

TORCHMARK CORPORATION
Operating Summary (Unaudited)
(In thousands, except per share amounts)
Prior Year Data Has Been Restated for ASU 2010-26

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/12	3/11		2012	2011	2011	2011	2011
		UNDERWRITING INCOME					
		Life:					
\$451,878	\$430,657	Premium	\$451,878	\$432,087	\$429,927	\$433,573	\$430,657
-172,275	-166,025	Net Policy Obligations	-172,275	-165,974	-164,875	-164,006	-166,025
-138,785	-132,951	Non-deferred Commissions and Amortization	-138,785	-131,406	-130,883	-132,294	-132,951
-14,683	-19,961	Non-deferred Acquisition Expense	-14,683	-16,956	-19,099	-20,851	-19,961
<u>126,135</u>	<u>111,720</u>	Underwriting Margin	<u>126,135</u>	<u>117,751</u>	<u>115,070</u>	<u>116,422</u>	<u>111,720</u>
		Health:					
180,596	191,784	Premium	180,596	179,217	177,401	185,381	191,784
-108,223	-112,826	Net Policy Obligations	-108,223	-106,535	-104,631	-110,180	-112,826
-29,717	-31,086	Non-deferred Commissions and Amortization	-29,717	-29,052	-28,987	-30,434	-31,086
-2,905	-3,659	Non-deferred Acquisition Expense	-2,905	-3,338	-4,505	-3,713	-3,659
<u>39,751</u>	<u>44,213</u>	Underwriting Margin	<u>39,751</u>	<u>40,292</u>	<u>39,278</u>	<u>41,054</u>	<u>44,213</u>
7,905	5,128	Health - Part D Underwriting Margin	7,905	6,703	6,720	5,602	5,128
<u>872</u>	<u>558</u>	Annuity Underwriting Margin	<u>872</u>	<u>480</u>	<u>699</u>	<u>608</u>	<u>558</u>
174,663	161,619	Total Underwriting Margin	174,663	165,226	161,767	163,686	161,619
409	543	Other Income	409	554	713	697	543
-40,570	-37,739	Admin. Expenses	-40,570	-41,313	-39,887	-40,170	-37,739
<u>134,502</u>	<u>124,423</u>	Underwriting Income	<u>134,502</u>	<u>124,467</u>	<u>122,593</u>	<u>124,213</u>	<u>124,423</u>
		EXCESS INVESTMENT INCOME					
179,648	175,302	Net Investment Income	179,648	178,139	176,842	176,758	175,302
-96,350	-90,132	Required Interest on Net Policy Liabilities	-96,350	-94,874	-93,488	-91,917	-90,132
-19,605	-19,394	Interest on Debt	-19,605	-19,461	-19,444	-19,345	-19,394
<u>63,693</u>	<u>65,776</u>	Total Excess Investment Income	<u>63,693</u>	<u>63,804</u>	<u>63,910</u>	<u>65,496</u>	<u>65,776</u>
-1,921	-2,425	Parent Company Expenses	-1,921	-1,531	-1,351	-2,386	-2,425
196,274	187,774	Pre-Tax Operating Income	196,274	186,740	185,152	187,323	187,774
-64,307	-62,385	Income Tax	-64,307	-59,851	-59,348	-61,985	-62,385
\$131,967	\$125,389	Net Operating Income Before Stock Compensation Expense	\$131,967	\$126,889	\$125,804	\$125,338	\$125,389
-3,656	-1,979	Stock Compensation Expense, Net of Tax	-3,656	-2,549	-2,620	-2,572	-1,979
\$128,311	\$123,410	Net Operating Income	\$128,311	\$124,340	\$123,184	\$122,766	\$123,410
\$1.27	\$1.04	Per Share	\$1.27	\$1.21	\$1.17	\$1.09	\$1.04
101,260	119,014	Average Diluted Shares Outstanding	101,260	102,369	105,312	112,831	119,014
		Reconciling items, net of tax:					
\$3,254	-\$15,459	Capital Gain (Loss) - Investments	\$3,254	\$3,091	\$8,190	\$21,016	-\$15,459
0	-599	Loss on Disposal of Discontinued Operations	0	0	144	0	-599
-12,888	-2,463	Part D Adjustment	-12,888	3,794	-118	-1,213	-2,463
0	-4,082	State administrative settlement	0	-586	0	182	-4,082
0	-666	Loss on Sale of Equipment	0	0	0	30	-666
0	0	Litigation Expense	0	-7,800	0	0	0
<u>\$118,677</u>	<u>\$100,141</u>	Net Income	<u>\$118,677</u>	<u>\$122,839</u>	<u>\$131,400</u>	<u>\$142,781</u>	<u>\$100,141</u>

