,335	119,044
		EXCESS INVESTMENT INCOME					
707,041	685,253	Net Investment Income	178,139	176,842	176,758	175,302	175,391
-336,800	-312,843	Required Interest on Net Policy Liabilities	-86,456	-85,083	-83,512	-81,749	-80,460
-77,644	-75,265	Interest on Debt	-19,461	-19,444	-19,345	-19,394	-18,924
292,597	297,145	Total Excess Investment Income	72,222	72,315	73,901	74,159	76,007
-7,693	-8,809	Parent Company Expenses	-1,531	-1,351	-2,386	-2,425	-1,681
778,873	762,228	Pre-Tax Operating Income	192,154	193,851	196,799	196,069	193,370
-254,729	-256,504	Income Tax	-61,747	-62,392	-65,302	-65,288	-64,735
\$524,144	\$505,724	Net Operating Income Before Stock Compensation Expense	\$130,407	\$131,459	\$131,497	\$130,781	\$128,635
-9,720	-7,701	Stock Compensation Expense, Net of Tax	-2,549	-2,620	-2,572	-1,979	-1,806
\$514,424	\$498,023	Net Operating Income from Continuing Operations	\$127,858	\$128,839	\$128,925	\$128,802	\$126,829
\$4.68	\$4.04	Per Share	\$1.25	\$1.22	\$1.14	\$1.08	\$1.04
0	27,932	Discontinued Operations - UILIC	0	0	0	0	9,401
\$514,424	\$525,955	Net Operating Income from All Operations	\$127,858	\$128,839	\$128,925	\$128,802	\$136,230
\$4.68	\$4.27	Per Share	\$1.25	\$1.22	\$1.14	\$1.08	\$1.12
109,815	123,123	Average Diluted Shares Outstanding	102,369	105,312	112,831	119,014	121,405
		Reconciling items, net of tax:					
\$16,838	\$24,270	Capital Gain (Loss) - Investments	\$3,091	\$8,190	\$21,016	-\$15,459	\$17,573
0	1,852	Capital Gain (Loss) - Discontinued Operations - UILIC	0	0	0	0	380
-455	-35,013	Loss on Disposal of Discontinued Operations	0	144	0	-599	-3,928
0	0	Part D Adjustment	3,794	-118	-1,213	-2,463	4,553
-4,486	0	State administrative settlement	-586	0	182	-4,082	0
-636	0	Loss on Sale of Equipment	0	0	30	-666	0
-7,800	0	Litigation Expense	-7,800	0	0	0	0
<u>\$517,885</u>	<u>\$517,064</u>	Net Income	<u>\$126,357</u>	<u>\$137,055</u>	<u>\$148,940</u>	<u>\$105,533</u>	<u>\$154,808</u>

