To the Stockholders of
TORCHMARK CORPORATION:

Torchmark’s 2006 annual meeting of stockholders will be held in the Company’s offices at 2001 Third Avenue South, Birmingham, Alabama 35233 at 10:00 a.m., Central Daylight Time, on Thursday, April 27, 2006. The meeting will be conducted using Robert’s Rules of Order and the Company’s Shareholder Rights Policy. This policy is posted on Torchmark’s web site at http://www.torchmarkcorp.com or you may obtain a printed copy by writing to the Corporate Secretary at the Company’s principal executive offices, 2001 Third Ave South, Birmingham, Alabama 35233.

The accompanying notice and proxy statement discuss proposals which will be submitted to a stockholder vote. If you have any questions or comments about the matters discussed in the proxy statement or about the operations of your Company, we will be pleased to hear from you.

It is important that your shares be voted at this meeting. Please mark, sign, and return your proxy or vote over the telephone or on the Internet. If you attend the meeting, you may withdraw your proxy and vote your stock in person if you desire to do so.

We hope that you will take this opportunity to meet with us to discuss the results and operations of the Company during 2005.

Sincerely,

Mark S. McAndrew
Chairman and Chief Executive Officer
Notice of Annual Meeting of Stockholders  

to be held April 27, 2006

To the Holders of Common Stock of  
TORCHMARK CORPORATION

The annual meeting of stockholders of Torchmark Corporation will be held in the Company’s offices at 2001 Third Avenue South, Birmingham, Alabama 35233 on Thursday, April 27, 2006 at 10:00 a.m., Central Daylight Time. The meeting will be conducted in accordance with Robert’s Rules of Order and the Company’s Shareholders Rights Policy. You will be asked to:

(1) Elect the nominees shown in the proxy statement as directors to serve for their designated terms or until their successors have been duly elected and qualified.

(2) Consider ratification of the appointment of Deloitte & Touche LLP as independent auditors.

(3) Approve the Torchmark Corporation Amended and Restated 2005 Incentive Plan.

(4) Consider a shareholder proposal regarding diversity of the Board of Directors.

(5) Transact any other business that properly comes before the meeting.

These matters are more fully discussed in the accompanying proxy statement.

The close of business on Friday, March 3, 2006 is the date for determining stockholders who are entitled to notice of and to vote at the annual meeting. You are requested to mark, date, sign, and return the enclosed form of proxy in the accompanying envelope, whether or not you expect to attend the annual meeting in person. You may also choose to vote your shares over the telephone or on the Internet. You may revoke your proxy at any time before it is voted at the meeting.

The annual meeting may be adjourned from time to time without further notice other than by an announcement at the meeting or at any adjournment. Any business described in this notice may be transacted at any adjourned meeting.

By Order of the Board of Directors

Carol A. McCoy  
Vice President, Associate Counsel & Secretary

Birmingham, Alabama  
March 20, 2006
PROXY STATEMENT

Solicitation of Proxies

The Board of Directors of Torchmark Corporation solicits your proxy for use at the 2006 annual meeting of stockholders and at any adjournment of the meeting. The annual meeting will be held in the Company offices at 2001 Third Avenue South, Birmingham, Alabama 35233 at 10:00 a.m., Central Daylight Time on Thursday, April 27, 2006. Mark S. McAndrew and Larry M. Hutchison are named as proxies on the proxy/direction card. They have been designated as directors’ proxies by the Board of Directors.

If the enclosed proxy/direction card is returned, properly executed, and in time for the meeting, your shares will be voted at the meeting. All proxies will be voted in accordance with the instructions set forth on the proxy/direction card. If proxies are executed and returned which do not specify a vote on the proposals considered, those proxies will be voted FOR proposals 1, 2 and 3 and AGAINST proposal 4. You have the right to revoke your proxy by giving written notice of revocation addressed to the Secretary of the Company at the address shown above at any time before the proxy is voted.

The card is considered to be voting instructions furnished to the respective trustees of each of the Torchmark Corporation Savings and Investment Plan, the Profit-Sharing and Retirement Plan of Liberty National Life Insurance Company, the Liberty National Life Insurance Company 401(k) Plan and the Waddell & Reed Financial, Inc. 401-K and Savings and Investment Plan with respect to shares allocated to individual’s accounts under these plans. If the account information is the same, participants in one or more of the plans who are also shareholders of record will receive a single card representing all their shares. If a plan participant does not return a proxy/direction card to the Company, the trustees of any plan in which shares are allocated to the participant’s individual account will vote those shares in the same proportion as the total shares in that plan for which directions have been received.

A simple majority vote of the holders of the issued and outstanding common stock of the Company represented in person or by proxy at the stockholders meeting is required to elect directors and approve all other matters put to a vote of stockholders. Abstentions are considered as shares present and entitled to vote. Abstentions have the same legal effect as a vote against a matter presented at the meeting. Any shares for which a broker or nominee does not have discretionary voting authority under applicable New York Stock Exchange rules will be considered as shares not entitled to vote and will not be considered in the tabulation of the votes.

Record Date and Voting Stock

Each stockholder of record at the close of business on March 3, 2006 is entitled to one vote for each share of common stock held on that date upon each proposal to be voted on by the stockholders at the meeting. At the close of business on March 3, 2006, there were 102,346,617 shares of common capital stock of the Company outstanding (not including 3,728,131 shares held by the Company which are non-voting while so held). There is no cumulative voting of the common stock.
**Principal Stockholders**

The following table lists all persons known to be the beneficial owner of more than five percent of the Company’s outstanding common stock as of December 31, 2005, as indicated from Schedule 13G filings with the Securities and Exchange Commission.

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Number of Shares</th>
<th>Percent of Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pzena Investment Management, LLC</td>
<td>9,907,348(1)</td>
<td>9.55%</td>
</tr>
<tr>
<td>120 West 45th Street, 20th Floor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York, New York 10036</td>
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<td></td>
</tr>
<tr>
<td>Franklin Resources, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles B. Johnson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rupert H. Johnson, Jr.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Franklin Parkway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Mateo, CA 94403-1906</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Templeton Global Advisors Limited</td>
<td>6,726,584(2)</td>
<td>6.5%</td>
</tr>
<tr>
<td>Lyford Cay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Office Box N-7729</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nassau, Bahamas</td>
<td></td>
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</tr>
</tbody>
</table>

(1) Pzena Investment Management, LLC, a Delaware investment adviser, has sole power to vote or direct the vote on 5,006,023 shares and sole power to dispose or direct the disposition of 9,907,348 shares.

(2) Franklin Resources, Inc. (FRI), a Delaware corporation, and Charles B. Johnson and Rupert H. Johnson, Jr. (Principal Shareholders), who each own in excess of 10% of the common stock of FRI, hold no shares of Torchmark stock directly except for 500 shares owned by Rupert H. Johnson, Jr. (sole voting and dispositive power). FRI and the Principal Shareholders disclaim beneficial ownership in all reported securities, except Rupert H. Johnson, Jr. does not make such disclaimer with respect to said 500 shares owned directly by him.

Except as reported above, all shares are beneficially owned by one or more closed-end investment companies or other managed accounts that are investment advisory clients of investment advisors that are direct and indirect subsidiaries of FRI (Adviser Subsidiaries). Adviser Subsidiaries report the following and disclaim beneficial ownership of the same:

<table>
<thead>
<tr>
<th>Adviser Subsidiary</th>
<th>Power to Vote or Direct Vote</th>
<th>Power to Dispose or Direct Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sole</td>
<td>Sole</td>
</tr>
<tr>
<td>Templeton Global Advisors Limited</td>
<td>5,422,907</td>
<td>5,494,437</td>
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<tr>
<td>Franklin Templeton Investment Management Limited</td>
<td>446,230</td>
<td>796,601</td>
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<tr>
<td>Templeton Investment Counsel, LLC</td>
<td>202,340</td>
<td>202,340</td>
</tr>
<tr>
<td>Franklin Templeton Investments Australia Limited</td>
<td>56,380</td>
<td>34,320</td>
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<tr>
<td>Franklin Templeton Alternative Strategies, Inc.</td>
<td>36,200</td>
<td>36,200</td>
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<tr>
<td>Franklin Templeton Portfolio Advisors, Inc.</td>
<td>29,106</td>
<td>29,106</td>
</tr>
<tr>
<td>Franklin Templeton Investments (Asia) Limited</td>
<td>26,340</td>
<td>26,340</td>
</tr>
<tr>
<td>Franklin Advisors, Inc.</td>
<td>24,980</td>
<td>24,980</td>
</tr>
<tr>
<td>Franklin Templeton Investments Corp.</td>
<td>18,730</td>
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<tr>
<td>Franklin Templeton Investments Japan Limited</td>
<td>11,630</td>
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<tr>
<td>Fiduciary Trust Company International</td>
<td>11,470</td>
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</tr>
<tr>
<td>Templeton Asset Management Ltd</td>
<td>4,900</td>
<td>4,900</td>
</tr>
</tbody>
</table>
Election of Directors

The Company’s By-laws provide that there will be not less than seven nor more than fifteen directors with the exact number to be fixed by the Board of Directors. The number of directors was increased by the Board to twelve persons in October 2005 and M. Jane Buchan and Robert W. Ingram were elected to fill the newly created directorships serving until the 2006 Annual Meeting of Shareholders. In February 2006, the Board reduced the number of directors to eleven persons effective upon the retirement of C. B. Hudson and to ten persons effective upon the retirement of Joseph M. Farley, as discussed below.

The Board of Directors proposes the election of David L. Boren, M. Jane Buchan, Robert W. Ingram, Harold T. McCormick and Paul J. Zucconi as directors, to hold office for a term of three years, expiring at the close of the annual meeting of stockholders to be held in 2009 or until their successors are elected and qualified. Messrs. Boren, Ingram, McCormick, Zucconi and Ms. Buchan’s current terms expire in 2006. C. B. Hudson retired as Chairman of the Board and as a director on February 22, 2006. Mr. Hudson retired from the Board with no disagreements with the Board or Company management. Joseph M. Farley reached the retirement age for non-officer directors of 78 and will retire from the Board as of the April 27, 2006 annual meeting of shareholders. The term of office of the other five directors continues until the close of the annual meeting of stockholders in the year shown in the biographical information below or until their successors are elected and qualified.

Non-officer directors first elected to the Board of Directors prior to April 28, 2005 retire from the Board of Directors at the annual meeting of stockholders which immediately follows their 78th birthday. Non-officer directors first elected to the Board after April 28, 2005 retire from the Board at the annual meeting of stockholders immediately following their 74th birthday. Directors who are employee officers of the Company retire from active service as directors at the annual stockholders meeting immediately following their 65th birthday.

If any of the nominees becomes unavailable for election, the directors’ proxies will vote for the election of any other person recommended by the Board of Directors unless the Board reduces the number of directors.

The Board recommends that the stockholders vote FOR the nominees.

Profiles of Directors and Nominees(1)

Charles E. Adair (age 58) has been a director since April, 2003. His term expires in 2007. He is also a director of Performance Food Group, Inc., Tech Data Corporation, and PSS World Medical, Inc. Principal Occupation: Partner, Cordova Ventures, Montgomery, Alabama, a venture capital management company since December, 1993.

David L. Boren (age 65) has been a director of the Company since April, 1996. He is also a director of AMR Corporation and Texas Instruments, Inc. Principal occupation: President of The University of Oklahoma, Norman, Oklahoma since November, 1994.

M. Jane Buchan (age 42) has been a director of the Company since October 2005. Principal Occupation: Chief Executive Officer and Managing Director of Pacific Alternative Asset Management Company, LLC, Irvine, California, an institutional fund of funds for pension plans of corporations, state governments and foreign retirement trusts, since March 2000. (Co-Managing Partner, Portfolio Manager of Collins Associates, Newport Beach, California 1987-March 2000; Visiting Lecturer, MBA Program, University of California, Irvine, California 2000).