TORCHMARK CORPORATION
Operating Summary Detail of ASU 2010-26 Impact (Unaudited)
(In thousands, except per share amounts)

	Pre ASU 2010-26 1Q 2012	Adjustments due to ASU 2010-26	Post ASU 2010-26 1Q 2012
UNDERWRITING INCOME			
Life:			
Premium	\$451,878	\$0	\$451,878
Net Policy Obligations	-172,275	0	-172,275
Non-deferred Commissions and Amortization	-152,635	13,850	-138,785
Non-deferred Acquisition Expenses	0	-14,683	-14,683
Underwriting Margin	<u>126,968</u>	<u>-833</u>	<u>126,135</u>
Health:			
Premium	180,596	0	180,596
Net Policy Obligations	-108,223	0	-108,223
Non-deferred Commissions and Amortization	-39,633	9,916	-29,717
Non-deferred Acquisition Expenses	0	-2,905	-2,905
Underwriting Margin	<u>32,740</u>	<u>7,011</u>	<u>39,751</u>
Health - Part D Underwriting Margin	7,838	67	7,905
Annuity Underwriting Margin	<u>872</u>	<u>0</u>	<u>872</u>
Total Underwriting Margin	168,418	6,245	174,663
Other Income	409	0	409
Admin. Expenses	<u>-40,570</u>	<u>0</u>	<u>-40,570</u>
Underwriting Income	128,257	6,245	134,502
EXCESS INVESTMENT INCOME			
Net Investment Income	179,648	0	179,648
Required Interest on Net Policy Liabilities	-87,675	-8,675	-96,350
Interest on Debt	<u>-19,605</u>	<u>0</u>	<u>-19,605</u>
Total Excess Investment Income	72,368	-8,675	63,693
Parent Company Expenses	<u>-1,921</u>	<u>0</u>	<u>-1,921</u>
Pre-Tax Operating Income	198,704	-2,430	196,274
Income Tax	<u>-65,158</u>	<u>851</u>	<u>-64,307</u>
Net Operating Income Before Stock Compensation Expense	\$133,547	-\$1,580	\$131,967
Stock Compensation Expense, Net of Tax	<u>-3,656</u>	<u>0</u>	<u>-3,656</u>
Net Operating Income	\$129,891	-\$1,580	\$128,311
Per Share	\$1.28	-\$0.02	\$1.27

TORCHMARK CORPORATION
Operating Summary Detail of ASU 2010-26 Restatement (Unaudited)
(In thousands, except per share amounts)

	Original Year Ended 12/31/2011	Adjustments due to ASU 2010-26	Restated Year Ended 12/31/2011
UNDERWRITING INCOME			
Life:			
Premium	\$1,726,244	\$0	\$1,726,244
Net Policy Obligations	-660,880	0	-660,880
Non-deferred Commissions and Amortization	-579,129	51,595	-527,534
Non-deferred Acquisition Expenses	0	-76,867	-76,867
Underwriting Margin	<u>486,235</u>	<u>-25,272</u>	<u>460,963</u>
Health:			
Premium	733,783	0	733,783
Net Policy Obligations	-434,172	0	-434,172
Non-deferred Commissions and Amortization	-161,172	41,613	-119,559
Non-deferred Acquisition Expenses	0	-15,215	-15,215
Underwriting Margin	<u>138,439</u>	<u>26,398</u>	<u>164,837</u>
Health - Part D Underwriting Margin	23,552	601	24,153
Annuity Underwriting Margin	<u>2,345</u>	<u>0</u>	<u>2,345</u>
Total Underwriting Margin	650,571	1,727	652,298
Other Income	2,507	0	2,507
Admin. Expenses	<u>-159,109</u>	<u>0</u>	<u>-159,109</u>
Underwriting Income	493,969	1,727	495,696
EXCESS INVESTMENT INCOME			
Net Investment Income	707,041	0	707,041
Required Interest on Net Policy Liabilities	-336,800	-33,611	-370,411
Interest on Debt	<u>-77,644</u>	<u>0</u>	<u>-77,644</u>
Total Excess Investment Income	292,597	-33,611	258,986
Parent Company Expenses	<u>-7,693</u>	<u>0</u>	<u>-7,693</u>
Pre-Tax Operating Income	778,873	-31,884	746,989
Income Tax	<u>-254,729</u>	<u>11,160</u>	<u>-243,569</u>
Net Operating Income Before Stock Compensation Expense	\$524,144	-\$20,724	\$503,420
Stock Compensation Expense, Net of Tax	<u>-9,720</u>	<u>0</u>	<u>-9,720</u>
Net Operating Income	\$514,424	-\$20,724	\$493,700
Per Share	\$4.68	-\$0.19	\$4.50