TORCHMARK CORPORATION

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

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	4Q 2011	%	4Q 2010	%	4Q 2011	%	4Q 2010	%	4Q 2011	%	4Q 2010	%	4Q 2011	4Q 2010
LNL Exclusive Agency *														
Premium	\$70,748		\$73,008		\$69,068		\$78,431							
Net Policy Obligations	27,823	39	31,085	43	39,676	57	47,108	60						
Comm. & Acq. Exp.	26,467	37	25,351	35	19,882	29	21,297	27						
Underwriting Margin	16,458	23	16,572	23	9,510	14	10,026	13						
Direct Response														
Premium	146,150		138,347		14,185		13,512							
Net Policy Obligations	66,736	46	64,057	46	10,883	77	10,654	79						
Comm. & Acq. Exp.	43,428	30	40,295	29	723	5	464	3						
Underwriting Margin	35,986	25	33,995	25	2,579	18	2,394	18						
American Income Agency														
Premium	156,860		144,331		20,176		19,736							
Net Policy Obligations	49,681	32	43,779	30	8,559	42	6,539	33						
Comm. & Acq. Exp.	56,672	36	52,506	36	4,873	24	5,029	25						
Underwriting Margin	50,507	32	48,046	33	6,744	33	8,168	41						
Part D														
Premium									\$48,469		\$51,243			
Net Policy Obligations									38,712	80	38,900	76		
Net Amortization of DAC									844	2	1,330	3		
Fees to PBM									2,358	5	2,465	5		
Underwriting Margin									6,555	14	8,548	17		
Other Distribution														
Premium	58,329		59,698		75,788		76,658						\$170	\$196
Net Policy Obligations	21,734	37	23,691	40	47,417	63	48,963	64					-3,988	-2,976
Comm. & Acq. Exp.	18,169	31	19,739	33	13,394	18	12,850	17					3,678	2,807
Underwriting Margin	18,426	32	16,268	27	14,977	20	14,845	19					480	365
Totals:														
Premium	\$432,087		\$415,384		\$179,217		\$188,337		\$48,469		\$51,243		\$170	\$196
Net Policy Obligations	165,974	38	162,612	39	106,535	59	113,264	60	38,712	80	38,900	76	-3,988	-2,976
Comm. & Acq. Exp.	144,736	33	137,891	33	38,872	22	39,640	21	3,202	7	3,795	7	3,678	2,807
Underwriting Margin	\$121,377	28	\$114,881	28	\$33,810	19	\$35,433	19	\$6,555	14	\$8,548	17	\$480	\$365
TOTAL UNDERWRITING MARGINS, ALL LINES					\$162,222		\$159,227							
Other Income					554		510							
Administrative & Other Expenses					-41,313		-40,693							
INSURANCE UNDERWRITING INCOME					<u>\$121,463</u>		<u>\$119,044</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 12/11	%	YTD 12/10	%	YTD 12/11	%	YTD 12/10	%	YTD 12/11	%	YTD 12/10	%	YTD 12/11	YTD 12/10
LNL Exclusive Agency														
Premium	\$288,308		\$294,587		\$290,107		\$331,056							
Net Policy Obligations	114,795	40	127,944	43	167,456	58	195,834	59						
Comm. & Acq. Exp.	105,970	37	106,565	36	84,053	29	89,141	27						
Underwriting Margin	67,543	23	60,078	20	38,598	13	46,081	14						
Direct Response														
Premium	593,650		566,604		57,067		54,328							
Net Policy Obligations	271,324	46	253,074	45	43,779	77	41,222	76						
Comm. & Acq. Exp.	174,130	29	168,567	30	2,994	5	3,630	7						
Underwriting Margin	148,196	25	144,963	26	10,294	18	9,476	17						
American Income Agency														
Premium	607,914		560,649		80,119		79,059							
Net Policy Obligations	187,096	31	172,073	31	29,463	37	28,229	36						
Comm. & Acq. Exp.	220,242	36	202,815	36	19,914	25	20,043	25						
Underwriting Margin	200,576	33	185,761	33	30,742	38	30,787	39						
Part D														
Premium									\$196,710		\$208,970			
Net Policy Obligations									161,946	82	172,131	82		
Net Amortization of DAC									3,414	2	4,186	2		
Fees to PBM									7,798	4	8,341	4		
Underwriting Margin									23,552	12	24,312	12		
Other Distribution														
Premium	236,372		241,859		306,490		314,524						\$608	\$638
Net Policy Obligations	87,665	37	95,013	39	193,474	63	196,924	63					-14,493	-10,566
Comm. & Acq. Exp.	78,787	33	82,382	34	54,211	18	58,197	19					12,756	9,856
Underwriting Margin	69,920	30	64,464	27	58,805	19	59,403	19					2,345	1,348
Totals:														
Premium	\$1,726,244		\$1,663,699		\$733,783		\$778,967		\$196,710		\$208,970		\$608	\$638
Net Policy Obligations	660,880	38	648,104	39	434,172	59	462,209	59	161,946	82	172,131	82	-14,493	-10,566
Comm. & Acq. Exp.	579,129	34	560,329	34	161,172	22	171,011	22	11,212	6	12,527	6	12,756	9,856
Underwriting Margin	\$486,235	28	\$455,266	27	\$138,439	19	\$145,747	19	\$23,552	12	\$24,312	12	\$2,345	\$1,348
TOTAL UNDERWRITING MARGINS, ALL LINES					\$650,571		\$626,673							
Other Income					2,507		2,834							
Administrative & Other Expenses					-159,109		-155,615							
INSURANCE UNDERWRITING INCOME					<u>\$493,969</u>		<u>\$473,892</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 12/11</u>	<u>YTD 12/10</u>	<u>% Incr (Decr)</u>	<u>4th Qtr. 2011</u>	<u>4th Qtr. 2010</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$136,663	\$136,653	0	\$33,166	\$30,626	8
American Income Agency	141,793	137,554	3	36,520	32,843	11
LNL Exclusive Agency **	36,338	44,763	-19	8,333	10,776	-23
Other Distribution	10,404	10,561	-1	2,620	2,432	8
Total Life	<u>325,198</u>	<u>329,531</u>	<u>-1</u>	<u>80,639</u>	<u>76,677</u>	<u>5</u>
<u>HEALTH</u>						
Direct Response	4,991	5,097	-2	968	729	33
American Income Agency	9,572	13,081	-27	2,202	2,840	-22
LNL Exclusive Agency **	16,847	14,189	19	4,774	3,345	43
UA Independent	32,649	32,040	2	13,209	12,820	3
Total Health	<u>64,059</u>	<u>64,407</u>	<u>-1</u>	<u>21,153</u>	<u>19,734</u>	<u>7</u>
Part D	115,122	38,799	197	97,151	14,074	590
TOTAL NET SALES	\$504,379	\$432,737	17	\$198,943	\$110,485	80