Robert W. Ingram (age 57) has been a director of the Company since October 2005. Principal Occupation: Senior Associate Dean and Ross-Culverhouse Professor of Accounting in Culverhouse College of Commerce, University of Alabama, Tuscaloosa, Alabama since August, 2004. (Director, Culverhouse School of Accountancy, University of Alabama, 2002—2004; Director, Garner Center for Accounting Issues, University of Alabama, 1991—2001).
Joseph L. Lanier, Jr. (age 74) has been a director of the Company since 1980. His term expires in 2007. He is also a director of Dan River Incorporated, Flowers Foods and Alliance One International, Inc. Principal occupation: Chairman of the Board of Dan River Incorporated, Danville, Virginia, a textile manufacturer, since November 1989. (Chief Executive Officer of Dan River Incorporated November 1989-February 2005).


Harold T. McCormick (age 77) has been a director since April, 1992. Principal occupation: Chairman and Chief Executive Officer of Bay Point Yacht & Country Club, Panama City, Florida, since March, 1988; Director, First Ireland Spirits Co., Ltd., Abbeyleix, Ireland, since February, 2001 (Chairman, February, 1996-February, 2001).

Sam R. Perry (age 71) has been a director of the Company since October 2004. His term expires in 2008. Principal occupation: Attorney in Private Practice, Austin, Texas since October 2004. (Shareholder and Of Counsel at Sneed Vine & Perry P.C., Austin, Texas December 2003-September 2004; Shareholder, Officer and Director of Sneed Vine & Perry, P.C. June 1961-December 2002.)

Lamar C. Smith (age 58) has been a director of the Company since October, 1999. His term expires in 2008. Principal Occupation: Chairman since 1992 and Chief Executive Officer since 1990 of First Command Financial Services, Inc., Fort Worth, Texas, a financial services company providing insurance, mutual funds and banking services to current and former commissioned and non-commissioned military officers.


PROPOSAL NUMBER 2

Approval of Auditors

A proposal to ratify the appointment of the firm of Deloitte & Touche LLP as the principal independent accountants of the Company to audit the financial statements of the Company and its subsidiaries for the year ending December 31, 2006 will be presented to the stockholders at the annual meeting. Deloitte & Touche served as the principal independent accountants of Torchmark, auditing the financial statements of the Company and its subsidiaries for the fiscal year ended December 31, 2005 and has served in such capacity since 1999. The Audit Committee of the Board has appointed Deloitte & Touche to serve as the Company’s principal independent accountants for 2006 and has recommended ratification by stockholders of the appointment of Deloitte & Touche for 2006.

A representative of Deloitte & Touche is expected to be present at the meeting and available to respond to appropriate questions and, although the firm has indicated that no statement will be made, an opportunity for a statement will be provided.

If the stockholders do not ratify the appointment of Deloitte & Touche LLP, the selection of independent auditors will be reconsidered by the Audit Committee of the Board of Directors.

The Board recommends that stockholders vote FOR the proposal.

PROPOSAL NUMBER 3

APPROVAL OF THE TORCHMARK CORPORATION AMENDED AND RESTATED 2005 INCENTIVE PLAN

The Board of Directors adopted the Torchmark Corporation 2005 Incentive Plan (the “Incentive Plan”) and the Torchmark Corporation 2005 Non-Employee Director Incentive Plan (the “Director Plan”), both of which were approved by the Company’s stockholders at the 2005 annual meeting. As of March 1, 2006, there are approximately 698,969 shares remaining available for future awards under the Incentive Plan, and 164,805 shares remaining available for future awards under the Director Plan.

In the second quarter of 2005, a voluntary stock option exercise and restoration program was authorized for non-employee directors under the Director Plan and for officers, key employees and consultants under the Incentive Plan. Under this program, 120 non-employee directors, officers, key employees and consultants exercised vested stock options originally granted under the Torchmark Corporation 1998 Stock Incentive Plan (the “1998 Incentive Plan”) and received a lesser number of new stock options at the current market price under the Director Plan or the Incentive Plan, as applicable. A substantial number of new shares issued in these option exercises were immediately sold in the open market by program participants to cover option exercise prices of the new shares and related income taxes. As a result of the program, management’s ownership in the Company increased and the Company received a significant tax benefit. The program resulted in the issuance of 4,032,407 stock options under the Incentive Plan and 121,915 stock options under the Director Plan.

The Board of Directors believes it is in the best interests of the Company and its stockholders to amend the Incentive Plan and the Director Plan to make the Director Plan a subplan of the Incentive Plan, and to combine the shares remaining available for future awards under the Director Plan into the Incentive Plan. Accordingly, on February 22, 2006, subject to stockholder approval at the Annual Meeting, the Board adopted amendments to the Incentive Plan to (i) permit the grant of awards under the plan to non-employee directors, (ii) increase by 164,805 the number of shares available under the plan, and (iii) to make certain other minor amendments to reflect new tax and accounting rules. The Board also amended and restated the Director Plan to provide that such plan will be a subplan of the Incentive Plan, and that all shares of common stock that may be issued pursuant to the Director Plan will be issued pursuant to and under the Incentive Plan. Combining the shares available under the Director Plan into the Incentive Plan will permit the Company greater flexibility in making future equity incentive awards to employees, officers and directors without any increase to the potential future dilution of stockholder interests.

As of March 1, 2006, there were approximately 250 employees, officers, directors and consultants eligible to participate in the Incentive Plan. We also maintain the 1998 Incentive Plan, but will not grant any additional awards under such plan.
A summary of the Incentive Plan, as proposed to be amended and restated, is set forth below. This summary is qualified in its entirety by the full text of the plan, which is attached to this Proxy Statement as Appendix A.

Summary of the Plan

Purpose. The purpose of the plan is to promote the Company’s success by linking the personal interests of its employees, officers, directors and consultants to those of the Company’s stockholders, and by providing participants with an incentive for outstanding performance.

Permissible Awards. The plan authorizes the granting of awards in any of the following forms:

- options to purchase shares of common stock, which may be nonstatutory stock options or incentive stock options under the U.S. tax code (the “Code”). All such options shall be granted at 100% of the fair market value of our common stock on the grant date and shall have the term fixed by the Compensation Committee, which shall in no instance exceed seven years; and
- restricted stock, which is subject to restrictions on transferability and subject to forfeiture on terms set by the Compensation Committee.

Shares Available for Awards. Prior to the proposed amendments, the aggregate number of shares of common stock reserved and available for issuance pursuant to awards granted under the plan is 5,625,000. The proposed amendments would add the shares remaining available under the Director Plan into the Incentive Plan, which would result in an additional 164,805 shares being available for awards under the Incentive Plan, for a total of 5,789,805. The maximum number of shares of common stock that may be issued upon the exercise of incentive stock options granted under the plan is 1,000,000. The maximum number of shares of common stock that may be issued as restricted stock under the plan is 50,000.

Limitation on Awards. The maximum number of shares of common stock that may be covered by options granted under the plan to any one person during any one calendar year is 800,000. The maximum number of shares of common stock issuable with respect to restricted stock under the plan that may be granted to any one person during any one calendar year is 7,000.

Administration. The plan will be administered by the Compensation Committee. The Compensation Committee will have the authority to designate participants; determine the type or types of awards to be granted to each participant and the number, terms and conditions thereof; establish, adopt or revise any rules and regulations as it may deem advisable to administer the plan; and make all other decisions and determinations that may be required under the plan. The Board of Directors may at any time administer the plan. If it does so, it will have all the powers of the Compensation Committee under the plan.

Limitations on Transfer; Beneficiaries. Unless specifically permitted by the Compensation Committee in limited circumstances, awards granted under the plan are not transferable or assignable by a participant other than by will or the laws of descent and distribution or (except in the case of an incentive stock option) pursuant to a qualified domestic relations order. Awards are exercisable during the lifetime of the participant only by the participant, and by the participant’s legal representative in the event of the death or disability of the participant. A participant may, in the manner determined by the Compensation Committee, designate a beneficiary to exercise the rights of the participant and to receive any distribution with respect to any award upon the participant’s death.

Acceleration Upon Certain Events. Unless otherwise provided in an award certificate, if a participant’s service terminates by reason of death or disability, or if a participant is terminated without cause or resigns for good reason (as such terms are defined in the plan) within one year after a change in control, all of such participant’s outstanding options will become fully vested and exercisable and all time-based vesting restrictions on his or her outstanding awards will lapse. In addition, the Compensation Committee may determine that upon a participant’s death, disability, retirement or termination of service, all or a portion of such participant’s options will become fully or partially exercisable, and/or that all or a portion of the restrictions on all or a portion of such participant’s outstanding awards will lapse as of such date as the Compensation Committee may, in its sole discretion, declare. The Compensation Committee may discriminate among participants or among awards in exercising such discretion.
**Adjustments.** In the event of a stock split, a dividend payable in shares of common stock, or a combination or consolidation of the common stock into a lesser number of shares, the share authorization limits under the plan will automatically be adjusted proportionately, and the shares then subject to each award will automatically be adjusted proportionately without any change in the aggregate purchase price for such award. If we are involved in another corporate transaction or event that affects the common stock, such as an extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares, the share authorization limits under the plan will be adjusted proportionately, and the Compensation Committee may adjust outstanding awards to preserve the benefits or potential benefits of the awards.

**Termination and Amendment**

The Board of Directors or the Compensation Committee may, at any time and from time to time, terminate or amend the plan, but if an amendment to the plan would materially increase the benefits accruing to participants, materially increase the number of shares of stock issuable under the plan, expand the types of awards provided under the plan, materially expand the class of participants eligible to participate in the plan, materially extend the term of the plan or otherwise constitute a material amendment requiring stockholder approval under applicable listing requirements, laws, policies or regulations, then such amendment will be subject to stockholder approval. In addition, the Board of Directors or the Compensation Committee may condition any amendment on the approval the stockholders for any other reason. No termination or amendment of the plan may adversely affect any award previously granted under the plan without the written consent of the participant.

The Compensation Committee may amend or terminate outstanding awards. However, such amendments may require the consent of the participant and, unless approved by the stockholders, the exercise price of an outstanding option may not be reduced, directly or indirectly, and the original term of an option may not be extended.

**Prohibition on Repricing**

As indicated above under “Termination and Amendment,” outstanding stock options cannot be repriced, directly or indirectly, without the prior consent of our stockholders. The exchange of an “underwater” option (i.e., an option having an exercise price in excess of the current market value of the underlying stock) for another award would be considered an indirect repricing and would, therefore, require the prior consent of our stockholders.

**Certain Federal Tax Effects**

**Nonstatutory Stock Options.** There will be no federal income tax consequences to the optionee or to us upon the grant of a nonstatutory stock option under the plan. When the optionee exercises a nonstatutory option, however, he or she will recognize ordinary income in an amount equal to the excess of the fair market value of the common stock received upon exercise of the option at the time of exercise over the exercise price, and we will be allowed a corresponding deduction. Any gain that the optionee realizes when he or she later sells or disposes of the option shares will be short-term or long-term capital gain, depending on how long the shares were held.