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	1Q 2012	%	1Q 2011	%	1Q 2012	%	1Q 2011	%	1Q 2012	%	1Q 2011	%	1Q 2012	1Q 2011
LNL Exclusive Agency														
Premium	\$71,529		\$73,143		\$69,571		\$77,478							
Net Policy Obligations	29,266	41	29,933	41	40,619	58	45,065	58						
Non Def Comm. & Amort.	20,893	29	21,031	29	13,499	19	13,713	18						
Non Def Acq. Expenses	3,829	5	7,686	11	1,318	2	2,062	3						
Underwriting Margin	17,541	25	14,493	20	14,135	20	16,638	21						
Direct Response														
Premium	161,282		151,577		14,589		14,662							
Net Policy Obligations	72,745	45	69,124	46	11,361	78	11,209	76						
Non Def Comm. & Amort.	44,655	28	42,424	28	737	5	764	5						
Non Def Acq. Expenses	5,422	3	5,118	3	21	0	5	0						
Underwriting Margin	38,460	24	34,911	23	2,470	17	2,684	18						
American Income Agency														
Premium	160,505		146,115		19,883		19,507							
Net Policy Obligations	49,329	31	44,796	31	7,463	38	6,263	32						
Non Def Comm. & Amort.	53,889	34	49,307	34	4,359	22	4,439	23						
Non Def Acq. Expenses	5,133	3	6,993	5	338	2	705	4						
Underwriting Margin	52,154	32	45,019	31	7,723	39	8,100	42						
Part D														
Premium									\$74,061		\$49,451			
Net Policy Obligations									61,967	84	41,766	84		
Net Amortization of DAC									1,057	1	628	1		
Non Def Acq. Expenses									170	0	0	0		
Fees to PBM									2,962	4	1,929	4		
Underwriting Margin									7,905	11	5,128	10		
Other Distribution														
Premium	58,562		59,822		76,553		80,137						\$153	\$138
Net Policy Obligations	20,935	36	22,172	37	48,780	64	50,289	63					-3,825	-3,210
Non Def Comm. & Amort.	19,348	33	20,189	34	11,122	15	12,170	15					3,106	2,790
Non Def Acq. Expenses	299	1	164	0	1,228	2	887	1					0	0
Underwriting Margin	17,980	31	17,297	29	15,423	20	16,791	21					872	558
Totals:														
Premium	\$451,878		\$430,657		\$180,596		\$191,784		\$74,061		\$49,451		\$153	\$138
Net Policy Obligations	172,275	38	166,025	39	108,223	60	112,826	59	61,967	84	41,766	84	-3,825	-3,210
Non Def Comm. & Amort.	138,785	31	132,951	31	29,717	16	31,086	16	4,019	5	2,557	5	3,106	2,790
Non Def Acq. Expenses	14,683	3	19,961	5	2,905	2	3,659	2	170	0	0	0	0	0
Underwriting Margin	\$126,135	28	\$111,720	26	\$39,751	22	\$44,213	23	\$7,905	11	\$5,128	10	\$872	\$558
TOTAL UNDERWRITING MARGINS, ALL LINES					\$174,663		\$161,619							
Other Income					409		543							
Administrative & Other Expenses					-40,570		-37,739							
INSURANCE UNDERWRITING INCOME					<u>\$134,502</u>		<u>\$124,423</u>							

TORCHMARK CORPORATION

Life Insurance Operations Analysis - Restated (Unaudited)
(In thousands)