* 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 12/11</u>	<u>YTD 12/10</u>	<u>% Incr (Decr)</u>	<u>4th Qtr. 2011</u>	<u>4th Qtr. 2010</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$88,962	\$89,542	-1	\$21,467	\$21,121	2
American Income Agency	113,151	110,751	2	29,179	27,638	6
LNL Exclusive Agency **	31,296	34,845	-10	7,210	8,303	-13
Other Distribution	9,413	10,364	-9	2,260	2,436	-7
Total Life	<u>242,822</u>	<u>245,502</u>	<u>-1</u>	<u>60,116</u>	<u>59,498</u>	<u>1</u>
<u>HEALTH</u>						
Direct Response	4,781	9,650	-50	1,095	2,614	-58
American Income Agency	11,652	13,965	-17	2,742	3,208	-15
LNL Exclusive Agency **	12,576	15,759	-20	3,712	2,986	24
UA Independent	29,575	35,637	-17	8,475	9,759	-13
Total Health	<u>58,584</u>	<u>75,011</u>	<u>-22</u>	<u>16,024</u>	<u>18,567</u>	<u>-14</u>
Part D	26,823	48,945	-45	6,783	12,506	-46
TOTAL FIRST YEAR COLLECTED PREMIUM	\$328,229	\$369,458	-11	\$82,923	\$90,571	-8

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

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

	At December 31,	
	2011	2010
Assets		
Investments:		
Fixed maturities available for sale *	\$11,888,205	\$10,543,034
Equity securities available for sale	17,056	17,154
Mortgage loans	551	14,481
Real estate	3,165	2,154
Policy loans	400,914	378,124
Other long-term investments	22,451	26,350
Short-term investments	21,244	216,680
Total investments	12,353,586	11,197,977
Cash	84,113	365,679
Accrued investment income	192,325	183,861
Other receivables	253,549	230,319
Deferred acquisition costs	3,447,016	3,363,484
Value of insurance purchased	37,835	42,851
Property and equipment	47,845	54,782
Goodwill	396,891	396,891
Other assets	343,231	323,918
Total assets	\$17,156,391	\$16,159,762
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$9,572,257	\$9,150,031
Unearned and advance premium	69,539	74,165
Policy claims and other benefits payable	222,254	221,598
Other policy liabilities	92,487	91,293
Current and deferred income taxes	1,518,695	1,209,433
Short-term debt	224,842	198,875
Long-term debt	914,282	913,354
Other liabilities	313,127	284,772
Total liabilities	12,927,483	12,143,521
Shareholders' equity:		
Preferred stock	0	0
Common stock **	112,312	119,812
Additional paid-in-capital	425,331	432,608
Unrealized investment gains (losses), net of tax	549,423	22,958
Retained earnings	3,634,481	3,473,482
Treasury stock, at cost	-492,639	-32,619
Total shareholders' equity	4,228,908	4,016,241
Total liabilities and shareholders' equity	\$17,156,391	\$16,159,762
Diluted Basis:		
Shares outstanding	101,808	120,815
Book value per common share	\$41.54	\$33.24
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$35.59	\$32.69
* Amortized cost of fixed maturities from Continuing Operations	\$10,924,244	\$10,435,497