**Incentive Stock Options.** There typically will be no federal income tax consequences to the optionee or to us upon the grant or exercise of an incentive stock option. If the optionee holds the option shares for the required holding period of at least two years after the date the option was granted or one year after exercise, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and we will not be entitled to a federal income tax deduction. If the optionee disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, he or she will recognize taxable ordinary income in an amount equal to the excess of the fair market value of the option shares at the time of exercise over the exercise price, and we will be allowed a federal income tax deduction equal to such amount. While the exercise of an incentive stock option does not result in current taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be an item of adjustment for purposes of determining the optionee’s alternative minimum taxable income.
Restricted Stock. Unless a participant makes an election to accelerate recognition of the income to the date of grant as described below, a participant will not recognize income, and we will not be allowed a tax deduction, at the time a restricted stock award is granted, provided that the award is nontransferable and is subject to a substantial risk of forfeiture. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less any amount he or she paid for the stock), and we will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m). If the participant files an election under Code Section 83(b) within 30 days after the date of grant of the restricted stock, he or she will recognize ordinary income as of the date of grant equal to the fair market value of the stock as of that date (less any amount paid for the stock), and we will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Code Section 162(m). Any future appreciation in the stock will be taxable to the participant at capital gains rates. However, if the stock is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the Code Section 83(b) election.

Code Section 409A. Restricted stock awards and stock options that comply with the terms of the plan and do not have a deferral feature are generally exempt from the application of Code Section 409A.

Benefits to Named Executive Officers and Others. The table below shows, as of March 1, 2006, the stock options, which have been granted to the named individuals and groups under the 2005 Incentive Plan and the 2005 Non-Employee Director Incentive Plan which are proposed to become a single plan, the Torchmark Corporation Amended and Restated 2005 Incentive Plan. Any future awards under the plan will be made at the discretion of our Board of Directors or the Compensation Committee, as the case may be. Consequently, we cannot determine, with respect to (1) our executive officers, (2) all current executive officers as a group, (3) all non-executive directors, as a group, or (4) all eligible participants, including all current officers who are not executive officers, as a group, either the benefits or amounts that will be received in the future by such persons or groups pursuant to the plan.

Torchmark Corporation 2005 Incentive Plan:

<table>
<thead>
<tr>
<th>Name and Position</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.B. Hudson,</td>
<td>799,999</td>
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<tr>
<td>Chairman until February 2006; Chief Executive Officer until August 2005</td>
<td></td>
</tr>
<tr>
<td>Mark S. McAndrew,</td>
<td>407,181</td>
</tr>
<tr>
<td>Chairman since February 2006 and Chief Executive Officer since August 2005; Chairman of Insurance Operations and President and Chief Executive Officer of Globe until August 2005</td>
<td></td>
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<tr>
<td>Tony G. Brill,</td>
<td>297,508</td>
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<tr>
<td>Executive Vice President and Chief Administrative Officer</td>
<td></td>
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<tr>
<td>Gary L. Coleman,</td>
<td>248,947</td>
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<tr>
<td>Executive Vice President and Chief Financial Officer</td>
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<td>Larry M. Hutchison,</td>
<td>246,685</td>
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<tr>
<td>Executive Vice President and General Counsel</td>
<td></td>
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<tr>
<td>Rosemary J. Montgomery,</td>
<td>251,657</td>
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<td>Executive Vice President and Chief Actuary</td>
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<td>Executive Group,</td>
<td>3,127,589</td>
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<td>2005 Incentive Plan</td>
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<tr>
<td>Non-Executive Director Group</td>
<td>210,195</td>
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<tr>
<td>Non-Executive Officer Employee Group</td>
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</table>

1 Options granted in 2005 from the Torchmark Corporation 2005 Incentive Plan, for which officers, key employees and consultants are eligible. In 2005, pursuant to such plan, the Compensation Committee authorized a special restoration option program whereby participating optionees exercised options previously granted under the Company’s former 1998 Stock Incentive Plan and received restoration options
under the Incentive Plan in the following amounts: Hudson, 799,999 options; McAndrew, 332,181 options; Brill, 247,508 options; Coleman, 188,947 options; Hutchison, 186,685 options; Montgomery, 191,657 options; Executive Group, 2,584,086 options; and Non-Executive Officer Employee Group, 288,319 options. Regular annual option awards in 2005 and 2005 bonuses paid as options under this plan were as follows: Hudson, 0 options; McAndrew, 75,000 options; Brill, 50,000 options; Coleman, 60,000 options; Hutchison, 60,000 options; Montgomery, 60,000 options; Executive Group, 543,503 options; and Non-Executive Officer Employee Group, 362,120 options.

2 Options awarded pursuant to the Torchmark Corporation 2005 Non-Employee Director Incentive Plan, comprised of 121,915 restoration options awarded to non-employee directors in 2005 restoration option program and 88,280 options awarded in 2005 and 2006 under the formula-based stock option, non-formula based option (to newly-elected directors) and deferred compensation stock option provisions.

3 Does not include restoration options to consultants and their transferees (583,716 options) and regular annual grant to a consultant (6,000 options).

Recommendation of the Board

The Board has approved and declared the advisability of the Amended and Restated 2005 Director Plan and believes that it is fair to and in the best interest of the Company and its shareholders. The Board recommends that shareholders vote “FOR” Proposal 3.

PROPOSAL NUMBER 4
Shareholder Proposal

Torchmark received the following resolution submitted by CHRISTUS Health and Catholic Healthcare West and is including the proposal in this Proxy Statement in accordance with SEC Rule 14a-8 of the Securities and Exchange Act of 1934. Torchmark will provide the address for the proponents as well as the number of common shares of Torchmark that they hold promptly upon written or oral request addressed to the Corporate Secretary at the Company’s executive offices.

BOARD DIVERSITY – TORCHMARK CORP

WHEREAS: Torchmark Corp. currently has a distinguished board of twelve persons, all of whom are white;

We believe that our Board should take every reasonable step to ensure that persons from minority racial groups are in the pool from which Board nominees are chosen; therefore be it

RESOLVED that the shareholders request the Board:

1. In connection with its search for suitable Board candidates, to ensure that persons from minority racial groups are among those it considers for nomination to the Board.

2. To publicly commit itself to a policy of board inclusiveness, including steps to be taken and a timeline for implementing that policy.

3. To report to shareholders, at reasonable expense (and omitting proprietary information) by September 2006:
   a. On its efforts to encourage diversified representation on the board; and
   b. Whether, in the nominating committee’s charter or its procedures, diversity is included as a criterion in selecting the total membership of the Board.
SUPPORTING STATEMENT

Recent corporate scandals resulted in the enactment of the Sarbanes-Oxley Act and both the stock exchanges and the SEC have taken actions to enhance the independence, accountability and responsiveness of corporate boards, including requiring greater Board and committee independence.

We believe that in order to enhance such independence it is necessary for corporations to aggressively seek diversity by gender, age and race among their board candidates. As companies seek new board members to meet the new independence standards, there is a unique opportunity to enhance diversity on the board. Several corporations (including MorganChase, Coke, Johnson & Johnson, Pfizer, Proctor and Gamble and TimeWarner) have included their commitment to board diversity (by gender and race) in the charter for their nominating committee. We believe that the judgment and perspectives offered from deliberations of a diverse board of directors improve the quality of their decision making and will enhance business performance by enabling a company to respond more effectively to the needs of their customers.

We note that only a relatively small number of S&P 500 companies have all white boards. We believe that many publicly held corporations have benefited from the perspectives brought by many well-qualified board members who are women or minority group members. For that reason, some institutional investors are pressuring companies to diversity their boards. For example, the 2003 corporate governance guidelines of America’s largest institutional investor (TIAA-CREF) calls for diversity of directors by experience, sex, age and race.

Similarly, in 2002 the $20 billion Connecticut Retirement and Trust Funds launched a “board diversity initiative”. “My first priority as treasurer is the bottom line” said Connecticut State Treasurer, Denise Nappier, “Greater diversity leads to better corporate governance, which is good for Connecticut’s investments. I regard diversity as key to the functioning of an effective board. In a complex global market you need to pick from the largest pool of talent available to you,” said Ms. Nappier.

We urge the Board to enlarge its search for qualified members by casting a wider net.

The Board of Directors of the Company OPPOSES the adoption of the resolution for the following reasons:

The Company’s Corporate Governance Guidelines discuss director qualification standards in the areas of Board membership criteria, size of the Board, term limits, retirement policy and selection of the Chairman of the Board. In addition to the factors described in the Corporate Governance Guidelines, the Governance and Nominating Committee and the Board of Directors have adopted a listing of qualifications of directors which should at a minimum be considered as factors in the nomination or appointment of members of the Board. Those factors include integrity, absence of conflicts of interest, achievement/experience, business understanding, oversight, available time, age, independence and diversity. Specifically, the Qualifications of Directors states: “Directors should be selected so that the Board reflects appropriate diversity.” (Emphasis added)

The Company’s Governance and Nominating Committee has a long standing stated policy of receiving, evaluating, and considering the names and qualifications of any potential director candidates from all sources, including shareholders of the Company. As a part of that policy, the Governance and Nominating Committee performs its tasks seeking the best possible director nominees for the Board whatever the gender, racial background, ethnicity or religion of the potential director candidates and irrespective of whether the candidate is submitted by a shareholder, Company employee, a member of Company management or a present or former director. When vacancies arise on the Board, the Governance and Nominating Committee does and will continue to work to ensure that the Board meets the established qualifications of directors, including diversity. The Board of Directors believes rigid implementation through a fixed timeline for inclusion of a designated number of directors from minority racial groups may not necessarily achieve the best possible Board for the Company and accordingly will not serve the best interests of the Company or its shareholders.
The Board of Directors recommends a vote **AGAINST** the proposal.

**OTHER BUSINESS**

The directors are not aware of any other matters which may properly be and are likely to be brought before the meeting. If any other proper matters are brought before the meeting, the persons named in the proxy, or in the event no person is named, Mark S. McAndrew and Larry M. Hutchison will vote in accordance with their judgment on these matters.
INFORMATION REGARDING DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Executive Officers

The following table shows certain information concerning each person deemed to be an executive officer of the Company, except those persons also serving as directors. Each executive officer is elected by the Board of Directors of the Company or its subsidiaries annually and serves at the pleasure of that board. There are no arrangements or understandings between any executive officer and any other person pursuant to which the officer was selected.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Principal Occupation and Business Experience for the Past Five Years(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tony G. Brill</td>
<td>63</td>
<td>Executive Vice President and Chief Administrative Officer of Company since September, 1999.</td>
</tr>
<tr>
<td>Gary L. Coleman</td>
<td>54</td>
<td>Executive Vice President and Chief Financial Officer of Company since September, 1999.</td>
</tr>
<tr>
<td>Vern D. Herbel</td>
<td>48</td>
<td>President and Chief Executive Officer of United American since July, 2004; Executive Vice President of Globe and American Income since May, 2002. (Executive Vice President August, 2002-July, 2004 and Senior Vice President May, 1999-August, 2002 of United American; Senior Vice President of Globe January, 1996-May, 2002).</td>
</tr>
<tr>
<td>Charles F. Hudson</td>
<td>49</td>
<td>President and Chief Executive Officer of Globe since August, 2005. (Senior Vice President August, 2001-August, 2005 and Vice President, Marketing May, 1998-August, 2001 of Globe).</td>
</tr>
<tr>
<td>Larry M. Hutchison</td>
<td>52</td>
<td>Executive Vice President and General Counsel of Company since September, 1999.</td>
</tr>
<tr>
<td>Andrew W. King</td>
<td>48</td>
<td>President and Chief Marketing Officer of Liberty since January, 2006. (President, Branch Office Marketing Division of United American, September, 1999-January, 2006).</td>
</tr>
<tr>
<td>Anthony L. McWhorter</td>
<td>56</td>
<td>Chief Executive Officer of Liberty and UILIC since September, 1999; President of UILIC since September, 1998; Executive Vice President of Company since September, 1999. (President of Liberty, December, 1994-January, 2006; Chairman of Liberty and UILIC, September, 1999-June, 2001).</td>
</tr>
<tr>
<td>Rosemary J. Montgomery</td>
<td>56</td>
<td>Executive Vice President and Chief Actuary of Company since September, 1999.</td>
</tr>
<tr>
<td>Russell B. Tucker</td>
<td>58</td>
<td>Executive Vice President and Chief Investment Officer of Company since October, 2001; (Vice President of Company, January, 1997-October, 2001).</td>
</tr>
<tr>
<td>Glenn D. Williams</td>
<td>44</td>
<td>Executive Vice President and Chief Marketing Officer of Company since August, 2005. (Senior Vice President, Marketing of Company, March-August, 2005; Executive Vice President of Globe and United American, September, 1999-March, 2005).</td>
</tr>
</tbody>
</table>
**Stock Ownership**

The following table shows certain information about stock ownership of the directors, director nominees and executive officers of the Company as of December 31, 2005, including shares with respect to which they have the right to acquire beneficial ownership prior to March 1, 2006.