	LIFE							
	1Q 2011	%	2Q 2011	%	3Q 2011	%	4Q 2011	%
LNL Exclusive Agency								
Premium	\$73,143		\$72,526		\$71,891		\$70,748	
Net Policy Obligations	29,933	41	28,135	39	28,904	40	27,823	39
Non Def Comm. & Amort.	21,031	29	20,956	29	20,704	29	20,623	29
Non Def Acq. Expenses	<u>7,686</u>	11	<u>8,977</u>	12	<u>6,671</u>	9	<u>4,618</u>	7
Underwriting Margin	14,493	20	14,458	20	15,612	22	17,684	25
Direct Response								
Premium	151,577		150,655		145,268		146,150	
Net Policy Obligations	69,124	46	69,237	46	66,227	46	66,736	46
Non Def Comm. & Amort.	42,424	28	41,441	28	39,940	27	41,164	28
Non Def Acq. Expenses	<u>5,118</u>	3	<u>4,558</u>	3	<u>4,917</u>	3	<u>5,766</u>	4
Underwriting Margin	34,911	23	35,419	24	34,184	24	32,484	22
American Income Agency								
Premium	146,115		150,893		154,046		156,860	
Net Policy Obligations	44,796	31	45,109	30	47,510	31	49,681	32
Non Def Comm. & Amort.	49,307	34	50,140	33	51,039	33	51,925	33
Non Def Acq. Expenses	<u>6,993</u>	5	<u>7,173</u>	5	<u>7,406</u>	5	<u>6,455</u>	4
Underwriting Margin	45,019	31	48,471	32	48,091	31	48,799	31
Other Distribution								
Premium	59,822		59,499		58,722		58,329	
Net Policy Obligations	22,172	37	21,525	36	22,234	38	21,734	37
Non Def Comm. & Amort.	20,189	34	19,757	33	19,200	33	17,694	30
Non Def Acq. Expenses	<u>164</u>	0	<u>143</u>	0	<u>105</u>	0	<u>117</u>	0
Underwriting Margin	17,297	29	18,074	30	17,183	29	18,784	32
Totals:								
Premium	\$430,657		\$433,573		\$429,927		\$432,087	
Net Policy Obligations	166,025	39	164,006	38	164,875	38	165,974	38
Non Def Comm. & Amort.	132,951	31	132,294	31	130,883	30	131,406	30
Non Def Acq. Expenses	<u>19,961</u>	5	<u>20,851</u>	5	<u>19,099</u>	4	<u>16,956</u>	4
Underwriting Margin	\$111,720	26	\$116,422	27	\$115,070	27	\$117,751	27

TORCHMARK CORPORATION

Health Insurance (Excluding Part D) Operations Analysis - Restated (Unaudited)
(In thousands)

	HEALTH							
	1Q 2011	%	2Q 2011	%	3Q 2011	%	4Q 2011	%
LNL Exclusive Agency								
Premium	\$77,478		\$73,828		\$69,733		\$69,068	
Net Policy Obligations	45,065	58	42,535	58	40,180	58	39,676	57
Non Def Comm. & Amort.	13,713	18	13,487	18	12,470	18	12,592	18
Non Def Acq. Expenses	<u>2,062</u>	3	<u>2,235</u>	3	<u>2,723</u>	4	<u>1,813</u>	3
Underwriting Margin	16,638	21	15,571	21	14,360	21	14,987	22
Direct Response								
Premium	14,662		14,159		14,061		14,185	
Net Policy Obligations	11,209	76	11,034	78	10,653	76	10,883	77
Non Def Comm. & Amort.	764	5	743	5	749	5	724	5
Non Def Acq. Expenses	<u>5</u>	0	<u>6</u>	0	<u>20</u>	0	<u>5</u>	0
Underwriting Margin	2,684	18	2,376	17	2,639	19	2,573	18
American Income Agency								
Premium	19,507		19,784		20,652		20,176	
Net Policy Obligations	6,263	32	6,588	33	8,053	39	8,559	42
Non Def Comm. & Amort.	4,439	23	4,484	23	4,443	22	4,319	21
Non Def Acq. Expenses	<u>705</u>	4	<u>553</u>	3	<u>652</u>	3	<u>266</u>	1
Underwriting Margin	8,100	42	8,159	41	7,504	36	7,032	35
Other Distribution								
Premium	80,137		77,610		72,955		75,788	
Net Policy Obligations	50,289	63	50,023	64	45,745	63	47,417	63
Non Def Comm. & Amort.	12,170	15	11,720	15	11,325	16	11,417	15
Non Def Acq. Expenses	<u>887</u>	1	<u>919</u>	1	<u>1,110</u>	2	<u>1,254</u>	2
Underwriting Margin	16,791	21	14,948	19	14,775	20	15,700	21
Totals:								
Premium	\$191,784		\$185,381		\$177,401		\$179,217	
Net Policy Obligations	112,826	59	110,180	59	104,631	59	106,535	59
Non Def Comm. & Amort.	31,086	16	30,434	16	28,987	16	29,052	16
Non Def Acq. Expenses	<u>3,659</u>	2	<u>3,713</u>	2	<u>4,505</u>	3	<u>3,338</u>	2
Underwriting Margin	\$44,213	23	\$41,054	22	\$39,278	22	\$40,292	22