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2011

Investment Portfolio at 12/31/11

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$10,924	96%	76%
Equities	15	0%	2%
Mortgage loans	1	0%	10%
Investment real estate	3	0%	1%
Policy loans	401	4%	4%
Other long-term investments	22	0%	4%
Short-term investments	21	0%	3%
Total	\$11,387	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 12/31/11

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$10,223	\$11,309	\$1,086	A-	94%
Below Investment Grade	701	579	-122	B+	6%
Total	\$10,924	\$11,888	\$964	A-	

By Type

Corporates	8,357	\$9,271	\$913	BBB+	77%
Redeemable preferred stock:					
U.S.	1,078	1,044	-34	BBB	10%
Foreign	85	78	-7	BBB	1%
Municipals	1,213	1,330	117	AA	11%
Government-sponsored enterprises	35	35	1	AAA	0%
Government & Agencies	47	49	2	AAA	0%
Residential mortgage-backed securities	14	15	1	AAA	0%
CDO's	60	30	-30	C+	1%
Other asset-backed securities	34	36	2	BBB	0%
Total	\$10,924	\$11,888	\$964	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 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	\$1,785	\$1,814	\$29	BBB+	16%
Financial - Bank	1,320	1,281	-40	A-	12%
Financial - Financial Guarantor	16	15	-2	A	0%
Financial - Insurance Brokers	47	50	3	BBB-	0%
Financial - Other	445	469	23	A-	4%
Utilities	1,709	2,019	310	BBB+	16%
Energy	1,243	1,431	188	BBB+	11%
Consumer, Non-cyclical	538	625	87	BBB+	5%
Consumer, Cyclical	394	419	25	BBB	4%
Communications	464	518	54	BBB+	4%
Basic Materials	758	863	105	BBB+	7%
Transportation	315	366	50	BBB	3%
Technology	66	82	16	BBB+	1%
Other Industrials	452	478	26	BBB	4%
ABS - CDO	60	30	-30	C+	1%
MBS	14	15	1	AAA	0%
Government	1,295	1,414	119	AA	12%
Total	\$10,924	\$11,888	\$964	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	\$496	\$1,099	\$105	\$1,785
Financial - Bank	63	190	416	474	177	1,320
Financial - Financial Guarantor			16			16
Financial - Insurance Brokers				47		47
Financial - Other		114	61	268	3	445
Utilities		92	636	945	37	1,709
Energy		12	239	980	12	1,243
Consumer, Non-cyclical	11	32	238	218	40	538
Consumer, Cyclical		40	51	227	76	394
Communications			240	172	53	464
Basic Materials		43	152	480	84	758
Transportation		7	50	259		315
Technology			0	0	0	0
Other Industrials			162	303	54	519
ABS - CDO					60	60
MBS	14					14
Government	384	724	187	0		1,295
Total \$	\$473	\$1,338	\$2,941	\$5,471	\$701	\$10,924
% of Total	4%	12%	27%	50%	6%	100%

TORCHMARK CORPORATION
Invested Assets
Excluding Discontinued Operations - UILIC
(Millions of \$)
December 31, 2011

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/11</u>	<u>9/30/11</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$105	\$105	\$0
Financial - Bank	177	211	-33
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	12	0
Consumer, Non-cyclical	40	40	0
Consumer, Cyclical	76	76	0
Communications	53	53	0
Basic Materials	84	84	0
Transportation	0	0	0
Technology	0	3	-3
Other Industrials	54	51	3
ABS - CDO	60	59	1
MBS	0	0	0
Government	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$701	\$734	-\$33

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>12/31/11</u>	<u>9/30/11</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$466	\$516	-\$50
Asset Class 4	269	284	-15
Asset Class 5	158	158	0
Asset Class 6 (at market value)	30	25	5
	<u>30</u>	<u>25</u>	<u>5</u>
	\$923	\$983	-\$60

Fixed Maturity Acquisitions:

	<u>4Q'11</u>	<u>4Q'10</u>
Amount	\$273	\$314
Yield	5.2%	5.8%
Ratings	A-	A
Average Life To:		
First Call	28.1	27.0
Maturity	28.3	29.1