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<tr>
<th>Name</th>
<th>Montgomery, AL</th>
<th>Norman, OK</th>
<th>Corona Del Mar, CA</th>
<th>Tuscaloosa, AL</th>
<th>Lanett, AL</th>
<th>McKinney, TX</th>
<th>Panama City, FL</th>
<th>Austin, TX</th>
<th>Fort Worth, TX</th>
<th>Plano, TX</th>
<th>Plano, TX</th>
<th>McKinney, TX</th>
<th>Edmond, OK</th>
<th>Duncanville, TX</th>
<th>Plano, TX</th>
<th>Plano, TX</th>
<th>Birmingham, AL</th>
<th>Parkers, TX</th>
<th>Waco, TX</th>
<th>Arlington, TX</th>
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<td>M. Jane Buchan</td>
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<td>Robert W. Ingram</td>
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<td>Joseph L. Lanier, Jr.</td>
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<td>Mark S. McAndrew</td>
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<td>Harold T. McCormick</td>
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<td>Paul J. Zucconi</td>
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<tr>
<td>Tony G. Brill</td>
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<td>Gary L. Coleman</td>
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<td>Vern D. Herbel</td>
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<td>Larry M. Hutchison</td>
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<td>Andrew W. King</td>
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<tr>
<td>Anthony L. McWhorter</td>
<td>383,555</td>
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<td>Rosemary J. Montgomery</td>
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<tr>
<td>Glenn D. Williams</td>
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</tbody>
</table>

All Directors, Nominees and Executive Officers as a group: (4) 3,887,029 233,032

(1) No directors, director nominees or executive officers beneficially own 1% or more of the common stock of the Company.
(2) Includes: for Adair, 15,211 shares; for Boren, 8,000 shares; for McCormick, 13,237 shares; for Lanier, 147,926 shares; for McAndrew, 524,523 shares; for Lamar Smith, 32,668 shares; for Zucconi, 22,000 shares; for Perry, 12,000 shares; for Brill, 395,615 shares; for McWhorter, 373,104 shares; for Coleman, 341,953 shares; for Hutchison, 321,991 shares; for Montgomery, 337,562 shares; for Tucker, 321,991 shares; for Roger Smith, 138,485 shares; for Herbel, 115,488 shares; for Hudson, 89,828 shares; for Williams, 68,353 shares; for King, 191,011 shares and for all directors, executive officers and nominees as a group, 3,329,752 shares, that are subject to presently exercisable Company stock options. Buchan and Ingram have each been granted Company stock options on 12,000 shares, none of which are presently exercisable.

(3) Indirect beneficial ownership includes shares (a) owned by the director, executive officer or spouse as trustee of a trust or executor of an estate, (b) held in a trust in which the director, executive officer or a family member living in his home has a beneficial interest, (c) owned by the spouse or a family member living in the director’s, executive officer’s or nominee’s home or (d) owned by the director or executive officer in a personal corporation or limited partnership. Indirect beneficial ownership also includes approximately 10,712 shares, 3,617 shares, 77 shares, 15,676 shares, 9,167 shares, 10,944 shares, 9,976 shares, 176 shares, 2,103, 572 and 10,474 and 553 shares calculated based upon conversion of stock unit balances held in the accounts of Messrs. McAndrew, Brill, McWhorter, Coleman, Tucker, Hutchison, Herbel, Roger Smith, Williams, Hudson, King and Ms. Montgomery, respectively, in the Company Savings and Investment Plan to shares. Additionally, indirect beneficial ownership includes for Mr. McCormick 75,955 shares subject to stock options transferred to his late spouse. Indirect ownership for Mr. McWhorter also includes approximately 1,847 shares calculated based upon conversion of stock unit balance in the Profit Sharing & Retirement Plan of Liberty (PS&R Plan) to shares. Indirect ownership for Mr. Herbel also includes 8,375 shares held in his living trust and 8,375 shares held in his spouse’s living trust.

Mr. Lanier disclaims beneficial ownership of 16,512 shares owned by his spouse and 2,400 shares owned by his children.

(4) All directors, nominees and executive officers as a group, beneficially own 3.68% of the common stock of the Company.

During 2005, the Board of Directors met four times. In 2005, all of the directors, except Harold McCormick, attended at least 75% of the meetings of the Board and the committees on which they served. Because of illness, Mr. McCormick attended fifteen of twenty-two Board and committee meetings.

Torchmark has a long standing policy that the members of its Board of Directors be present at the Annual Meeting of Shareholders, unless they have an emergency, illness or an unavoidable conflict. At the April 28, 2005 Annual Meeting of Shareholders, nine of the ten directors were present.

CORPORATE GOVERNANCE

Director Independence Determinations

The New York Stock Exchange (NYSE) rules require that Torchmark have a majority of independent directors. The rules provide that no director will qualify as “independent” unless the Board of Directors affirmatively determines that the director has no material relationship with Torchmark and its subsidiaries (collectively, Torchmark), either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. In order to assist in the making of these determinations, the Board has adopted certain categorical standards described below to assist it in making determinations of independence.

The categorical standards for independence determinations adopted by the Board of Directors are:

i. A director who is an employee, or whose immediate family member is an executive officer, of the company is not “independent” until three years after the end of such employment relationship.
ii. A director who receives, or whose immediate family member receives, more than $100,000 per year in direct compensation from Torchmark other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than $100,000 per year in such compensation.

iii. A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company is not “independent” until three years after the end of the affiliation or the employment or auditing relationship.

iv. A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of Torchmark’s present executives serve on that company’s compensation committee is not “independent” until three years after the end of such service or the employment relationship.

v. A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, Torchmark for property or services in an amount which, in any single fiscal year, exceeds the greater of $1 million, or 2% of such other company’s consolidated gross revenues, is not “independent” until three years after falling below such threshold.

The Board further adopted the following additional categorical standards for determining director independence on February 23, 2005:

1) An independent director does not directly or indirectly beneficially own more than 10% of any class of the Company’s equity securities.

2) If a Company director is an executive officer of another company in which the Company owns a common stock interest in excess of 5% of total shareholder’s equity, or where the other company owns a common stock interest in the Company in excess of 5% of total shareholder’s equity, the director is not independent.

3) An independent director is not and is not affiliated with an entity that is an adviser or consultant to the Company or a member of the Company’s senior management.

4) An independent director has no personal services contract(s) with the Company or a member of senior management of the Company.

5) An independent director is not affiliated with a not-for-profit entity that receives significant contributions from the Company (defined as the greater of $1 million or 2% of the not-for-profit entity’s consolidated gross revenues).

6) An independent director is not employed by a public company at which an executive officer of the Company serves as a director.

7) If a Company director is an executive officer of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of either company’s indebtedness to the other is greater than 5% of the total consolidated assets of the Company that he/she serves as an executive officer, the director is not independent.

8) A director elected pursuant to any arrangement or understanding with another person or group is not an independent director.

9) An independent director does not serve, and has no immediate family member who has served, as an executive officer or general partner of an entity that has received an investment from the Company or any of its subsidiaries, where such investment exceeds $1 million or 2% of such entity’s invested capital, whichever is greater, in any of the last three years.
10) An independent director does not have, nor may any immediate family member have, any direct or indirect material interest in a transaction or series of transactions to which the Company or a subsidiary is a party in which the transaction amount exceeds $60,000 (other than interests arising solely from an aggregate ownership interest of less than 10% of the Company or an entity furnishing services to the Company).

11) An independent director has not, and his/her immediate family members have not, accepted or agreed to accept from the Company any consulting, advisory or other compensatory fee except fees received for service as a director.

All directors other than those deemed not “independent” under the foregoing standards will be deemed to be “independent” upon a Board determination.

Based on these categorical standards, after review and deliberation at their February 26, 2004 meeting, the Board determined that the following independent directors met the standards set by the Board: Charles E. Adair, David L. Boren, Joseph M. Farley, Joseph L. Lanier, Jr., Harold T. McCormick and Paul J. Zucconi. At their October 2005 election, it was determined that M. Jane Buchan and Robert W. Ingram met the independence standards set by the Board. Accordingly, as of the February 22, 2006 Board meeting, the Board determined that the following directors continue to meet the categorical standards set by the Board and are “independent”: Charles E. Adair, David L. Boren, M. Jane Buchan, Joseph M. Farley, Robert W. Ingram, Joseph L. Lanier, Jr., Harold T. McCormick, and Paul J. Zucconi.

**Executive Sessions**

Torchmark’s non-management directors have since October 2002 met in regularly scheduled executive sessions without any management participation by officers or employee directors. These executive sessions are currently held either before, after or otherwise in conjunction with the Board’s four regularly scheduled meetings per year. Additional executive sessions can be scheduled at the request of the non-management directors. Beginning in 2004, at least one executive session per year is conducted with only independent directors present.

The director who presides over the executive sessions is the Chairman of the Governance and Nominating Committee. If that director is not present, another independent director will be chosen by the executive session to preside.

You may communicate with the Torchmark’s non-management directors by writing to the Executive Session of the Torchmark Corporation Board of Directors in care of the Corporate Secretary, Torchmark Corporation, 2001 Third Avenue South, Birmingham, Alabama 35233.

**Communications with the Board of Directors**

Security holders of the Company may communicate with the full Board of Directors by writing to the Board or a specific director or directors in care of the Corporate Secretary, Torchmark Corporation, 2001 Third Avenue South, Birmingham, Alabama 35233.

**Governance Guidelines and Codes of Ethics**

Torchmark has adopted Corporate Governance Guidelines, a Code of Ethics for the CEO and Senior Financial Officers, and a Code of Business Conduct and Ethics for its directors, officers and employees, all of which comply with the requirements of securities law, applicable regulations and New York Stock Exchange rules. These documents are available on the Company’s website by going to www.torchmarkcorp.com and clicking on the Investor Relations page. They are located under the Corporate Governance heading. Printed copies of these documents may be obtained at no charge by writing the Corporate Secretary, Torchmark Corporation, 2001 Third Avenue South, Birmingham, 35233.
Committees of the Board of Directors

The Board of Directors has the following standing Committees more fully described below: Audit, Compensation and Governance and Nominating. In February 2005, the Board of Directors determined to dissolve the Executive and Finance Committees as standing Committees since those committees met only very infrequently and the Company’s By-Laws were amended to reflect this change.

Audit Committee—The audit committee is comprised of Messrs. Zucconi (2005 Chairman), Adair, Farley, Ingram and McCormick. All members of the audit committee are independent under the definition contained in the NYSE rules and fully comply with SEC rules and regulations. The audit committee reviews and discusses with management and the independent auditors the Company’s audited financial statements and quarterly financial statements prior to filing, the Company’s earnings press releases and financial information and earnings guidance, and the Company’s policies for risk assessment and management; selects, appoints, reviews and, if necessary, discharges the independent auditors; reviews the scope of the independent auditors audit plan and pre-approves audit and non-audit services; reviews the adequacy of the Company’s system of internal controls over financial reporting; periodically reviews pending litigation and regulatory matters; reviews the performance of the Company’s internal audit function and reviews and appropriately treats complaints and concerns regarding accounting, internal accounting controls or auditing matters pursuant to a confidential “whistleblower” policy. Additionally, the audit committee meets with the Company’s independent accountants and internal auditors both with and without management present. The audit committee met fourteen times in 2005 (five physically-held meetings and nine teleconference meetings).