TORCHMARK CORPORATION

Part D Insurance Operations Analysis - Restated (Unaudited)
(In thousands)

	PART D							
	1Q 2011	%	2Q 2011	%	3Q 2011	%	4Q 2011	%
Premium	\$49,451		\$48,859		\$49,931		\$48,469	
Net Policy Obligations	41,766	84	40,773	83	40,695	82	38,712	80
Net Amortization of DAC	628	1	774	2	715	1	696	1
Non Def Acq. Expenses	0	0	0	0	0	0	0	0
Fees to PBM	<u>1,929</u>	4	<u>1,710</u>	3	<u>1,801</u>	4	<u>2,358</u>	5
Underwriting Margin	<u>5,128</u>	10	<u>5,602</u>	11	<u>6,720</u>	13	<u>6,703</u>	14

TORCHMARK CORPORATION

Net Sales and First Year Collected Premium (Unaudited)
(In thousands)

NET SALES *

	<u>YTD 3/12</u>	<u>YTD 3/11</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>			
Direct Response	\$39,368	\$36,166	9
American Income Agency	38,589	32,865	17
LNL Exclusive Agency **	7,401	9,443	-22
Other Distribution	2,770	2,636	5
Total Life	<u>88,128</u>	<u>81,110</u>	<u>9</u>
<u>HEALTH</u>			
Direct Response	1,584	1,698	-7
American Income Agency	2,185	2,499	-13
LNL Exclusive Agency **	3,457	2,971	16
UA Independent	7,837	7,120	10
Total Health	<u>15,063</u>	<u>14,288</u>	<u>5</u>
Part D	25,076	7,491	235
TOTAL NET SALES	\$128,267	\$102,889	25

* 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 3/12</u>	<u>YTD 3/11</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>			
Direct Response	\$24,955	\$23,450	6
American Income Agency	30,441	27,298	12
LNL Exclusive Agency **	6,945	8,298	-16
Other Distribution	2,396	2,405	0
Total Life	<u>64,737</u>	<u>61,451</u>	<u>5</u>
<u>HEALTH</u>			
Direct Response	1,123	1,588	-29
American Income Agency	2,482	2,867	-13
LNL Exclusive Agency **	3,670	2,927	25
UA Independent	6,817	7,014	-3
Total Health	<u>14,092</u>	<u>14,396</u>	<u>-2</u>
Part D	31,510	7,190	338
TOTAL FIRST YEAR COLLECTED PREMIUM	\$110,339	\$83,037	33

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

TORCHMARK CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In thousands, except per share amounts)
Prior Year Data Has Been Restated for ASU 2010-26

	<u>At March 31,</u>	
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$11,954,840	\$10,679,547
Equity securities available for sale	17,134	16,979
Mortgage loans	542	14,112
Real estate	3,165	2,154
Policy loans	404,559	382,151
Other long-term investments	21,406	25,202
Short-term investments	55,978	271,019
Total investments	<u>12,457,624</u>	<u>11,391,164</u>
Cash	78,302	283,673
Accrued investment income	199,474	193,098
Other receivables	264,429	254,108
Deferred acquisition costs	2,914,594	2,843,168
Value of insurance purchased	36,561	41,484
Property and equipment	46,623	52,934
Goodwill	396,891	396,891
Other assets	339,914	323,560
Total assets	<u><u>\$16,734,412</u></u>	<u><u>\$15,780,080</u></u>
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$9,704,961	\$9,263,983
Unearned and advance premium	74,475	78,940
Policy claims and other benefits payable	241,191	229,067
Other policy liabilities	93,322	91,877
Current and deferred income taxes	1,332,334	1,057,215
Short-term debt	224,884	200,435
Long-term debt	914,528	913,582
Other liabilities	314,563	340,175
Total liabilities	<u>12,900,258</u>	<u>12,175,274</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	112,312	79,875
Additional paid-in-capital	437,037	441,062
Unrealized investment gains (losses), net of tax	501,290	55,836
Retained earnings	3,349,856	3,244,866
Treasury stock, at cost	-566,341	-216,833
Total shareholders' equity	<u>3,834,154</u>	<u>3,604,806</u>
Total liabilities and shareholders' equity	<u><u>\$16,734,412</u></u>	<u><u>\$15,780,080</u></u>
Diluted Basis:		
Shares outstanding	100,387	117,135
Book value per common share	\$38.19	\$30.77
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$32.70	\$29.94
* Amortized cost of fixed maturities	\$11,081,405	\$10,523,981

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2012

Investment Portfolio at 3/31/12

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$11,081	96%	76%
Equities	15	0%	2%
Mortgage loans	1	0%	10%
Investment real estate	3	0%	1%
Policy loans	405	3%	4%
Other long-term investments	21	0%	4%
Short-term investments	56	0%	3%
Total	\$11,582	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 3/31/12

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$10,358	\$11,324	\$966	A-	93%
Below Investment Grade	723	630	-93	B+	7%
Total	\$11,081	\$11,955	\$873	A-	

By Type

Corporates	\$8,520	\$9,310	\$791	BBB+	77%
Redeemable preferred stock:					
U.S.	1,078	1,068	-10	BBB	10%
Foreign	85	81	-4	BBB	1%
Municipals	1,212	1,339	126	AA	11%
Government-sponsored enterprises	47	46	-1	AAA	0%
Government & Agencies	36	37	1	AAA	0%
Residential mortgage-backed securities	14	15	1	AAA	0%
CDO's	61	29	-33	C+	1%
Other asset-backed securities	28	30	1	A-	0%
Total	\$11,081	\$11,955	\$873	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
March 31, 2012

<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	\$1,816	\$1,867	\$51	BBB+	16%
Financial - Bank	1,329	1,326	-3	BBB+	12%
Financial - Financial Guarantor	16	15	-1	A-	0%
Financial - Insurance Brokers	47	50	3	BBB-	0%
Financial - Other	470	502	31	A-	4%
Utilities	1,837	2,083	246	BBB+	17%
Energy	1,215	1,361	146	BBB+	11%
Consumer, Non-cyclical	550	627	77	BBB+	5%
Consumer, Cyclical	393	418	25	BBB	4%
Communications	474	521	47	BBB+	4%
Basic Materials	745	823	78	BBB+	7%
Transportation	310	349	39	BBB	3%
Technology	66	80	14	BBB+	1%
Other Industrials	443	467	25	BBB	4%
ABS - CDO	61	29	-33	C+	1%
MBS	14	15	1	AAA	0%
Government	1,295	1,422	127	AA	12%
Total	\$11,081	\$11,955	\$873	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		\$116	\$496	\$1,145	\$59	\$1,816
Financial - Bank	64	181	406	433	246	1,329
Financial - Financial Guarantor			16			16
Financial - Insurance Brokers				47		47
Financial - Other		114	85	268	3	470
Utilities		38	822	941	37	1,837
Energy		12	204	987	12	1,215
Consumer, Non-cyclical	11	32	242	226	40	550
Consumer, Cyclical		40	51	228	75	393
Communications			249	172	53	474
Basic Materials		17	152	493	84	745
Transportation		7	47	256		310
Technology			37	26	3	66
Other Industrials			115	276	51	443
ABS - CDO					61	61
MBS	14					14
Government	384	760	151	0		1,295
Total \$	\$472	\$1,316	\$3,073	\$5,497	\$723	\$11,081
% of Total	4%	12%	28%	50%	7%	100%

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2012

<u>Below Investment Grade Bonds by Sector</u>	<u>3/31/12</u>	<u>12/31/11</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$105	-\$46
Financial - Bank	246	177	68
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	75	76	-1
Communications	53	53	0
Basic Materials	84	84	0
Transportation	0	0	0
Technology	3	0	3
Other Industrials	51	54	-3
ABS - CDO	61	60	1
MBS	0	0	0
Government	0	0	0
	<hr/>	<hr/>	<hr/>
Total	\$723	\$701	\$22

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>3/31/12</u>	<u>12/31/11</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$568	\$466	\$102
Asset Class 4	323	269	54
Asset Class 5	158	158	0
Asset Class 6 (at market value)	29	30	-1
	<hr/>	<hr/>	<hr/>
	\$1,078	\$923	\$155

Fixed Maturity Acquisitions:

	<u>1Q'12</u>	<u>1Q'11</u>
Amount	\$232	\$265
Yield	4.8%	6.0%
Ratings	A-	A-
Average Life To:		
First Call	29.7	27.1
Maturity	29.9	27.7