The audit committee has a written charter, which is annually reviewed and updated if necessary. The audit committee charter is posted on the Company’s website and can be viewed by going to www.torchmarkcorp.com and clicking on the Investor Relations page. The committee charter is located under the Corporate Governance heading. You may also obtain a printed copy of the committee charter at no charge by writing the office of the Corporate Secretary at the Torchmark address set out above.

Compensation Committee—The compensation committee is comprised of Messrs. Lanier (2005 Chairman), Farley and Boren and Ms. Buchan. All members of the compensation committee are independent under the rules of the NYSE, Section 16 of the Securities Exchange Act of 1934 and Section 162(m) of the Internal Revenue Code. The compensation committee determines the Company’s stated general compensation philosophy and strategy; reviews and determines the compensation of senior management of the Company and its subsidiaries, including establishing goals and objectives for the Chief Executive Officer’s compensation, evaluating the CEO’s performance in light thereof, and setting his compensation; establishes the annual bonus pool; administers the Company’s Section 162(m) bonus plan and stock incentive plan; and makes recommendations to the Board with respect to non-CEO compensation, incentive compensation plans and equity based plans. The compensation committee met five times in 2005 (three physically-held meetings and two teleconferences).

The compensation committee has a written charter, which is reviewed annually and updated if necessary. A copy of this charter is available on Torchmark’s website by going to www.torchmarkcorp.com and clicking on the Investor Relations page. The committee charter is located under the Corporate Governance heading. You may also obtain a printed copy of the committee charter at no charge by writing the office of the Corporate Secretary at Torchmark Corporation, 2001 Third Avenue South, Birmingham, Alabama 35233.

Governance and Nominating Committee—The governance and nominating committee is comprised of Messrs. Adair, Boren, Buchan, Farley (2005 Chairman), Ingram, Lanier, McCormick and Zucconi. All members of the governance and nominating committee are independent under the NYSE rules.

The governance and nominating committee has the following duties and responsibilities: (1) receiving and evaluating the names and qualifications of potential director candidates; (2) identifying individuals qualified to become Board members consistent with criteria set by the Board of Directors and recommending to the Board director nominees; (3) recommending the directors to be appointed to Board committees; (4) developing and
recommending to the Board a set of governance guidelines for the Company; (5) monitoring and annually
evaluating how effectively the Board and Company have implemented the corporate governance guidelines and
(6) overseeing evaluations of the Board and Company management. The governance and nominating committee
met four times in 2005 (all physically-held meetings).

The governance and nominating committee will receive, evaluate and consider the names and qualifications
of any potential director candidates from all sources, including shareholders of the Company. Recommendations
of potential director candidates and supporting material may be directed to the Governance and Nominating
Committee in care of the Corporate Secretary at Torchmark Corporation, 2001 Third Avenue South,
Birmingham, Alabama 35233.

The governance and nominating committee has a written charter, which is reviewed annually and updated if
necessary. A copy of this charter is available on Torchmark’s website by going to www.torchmarkcorp.com and
clicking on the Investor Relations page. The committee charter is located under the Corporate Governance
heading. You may also obtain a printed copy of the committee charter at no charge by writing the office of the
Corporate Secretary at the Torchmark address set out above.

**Director Qualification Standards**

Torchmark’s Corporate Governance Guidelines discuss the following director qualification standards:

1. **Board Membership Criteria**, including independence, limits on the number of boards on which a director
serves, a former chief executive officer’s Board membership and directors who change their present job
responsibilities;
2. **Size of the Board**;
3. **Term Limits**;
4. **Retirement Policy**; and
5. **Selection of the Chairman of the Board**.

More detail regarding these director qualification standards can be found in the Corporate Governance
Guidelines by going to the Company’s website at www.torchmarkcorp.com and clicking on the Investor
Relations page. The Guidelines are located under the Corporate Governance heading. Printed copies of the
Guidelines may be obtained at no charge by writing the Corporate Secretary, Torchmark Corporation, 2001 Third
Avenue South, Birmingham, AL 35233.

Additionally, the Governance and Nominating Committee and the Board of Directors of Torchmark adopted
the following statements on Qualifications of Directors and Procedures for Identifying and Evaluating Director
Candidates on April 29, 2004:

**Torchmark Corporation**

**Qualifications of Directors**

In addition to any other factors described in Torchmark’s Corporate Governance Guidelines, the
Governance and Nominating Committee and the Board of Directors should at a minimum consider the following
factors in the nomination or appointment of members of the Board:

1. **Integrity**: Directors should have integrity and be of personal and professional ethical character.
2. **Absence of Conflicts of Interest**: Directors should not have any interests that would materially impair his or
   her ability to exercise independent judgment or otherwise discharge the fiduciary duties owed by a director
to the Company and its shareholders.
3. **Achievement/Experience:** Directors should have experience in management or at the policy-making level in one or more fields of business, government, education, technology, science, or community/civic affairs.

4. **Business Understanding:** Directors should have a general appreciation regarding major issues facing public companies of size and operational scope similar to that of the Company, including business strategy, business environment, corporate finance, corporate governance and board operations.

5. **Oversight:** Directors should have the ability to exercise sound business judgment.

6. **Available Time:** Directors should have sufficient time to effectively carry out their duties, including preparing for and attending Board meetings, meetings of the Board committees on which they serve and the Annual Meeting of Shareholders, after taking into consideration their other business and professional commitments.

7. **Age:** Directors must comply with the Board established retirement age limits for directors.

8. **Independence:** Directors should be independent in their thought and judgment and be committed to enhancing long-term value for all shareholders. A majority of the Board must be independent directors, as defined by the New York Stock Exchange.

9. **Diversity:** Directors should be selected so that the Board reflects appropriate diversity.

Under exceptional and limited circumstances, the Committee and Board may approve the candidacy of a director nominee who may not necessarily satisfy all of these criteria, if they believe the service of that nominee is in the best interests of the Company and its shareholders.

**Procedures for Identifying and Evaluating Director Candidates**

1. Chairman and CEO, the Governance and Nominating Committee or other Board Member identifies need (a) to add new Board Member meeting specific criteria or (b) to fill a vacancy on the Board.

2. Governance and Nominating Committee initiates search, working with Company staff support and seeking input from other Board Members and Senior Company Management. The Governance and Nominating Committee may also engage a professional search firm to assist in identifying director candidates if necessary.

3. Candidates that will satisfy any specific criteria and otherwise qualify for membership on the Board, are identified and presented to the Governance and Nominating Committee.

4. The Chairman and CEO and at least one Member of the Governance and Nominating Committee will interview prospective candidate(s).

5. Governance and Nominating Committee meets to consider and approve final candidate.

6. Governance and Nominating Committee seeks full Board endorsement of selected candidate.

7. In making its selection, the Governance and Nominating Committee will evaluate candidates proposed by shareholders under criteria similar to the evaluation of other candidates.
## Compensation and Other Transactions with Executive Officers and Directors

### Summary Compensation Table

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Annual Compensation</th>
<th>Long Term Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(b) Year</td>
<td>(c) Salary ($)</td>
</tr>
<tr>
<td>C.B. Hudson</td>
<td>2005</td>
<td>800,000</td>
</tr>
<tr>
<td>Chairman; CEO until August 2005</td>
<td>2004</td>
<td>800,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>800,000</td>
</tr>
<tr>
<td>Mark S. McAndrew</td>
<td>2005</td>
<td>750,000</td>
</tr>
<tr>
<td>Chief Executive Officer since August 2005</td>
<td>2004</td>
<td>750,000</td>
</tr>
<tr>
<td>August 2005; Chairman–Insurance Operations and President and CEO of Globe until August 2005</td>
<td>2003</td>
<td>722,753</td>
</tr>
<tr>
<td>Tony G. Brill</td>
<td>2005</td>
<td>610,000</td>
</tr>
<tr>
<td>Executive Vice President and Chief Administrative Officer</td>
<td>2004</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>590,016</td>
</tr>
<tr>
<td>Gary L. Coleman</td>
<td>2005</td>
<td>455,000</td>
</tr>
<tr>
<td>Executive Vice President and Chief Financial Officer</td>
<td>2004</td>
<td>425,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>390,000</td>
</tr>
<tr>
<td>Larry M. Hutchison</td>
<td>2005</td>
<td>415,000</td>
</tr>
<tr>
<td>Executive Vice President and General Counsel</td>
<td>2004</td>
<td>390,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>370,000</td>
</tr>
<tr>
<td>Rosemary J. Montgomery</td>
<td>2005</td>
<td>415,000</td>
</tr>
<tr>
<td>Executive Vice President and Chief Actuary</td>
<td>2004</td>
<td>390,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>366,000</td>
</tr>
</tbody>
</table>

(1) Messrs. Hudson, McAndrew and Brill received 2005 bonuses of $400,000, $300,000 and $160,000, respectively, under the Torchmark Corporation Annual Management Incentive Plan (the “Section 162(m) Plan”). These bonuses were certified by the Compensation Committee of the Board of Directors on January 5, 2006 and promptly paid in cash thereafter. Messrs. Coleman and Hutchison and Ms. Montgomery’s bonuses were paid in cash outside the Section 162(m) Plan.  
Messrs. Hudson, McAndrew and Brill received 2004 bonuses of $300,000, $200,000 and $150,000 respectively, under the Section 162(m) Plan. These bonuses were certified by the Compensation Committee of the Board of Directors on January 12, 2005 and promptly paid thereafter. Mr. Hudson elected to be paid his $300,000 bonus in the form of non-qualified stock options on 19,603 shares granted January 12, 2005 with an exercise price of $55.05 (fair market value on the grant date). Messrs. McAndrew and Brill were paid their bonuses in cash. Messrs. Coleman and Hutchison and Ms. Montgomery’s bonuses were paid in cash outside the Section 162(m) Plan. 
Messrs. Hudson, McAndrew and Brill received 2003 bonuses of $300,000, $300,000 and $140,000 respectively under the Section 162(m) Plan. These bonuses were certified by the Compensation Committee of the Board of Directors on January 8, 2004 and promptly paid thereafter. Mr. Hudson elected to be paid his $300,000 bonus in the form of non-qualified stock options on 23,666 shares granted January 8, 2004 with an exercise price of $45.60 (fair market value on the grant date). Messrs. McAndrew and Brill were paid their bonuses in cash. Messrs. Coleman and Hutchison and Ms. Montgomery’s bonuses were paid in cash outside the Section 162(m) Plan. 

(2) At year-end 2005, Messrs. McAndrew and Brill each held 3,600, restricted shares valued at $200,160 (based on a year-end closing price of $55.60 per share). Restricted stock (40,000 shares) awarded on January 1, 1998 at $42.1875 per share to each of Messrs. McAndrew and Brill vests as follows: 1-1-99 6,400 shares; 1-1-00 6,000 shares; 1-1-01 5,600 shares; 1-1-02 5,200 shares; 1-1-03 4,800 shares; 1-1-04 4,400 shares; 1-
1-05 4,000 shares; and 1-1-06 3,600 shares. Cash dividends on all restricted stock are paid directly to the stockholder at the same rate as on unrestricted stock. Messrs. McAndrew and Brill agreed as a condition of their restricted stock awards to waive receipt of any shares of Waddell & Reed Financial, Inc. (WDR) stock distributed by Torchmark to its common shareholders in the WDR spin-off on November 6, 1998 on such restricted stock.

(3) On January 12, 2005, Mr. Hudson received stock options under the Torchmark Corporation 1998 Stock Incentive Plan (1998 Incentive Plan) on 19,603 shares with a market value exercise price of $55.05 per share pursuant to his election to be paid his $300,000 bonus for 2004 under the Section 162(m) Plan, which was certified for payment by the Compensation Committee on said date. In May 2005, Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery elected to participate in a program under the Torchmark Corporation 2005 Incentive Plan (2005 Incentive Plan) whereby they exercised existing Torchmark stock options and received restoration options for 799,999, 332,181, 247,508, 188,947, 186,685 and 191,657 Torchmark shares, respectively, with a market value exercise price of $54.77 on their May 4, 2005 grant date. On December 13, 2005, Messrs. McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery received stock option grants pursuant to the 2005 Incentive Plan on 75,000, 50,000, 60,000, 60,000 and 60,000 shares, respectively, with a market value exercise price of $55.48 per share.

On December 13, 2005, the Compensation Committee amended the 12-13-04 and 5-4-05 stock options awarded to C. B. Hudson to provide that if his employment terminated by reason of retirement at or after age 55, said options would continue to vest on their respective normal vesting schedules and would remain exercisable thereafter for the full term of the respective option grant, expiring on the original expiration date of such option grant (12-15-14 and 5-4-12, respectively).

On January 8, 2004, Mr. Hudson received stock options under the 1998 Incentive Plan on 23,666 shares with a market value exercise price of $45.60 per share pursuant to his election to be paid his $300,000 bonus for 2003 under the Section 162(m) Plan which was certified for payment by the Compensation Committee on said date. On December 13, 2004, Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery received stock option grants pursuant to the 1998 Incentive Plan on 75,000, 60,000, 55,000, 55,000 and 55,000 shares, respectively, with a market value exercise price of $56.24 per share.

On December 11, 2003, Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery received stock option grants pursuant to the 1998 Incentive Plan on 95,000, 95,000, 65,000, 55,000, 55,000 and 55,000 shares, respectively, with a market value exercise price of $44.89 per share.

(4) Includes Company contributions to Torchmark Corporation Savings and Investment Plan, a funded, qualified defined contribution plan, for each of Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery of $6,300 in 2005, $6,150 in 2004 and $6,000 in 2003, and interest only on prior contributions to the Torchmark Corporation Supplemental Savings and Investment Plan, an unfunded, non-qualified defined contribution plan, for Mr. Hudson of $1,167, $1,231 and $1,218, respectively, in 2005, 2004, and 2003.
## OPTION GRANTS IN LAST FISCAL YEAR

<table>
<thead>
<tr>
<th>Name (a)</th>
<th>Number of Securities underlying options granted(#) (b)(1)</th>
<th>% of total options granted to employees in fiscal year (c)</th>
<th>Exercise or base price ($/ share) (d)</th>
<th>Expiration Date (e)</th>
<th>0% ($) (f)</th>
<th>5% ($) (g)</th>
<th>10% ($) (h)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.B. Hudson</td>
<td>19,603</td>
<td>0.45</td>
<td>55.05</td>
<td>1-12-2016</td>
<td>0</td>
<td>776,559</td>
<td>1,999,782</td>
</tr>
<tr>
<td>Mark S. McAndrew</td>
<td>332,181</td>
<td>7.60</td>
<td>54.77</td>
<td>5-04-2012</td>
<td>0</td>
<td>7,406,596</td>
<td>17,260,533</td>
</tr>
<tr>
<td>Tony G. Brill</td>
<td>247,508</td>
<td>5.66</td>
<td>54.77</td>
<td>5-04-2012</td>
<td>0</td>
<td>5,578,653</td>
<td>12,860,820</td>
</tr>
<tr>
<td>Gary L. Coleman</td>
<td>188,947</td>
<td>4.32</td>
<td>54.77</td>
<td>12-13-2012</td>
<td>0</td>
<td>1,129,295</td>
<td>2,631,741</td>
</tr>
<tr>
<td>Larry M. Hutchison</td>
<td>186,685</td>
<td>4.27</td>
<td>54.77</td>
<td>5-04-2012</td>
<td>0</td>
<td>4,162,491</td>
<td>9,700,382</td>
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<tr>
<td>Rosemary J. Montgomery</td>
<td>191,657</td>
<td>4.39</td>
<td>54.77</td>
<td>5-04-2012</td>
<td>0</td>
<td>4,271,351</td>
<td>9,958,733</td>
</tr>
</tbody>
</table>

(1) Options expiring on 01/12/2016 were issued in payment of a 2004 bonus certified under the Section 162(m) Plan on 01/12/2005 and are non-qualified stock options granted in Torchmark common stock pursuant to the 1998 Incentive Plan with an eleven year term at an exercise price equal to the closing price of the Company’s common stock on the grant date. Options expiring on 01/12/2016 are fully vested upon issuance, but are only first exercisable as to 1/10 per year commencing on the first anniversary of the grant date.

Options expiring on 05-04-2012 and 12-13-2012 are non-qualified stock options granted in Torchmark common stock pursuant to the 2005 Incentive Plan with a seven year term at an exercise price equal to the closing price of the Company’s common stock on the grant date. Options expiring on 05-04-2012 are not exercisable during the first six months after the grant date and vest as to 100% of the shares on and after six months from the grant date. Options expiring on 12-13-2012 are not exercisable during the first two years after the grant date and vest as to 50% of the shares two years after the grant date and as to the remaining 50% of the shares three years after the grant date.

## AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

<table>
<thead>
<tr>
<th>Name (a)</th>
<th>Shares acquired on exercise (#) (b)</th>
<th>Value Realized ($) (c)</th>
<th>Number of Securities underlying unexercised options at FY-end (d)</th>
<th>Value of unexercised in-the-money options at FY-end ($) (e)</th>
<th>Exercisable</th>
<th>Unexercisable</th>
<th>Exercisable</th>
<th>Unexercisable</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.B. Hudson</td>
<td>1,117,274</td>
<td>20,467,748</td>
<td>1,264,346</td>
<td>208,734</td>
<td>$6,410,199</td>
<td>$3,427,579</td>
<td>$2,192,070</td>
<td>$517,725</td>
</tr>
<tr>
<td>Mark S. McAndrew</td>
<td>475,004</td>
<td>9,212,776</td>
<td>524,523</td>
<td>122,500</td>
<td>$1,564,728</td>
<td>$425,594</td>
<td>$1,324,675</td>
<td>$330,365</td>
</tr>
<tr>
<td>Tony G. Brill</td>
<td>354,959</td>
<td>6,931,035</td>
<td>395,615</td>
<td>85,727</td>
<td>$1,355,154</td>
<td>$3,158,089</td>
<td>$1,355,154</td>
<td>$3,158,089</td>
</tr>
<tr>
<td>Gary L. Coleman</td>
<td>265,794</td>
<td>4,957,340</td>
<td>341,953</td>
<td>88,792</td>
<td>$1,599,250</td>
<td>$409,332</td>
<td>$1,599,250</td>
<td>$409,332</td>
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<tr>
<td>Larry M. Hutchison</td>
<td>266,158</td>
<td>5,126,462</td>
<td>321,991</td>
<td>91,699</td>
<td>$1,324,675</td>
<td>$330,365</td>
<td>$1,324,675</td>
<td>$330,365</td>
</tr>
<tr>
<td>Rosemary J. Montgomery</td>
<td>268,629</td>
<td>4,965,444</td>
<td>337,562</td>
<td>88,468</td>
<td>$1,479,955</td>
<td>$323,178</td>
<td>$1,479,955</td>
<td>$323,178</td>
</tr>
</tbody>
</table>

(1) Of the shares shown as acquired on exercise, Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery retained 236,970, 88,510, 51,414, 31,397, 51,809 and 46,465 shares, respectively, after cashless option exercises.
Pension Plans

*Torchmark Corporation Pension Plan:* Effective January 1, 2004, the Torchmark Corporation Pension Plan (TMK Pension Plan), the Liberty National Life Insurance Company Pension Plan for Non-Commissioned Employees (LNL Pension Plan) and a third existing Liberty National pension plan covering commissioned employees were merged into a single plan, called the Torchmark Corporation Pension Plan (the Plan). No changes in benefits to participants resulted or will result from the merger since benefits, definitions and formulas from the prior plans were amended into the TMK Pension Plan and continue to cover the same classes of employees.

The Plan is a non-contributory pension plan which covers all eligible employees who are 21 years of age or older and have one or more years of credited service. The benefits at age 65 under the provisions of the Plan applicable to persons who were subject to the former TMK Pension Plan are determined by multiplying the average of the participant’s earnings in the five consecutive years in which they were highest during the ten years before the participant’s retirement by a percentage equal to 1% for each of the participant’s first 40 years of credited service plus 2% for each year of credited service up to 20 years after the participant’s 45th birthday and then reducing that result by a Social Security offset and by other benefits from certain other plans of affiliates. Earnings for purposes of the Plan include compensation paid by subsidiaries and affiliates, and do not include commissions, directors’ fees, expense reimbursements, employer contributions to retirement plans, deferred compensation, or any amounts in excess of $200,000 (as adjusted). Benefits under the Plan vest 100% at five years. Upon the participant’s retirement, benefits under the Plan are payable as an annuity or in a lump sum. In 2005, covered compensation was $210,000 for Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery under the provisions of the former TMK Pension Plan.

Vested benefits under the non-qualified Torchmark Supplemental Retirement Plan, in which Messrs. Hudson, McAndrew, Coleman and Hutchison and Ms. Montgomery have participated, were frozen as of December 31, 1994 and no additional benefits accrue after that date pursuant to the supplementary retirement plan. Mr. Brill has not participated in any supplementary pension plan.

Messrs. Hudson, McAndrew, Brill, Coleman and Hutchison and Ms. Montgomery have 31 years, 26 years, 9 years, 24, 20 and 25 years of credited service under the provisions of the former TMK Pension Plan, respectively.

The following tables show the estimated annual benefits payable under the benefit formulas applicable to employees covered under the former TMK Pension Plan along with the TMK Supplemental Retirement Plan (which was frozen in 1994) upon retirement of participants with varying final average earnings and years of service. The benefits shown below as payable pursuant to the benefit formulas applicable to participants under the former TMK Pension Plan and the TMK Supplemental Retirement Plan exceed the actual amounts which will be paid for the reasons set forth below:

1. Benefits actually paid are based upon covered compensation of the participant as defined by the Internal Revenue Service and not upon final average earnings of the participant. Covered compensation is substantially lower than final average earnings. For example, covered compensation in 2005 was $210,000.

2. Benefits paid under a qualified plan are limited by law to a fixed amount per year. In 2005, that amount was $170,000. Because Mr. Brill does not participate in any supplementary pension plan, the maximum pension benefit he will receive is limited to the amount fixed by law.

3. The Torchmark Supplemental Retirement Plan was closed as of December 31, 1994, all vested benefits thereunder were frozen and no additional benefits can accrue to any participant. Accordingly, the maximum annual benefits that Messrs. Hudson, McAndrew, Coleman and Hutchison and Ms. Montgomery can ever receive from the supplemental plan are $209,480, $42,939, $9,601, $218 and $17,157, respectively.

The benefits shown are offset as described above and the amounts are calculated on the basis of payments for the life of a participant who is 65 years of age.
Torchmark Pension Plan Provisions and Supplemental Retirement Plan*

<table>
<thead>
<tr>
<th>Final Average Earnings</th>
<th>Years of Credited Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
</tr>
<tr>
<td>$ 200,000</td>
<td>$ 90,000</td>
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<td>$450,000</td>
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<td>$1,200,000</td>
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</table>

* Benefits paid under a qualified defined benefit plan are limited by law in 2005 to $170,000 per year. Any balance of the benefit payments shown above thus comes from the Supplemental Retirement Plan. Because benefit accruals under the Supplemental Retirement Plan ceased as of December 31, 1994, Messrs. Hudson, McAndrew, Coleman and Hutchison and Ms. Montgomery have eleven years less of credited service under the Supplemental Retirement Plan than under the TMK Pension Plan. Benefits shown above are not offset for Social Security.

Deferred Compensation Plan for Directors and Executive Officers

Torchmark makes available to its directors and executive officers a traditional unfunded, deferred compensation plan, the Torchmark Corporation Restated Deferred Compensation for Directors, Advisory Directors, Directors Emeritus and Officers, as amended. Directors and executive officers choosing to participate may elect to defer all or any part of their compensation into an interest-bearing memorandum deferred compensation account until they terminate such election. The election must indicate the date the payments will commence and the method of distribution, either a lump sum or in equal monthly installments (not to exceed 120). Interest on the account is paid at a rate equal to the average yield for Corporate Aa bonds per Moody’s Bond Survey less a .5% Expense Allowance.

Director Joseph L. Lanier, Jr. and executive officer Russell B. Tucker have deferred compensation accounts under this plan. Mr. Lanier is no longer actively deferring compensation under the plan, but Mr. Tucker deferred compensation under the plan in 2005. Neither Mr. Lanier nor Mr. Tucker currently receive payouts under this plan.

Payments to Directors

Directors of the Company are currently compensated on the following basis:

(1) Directors who are not officers or employees of the Company or a subsidiary of the Company (Outside Directors) receive a fee of $2,000 for each physically attended Board or Board Committee meeting, a fee of $500 for each telephonic Board or Board Committee meeting in which they participate, and an annual retainer of $45,000, payable each January for the entire year. They do not receive fees for the execution of written consents in lieu of Board meetings and Board committee meetings. They receive reimbursement for their travel and lodging expenses if they do not live in the area where the meeting is held.

Each Outside Director is automatically awarded annually non-qualified stock options on 6,000 shares of Company common stock on the first day of each calendar year in which stock is traded on the New York Stock Exchange. The entire Board may, for calendar years commencing with 1996, award non-qualified stock options on a non-formula basis to all or such individual Outside Directors as it shall select. Such options may be awarded at such times and for such number of shares as the Board in its discretion determines. The price of such options will be fixed by the Board at the fair market value of the stock on the grant date. On October 26, 2005, the Board awarded stock options with a fair market value exercise price ($52.10) on this non-formula basis for 6,000 shares to each of M. Jane Buchan and Robert W. Ingram.

Pursuant to approval of Company shareholders received on April 28, 2005, the Torchmark Corporation 2005 Non-Employee Director Incentive Plan (the 2005 Director Plan), was adopted. The 2005 Director Plan permits non-employee directors to complete a timely irrevocable election for a calendar year and defer
annual director compensation (retainer and Board and Committee meeting fees assuming attendance at all scheduled meetings) in 10% increments but not less than 50% of such compensation into non-qualified stock options. Such deferred compensation stock options are issued at fair market value on a date selected by the Compensation Committee during January in the calendar year to which the election relates. In 2005, Messrs. McCormick and Lamar Smith elected to defer 100% of their 2006 director compensation and receive fair market value stock options pursuant to the 2005 Director Plan on a January 2006 grant date selected by the Compensation Committee. On January 5, 2006, Messrs. McCormick and Lamar Smith were granted stock options on 6,056 and 4,652 shares, respectively, with an exercise price of $55.48 per share, the fair market value of Company common stock on the grant date selected by the Compensation Committee.

(2) Beginning in January, 1993, directors who are officers or employees of the Company or a subsidiary of the Company waived receipt of all fees for attending Board meetings. They do not receive fees for the execution of written consents in lieu of Board meetings or Board committee meetings. They also do not receive a fee for attending Board committee meetings or an annual retainer. They are reimbursed their travel and lodging expenses, if any.

(3) Beginning in April 2003, the director serving as Chairman of the Audit Committee receives a $5,000 annual retainer for service as chairman.

Each person who served as a non-employee director on or prior to February 29, 2000 is eligible to receive upon retirement from the Board a retirement benefit payable annually, in an amount equal to $200 a year for each year of service as a director or advisory director up to 25 years, but not less than $1,200 a year. In determining this benefit, the number of years of service may include years as a director of a subsidiary of the Company if the payment for such years by the Company is in place of a payment which would otherwise be made by the subsidiary. Directors who retired prior to the termination of this retirement benefit program effective February 29, 2000, have been and will continue to receive their retirement benefit payments in cash. Directors with accrued but unpaid retirement benefits under this program on the date of termination were offered the opportunity to convert the present value of such retirement benefits on that date to options in Company common stock. Accordingly, Messrs. Boren, Farley, Lanier, McCormick and Lamar Smith received stock options reflecting the present value of their respective retirement benefits on February 29, 2000. Messrs. Adair, Ingram, Perry and Zucconi and Ms. Buchan, who did not serve as directors in 2000, will not receive any director retirement benefits.

Other Transactions

Lamar C. Smith is an officer and director of First Command Financial Services, Inc. (First Command), a corporation 100% owned by the First Command Employee Stock Ownership Plan (First Command ESOP). Mr. Smith is a beneficiary of the First Command ESOP although he has no ability to vote the stock of First Command that is held by the First Command ESOP. First Command, receives commissions as the military agency distribution system for selling certain life insurance products offered by Torchmark’s insurance subsidiaries pursuant to agency agreements. In 2005, that company received commission payments of $60.9 million for sales of life insurance on behalf of Torchmark subsidiaries, which comprised approximately 37% of First Command’s 2005 revenues. Torchmark’s insurance subsidiaries held balances due from First Command agents of $9.4 million at year-end 2005.

Liberty, a Torchmark subsidiary, is also party to a coinsurance agreement with First Command Life Insurance Company, a First Command subsidiary, whereby Liberty cedes back to First Command Life on an annual basis approximately 3% of the life insurance business sold by First Command Life on behalf of Liberty and First Command Life annually pays Liberty certain designated percentages of renewal and first year premiums as expense reimbursement and the actual amount of commissions paid or advanced on the premium received. Additionally, under this agreement, Liberty and other Torchmark subsidiaries provide First Command Life with certain administrative, accounting and investment management services. In 2005, Liberty paid $2.6 million to First Command Life in premiums and received $0.2 million in expense reimbursements, $0.3 million in benefit repayments and $1.1 million as commission reimbursements.
Torchmark subsidiaries, United American and Liberty, entered into a $27,000,000 7% collateral loan agreement (maximum principal amount and accumulated interest) with IRA (now First Command) in 1998 and a 7.55% construction loan agreement in an amount not to exceed $22,500,000 with First Command in 2001, respectively. UA made a $7,000,000 loan in 1998 and a $15,000,000 loan to First Command under the collateral loan agreement. The largest aggregate amount of indebtedness outstanding from First Command to United American under the collateral loan during 2005 was $11,059,028 and as of February 28, 2006, the outstanding balance of the collateral loan was $10,772,048. The construction loan resulted in a permanent fifteen year mortgage financing at a rate of 2.25% over the ten year treasury rate at inception but not less than 7%, specifically in a $22.3 million principal amount 7% mortgage loan to be repaid in monthly installments commencing on May 1, 2003. The mortgage loan had an outstanding principal balance of $19,761,453 at February 25, 2006. The largest aggregate indebtedness to Liberty from First Command under the mortgage loan during 2005 was $20,905,005.

Torchmark subsidiary American Income is a party to an agreement to guarantee certain personal loans of American Income employees and agents with First Command Bank, a subsidiary of First Command. At December 31, 2005 the balance subject to this guarantee, which is secured by vested commissions due the employees and agents, was $182 thousand.

Mike McAndrew, Assistant Vice President of a Company subsidiary and brother of Mark S. McAndrew, received compensation and fringe benefits in 2005 of $92,000.

On January 3, 2005, two grantor retained annuity trusts for the benefit of the adult sons of C. B. Hudson and of which he serves as trustee (the 1999 Ceb Hudson GRAT Trust dated January 3, 2000 and the 1999 Ben Hudson GRAT Trust dated January 3, 2000) sold 41,470 shares of Torchmark common stock in a privately-negotiated transaction to Torchmark for $2,365,656. The purchases (20,735 shares from each of the Trusts) were made at the average of the high and low prices of Torchmark stock on January 3, 2005 ($57.045 per share).

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, the Company’s directors, its executive officers, and any persons holding more than ten percent of the Company’s common stock are required to report their initial ownership of the Company’s common stock and other equity securities and any subsequent changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange and to submit copies of these reports to the Company. To the Company’s knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2005, all required Section 16(a) filings applicable to its executive officers, directors, and greater than ten percent beneficial owners were timely and correctly made except Charles Hudson filed a late Form 3; Joseph Farley filed one late Form 4 to report a disclaimed disposition by a church endowment of which he serves as trustee; former director R.K. Richey filed one late Form 4 to report a sale by his spouse’s charitable remainder annuity trust; amended Forms 4 were filed to correct remaining unexercised balances of stock options held by Tony Brill (one amendment) and Anthony McWhorter (one amendment), to correctly report additional shares sold in a cashless option exercise by former director R.K. Richey (one amendment), to correctly reflect additional shares previously omitted from direct share balance by Michael Klyce (one amendment) and to correct calculation errors in direct share balance as a result of cashless option exercises by Randall Mull (one amendment); and Anthony McWhorter filed a Form 5 to correct a calculation error in direct share balance on a 2004 Form 4.
COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Compensation of senior executives of Torchmark and its subsidiaries and affiliates is determined by the Compensation Committee of the Board of Directors. The Compensation Committee, comprised entirely of outside independent directors in compliance with all New York Stock Exchange, Internal Revenue Service and Securities and Exchange Commission rules, meets to fix annual salaries in advance and bonuses for the current year of executives earning more than $150,000, to review annual goals and reward outstanding annual performance of executives, to grant stock options and/or restricted stock pursuant to the 2005 Incentive Plan, and to determine participants in the Section 162(m) Plan and fix annual bonus goals and targets for those participants.

The Committee operates to perform these duties pursuant to a written charter which is periodically reviewed (at least annually) and revised when needed by the Committee and the Board. The Committee meets on a scheduled basis throughout the year either in person or by teleconference and from time to time, also considers and takes action by unanimous written consent. The Committee Chairman makes regular reports to the full Board at its meetings regarding Committee actions and recommendations. Company management supports the Committee in its work and in some instances acts pursuant to delegated authority to perform various functions on behalf of the Committee in the day-to-day administration of the Company’s compensation program and plans. Additionally, the Committee has the authority to engage outside advisors, experts and others to assist it. Historically, the Committee has periodically utilized unaffiliated executive compensation consultants to assist it in reviewing executive compensation policies and practices. The Committee directly engaged an independent compensation consulting firm in 2004 and in the first-quarter of 2006 to assist the Committee in its review of the compensation for executive officers as described below.

In 2004 and 2006, Mercer Human Resource Consulting, an independent compensation consulting firm, was employed by the Committee to review the competitiveness of cash and equity compensation for the Company’s top five executive positions (the CEO and next four most highly paid executives) and to present a report on long-term incentive compensation. The results of the analysis by the independent consultant and corroborated by the Committee as of February 1, 2006 included the observation that Torchmark’s total executive compensation is generally between the median and the 75th percentile.

Both the Committee’s review and the outside compensation consultant’s review of Torchmark’s executive compensation indicate an emphasis on long-term performance with long-term incentive awards generally above the median market practices, which is reflective of the Company’s business philosophy and its Compensation Principles discussed more fully below. This emphasis of long-term incentive awards, largely in the form of market value stock options, puts a substantial portion of these executives’ compensation at-risk and aligns their interest with that of Company stockholders.

Compensation Principles

The business philosophy of the Company focuses on maintenance and improvement of insurance operating margins and other operating margins through the efficient management of assets and control of costs. The Company’s executive compensation program is based on principles which align compensation with this business philosophy, company values and management initiative. The program also takes into consideration competitive remuneration practices in the insurance and financial services sectors. Torchmark’s executive compensation program seeks to attract and retain key executives necessary to the long-term success of the Company, to mesh compensation with both annual and long-term strategic plans and goals and to reward executives for their efforts in the continued growth and success of the Company. Annual goals for executive compensation, whether paid under the Section 162(m) Plan or outside that Plan, focus on a number of factors, including growth in net operating income per share, pre-tax operating income and/or return on equity for holding company executives and on growth in insurance operating income, underwriting income and/or premium growth for the executives of the Company’s insurance subsidiaries.
To the extent readily determinable and as one of the factors in its consideration of compensation matters, the Compensation Committee considers the anticipated tax treatment to the Company and to the executives of various payments and benefits. Some types of compensation payments and their deductibility depend upon the timing of an executive’s vesting or exercise of previously granted rights. Further, interpretations of and changes in the tax laws and other factors beyond the Compensation Committee’s control also affect the deductibility of compensation. For these and other reasons, the Compensation Committee will not necessarily and in all circumstances limit executive compensation to that paid under the Section 162(m) Plan or otherwise deductible under Section 162(m) of the Internal Revenue Code. The Compensation Committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Compensation paid pursuant to the Torchmark Corporation Annual Management Incentive Plan (the Section 162(m) Plan), is intended to the extent reasonable to qualify as “performance-based compensation” not subject to the limitations of Internal Revenue Code Section 162(m) on tax deductability of executive compensation in excess of $1 million. In addition to bonus compensation paid under the Section 162(m) Plan, Torchmark may compensate its executives and key employees in the form of salaries, bonuses and other benefits for which the Company may or may not receive a tax deduction.

Salary and Bonus System

For some time the Company has used a system of salaries and bonuses to reward executives of the Company and its subsidiaries for performance relative to annual goals. These goals vary by operating company based upon that particular company’s current position. Annually, the Compensation Committee, with input from the Company’s Chairman and its Chief Executive Officer, calculates a pool to fund current year bonuses and subsequent year salaries for all executives whose combined cash compensation exceeds $150,000 per year. The salary/bonus pool is determined by taking a percentage not to exceed 1%, of Torchmark’s pre-tax operating income for the performance period (typically a calendar year). Pre-tax operating income is defined as income, before taxes, excluding realized investment losses and certain other non-operating items, nonrecurring items and discontinued operations, which may vary from year to year. Both bonuses paid under the Section 162(m) Plan and discretionary bonuses paid outside that Plan are paid from this pool. The actual percentage used to establish the pool is based on the percentage derived by dividing the aggregate amount of the target bonus amounts of all executives of Torchmark and its subsidiaries who are eligible to receive a bonus (including bonuses paid outside the Plan) by the amount of Torchmark’s projected pre-tax operating income for the year.

The Compensation Committee, in consultation with the Company’s Chairman and its Chief Executive Officer, then reviews each subsidiary’s performance relative to the goals and fixes salaries and bonuses for that operating subsidiary’s executives. The degree to which these executives have met their particular subsidiary’s goals in turn determines the amount of the bonus, if any, and whether senior executive officers of the Company receive salary increases. Such executives do not receive any cost of living salary adjustments.

Section 162(m) Bonus Plan

Each year, the Compensation Committee determines within the first 90 days, those executives who are eligible to participate in the Section 162(m) Plan for that year from among the Chief Executive Officer, the four other highest paid executive officers other than the Chief Executive Officer (the covered employees), and any other executive officer of the Company or its subsidiaries they may select. Also within this 90 day period, the Compensation Committee establishes performance criteria and target awards for each participating executive. Performance criteria which may be selected are set out above in the Compensation Principles section. Actual performance relative to the selected performance criteria and targets determines the extent to which a target bonus amount may be paid. The maximum amount of the bonus pool which can be paid under the Plan to the CEO and the four “covered” executives cannot exceed 40% of the total pool, with not more than a maximum 15% payable to the CEO and the individual bonuses in total to the four other “covered” executives may not exceed 25% of the pool.
At the end of the performance period, the Compensation Committee must determine and certify that the performance criteria/objectives have been met by a participant before any bonus is paid. While the Compensation Committee has the discretion to reduce a bonus to be paid for any reason, it may not increase a bonus payment above the objectively-determined amount.

On February 22, 2005, the Compensation Committee determined that C.B. Hudson, Mark S. McAndrew and Tony G. Brill would be participating in the Section 162(m) Plan for 2005. On that same date, the Compensation Committee determined the maximum pool would be 0.60% of 2005 pre-tax operating income. They also established the respective maximum percentages of the bonus pool that Messrs. Hudson, McAndrew and Brill, respectively, could receive and fixed growth in net operating income per share from 2004 to 2005 above an established threshold as the applicable performance criteria for each participant. That threshold must have been met before any bonus could be paid to a participant; if it was not, no bonus would be paid. If the threshold was met, the participant would be eligible for a bonus equal to his maximum percentage of the bonus pool, subject to the Compensation Committee’s discretion regarding any reduction in a bonus.

**Stock Option Program**

The Company began awarding stock options to executives and key employees in 1984. The option plan under which options in Company common stock were awarded in 2005 was adopted by Company shareholders in April 2005. It has as its stated purpose promoting the success and enhancing the value of the Company by linking the personal interests of employees, officers and consultants of the Company and its affiliates to those of Company shareholders and by providing these persons with an incentive for outstanding performance. To this end, the Compensation Committee, as administrator of the 2005 Incentive Plan, grants non-qualified stock options to officers and key employees at the market value of the Company’s common stock on the date of the grant, the size of the grant being based generally on the current compensation of such officers or key employees. The five most highly compensated executive officers are paid salaries and bonuses commensurate with the level of their responsibilities and therefore they typically are awarded a larger number of option shares than other employees with lesser levels of compensation and responsibility.

Decisions regarding stock option grants are made annually and the number of options previously awarded to an individual executive officer is not a substantial consideration in determining the amount of options granted to that officer in the future. Once an officer has been awarded options and becomes a part of the stock option program, he or she will typically continue to be eligible from year to year for consideration for stock option awards related to salary.

Stock options may be exercised using cash or previously-owned stock for payment or through a simultaneous exercise and sale program. Such stock options generally become first exercisable to the extent of 50% of the shares on the second anniversary of the option grant date and on the remaining 50% of the shares on the third anniversary of the option grant date.

**Compensation of Chief Executive Officer**

C. B. Hudson joined the Company subsidiary Globe in 1974 as its Chief Actuary and subsequently has served as a senior executive officer and director of the Company’s principal insurance subsidiaries since that time. During the period 1982 to 1991, he was elected as Chairman and Chief Executive Officer of United American, Globe and Liberty, all principal insurance subsidiaries of the Company. Mr. Hudson was elected to the Torchmark Board of Directors in 1986 and was named Chairman of Insurance Operations of the Company in January 1993. He assumed the responsibilities of Chairman, President and Chief Executive Officer of the Company on March 10, 1998. Effective as of April 2001, he served as Chairman and Chief Executive Officer of the Company until his retirement as Chief Executive Officer in August 2005. Thereafter, he continued to serve as Chairman until his February 2006 retirement from that position.
Mark S. McAndrew joined Company subsidiary Globe in 1980 serving in various executive positions at Globe, United American and American Income, including tenure as President and Chief Executive Officer at each of these subsidiaries during the period from 1991 to 2005. He was responsible for the Company’s direct response insurance marketing as President and Chief Executive Officer of Globe until August 2005. Mr. McAndrew was elected to the Torchmark Board of Directors in 1998. He served as Chairman of Insurance Operations of the Company from 2003 until August 2005, when he began service as Chief Executive Officer of the Company.

Mr. Hudson’s and Mr. McAndrew’s base salaries are determined by the Compensation Committee considering each of their current job responsibilities and a comparison of salaries paid at peer companies.

On January 5, 2006 the Compensation Committee certified attainment of his bonus goals and targets and awarded Mr. Hudson a 2005 bonus of $400,000 under the Section 162(m) Plan. Mr. Hudson elected to receive that bonus in the form of a cash payment.

On January 5, 2006 the Compensation Committee certified attainment of his bonus goals and targets and awarded a 2005 bonus of $300,000 under the Section 162(m) Plan to Mr. McAndrew, which he chose to receive in cash.

Mr. Hudson’s and Mr. McAndrew’s respective base salaries and any stock options awarded to them were not directly tied to any one or a group of specific measures of corporate performance.

In the three-year period 2003-2005, which is covered by the Summary Compensation Table on page 22, Torchmark’s diluted operating earnings per share grew from $3.51 per share in 2002 to $4.59 per share in 2005. Return on equity decreased to 15.9% in 2005 from 16.5% in 2002. Torchmark repurchased 16.8 million shares in the 2003-2005 period under its share repurchase program, 14.2% of the outstanding shares at the beginning of that period.

Compensation of Other Executives

The other executive officers listed in the Summary Compensation Table in the Proxy Statement are compensated by salary and a bonus, either paid upon certified attainment of previously-established performance goals under the Section 162(m) Plan or on a discretionary basis outside that Plan, which may be impacted by a number of factors, more particularly described in the Compensation Principles section above. The pool of funds available for determining their salaries and bonuses is calculated based upon the formula described in the discussion of the salary and bonus system. Determination of any salary increase or discretionary bonus award to such an executive is then recommended by the Chairman and the Chief Executive Officer based upon an evaluation of a number of factors, including those listed above, to the Compensation Committee for its decision. Determination of any bonus paid to such executives who have been selected to participate in the Section 162(m) Bonus Plan is made by the Compensation Committee based on such executive’s attainment of the pre-established bonus goals and targets fixed by the Committee.

Mr. Brill is the Executive Vice President and Chief Administrative Officer in charge of insurance administration for Torchmark and all its insurance subsidiaries. On January 5, 2006, the Compensation Committee certified attainment of his bonus goals and targets and awarded a 2005 bonus under the Section 162(m) Plan to Mr. Brill of $160,000, which was paid in cash.

Mr. Coleman serves as Executive Vice President and Chief Financial Officer of the Company. He has been responsible for the Company’s accounting operations since 1994 and is also in charge of all financial areas. The Compensation Committee awarded Mr. Coleman a $175,000 discretionary bonus for 2005, which was paid in cash.
Mr. Hutchison is Executive Vice President and General Counsel of the Company. He is responsible for all legal, regulatory and compliance matters in the Company. Mr. Hutchison was awarded a $175,000 discretionary bonus by the Compensation Committee for 2005, which was paid in cash.

Ms. Montgomery is Executive Vice President and Chief Actuary of the Company. In that position, she is responsible for the actuarial function at Torchmark and each of its insurance subsidiaries. Ms. Montgomery was awarded a $175,000 discretionary bonus by the Compensation Committee for 2005, which was paid in cash.

Compensation and Company Performance

As indicated above, the annual aspect of executive compensation for holding company executives of Torchmark centers on growth in net operating income per share, earnings per share and return on equity as well as increases in pre-tax operating income and for executives of the insurance subsidiaries on growth in underwriting income and premium income. Pre-tax operating income was $741 million in 2005, an increase of 3% over 2004. Diluted operating earnings per share grew from $4.23 per share in 2004 to $4.59 per share in 2005, a 9% change. Return on equity was 15.9% in 2005 compared to 16.2% in 2004. Premium income, which made up 80% of the Company’s total revenues, rose to $2.51 billion in 2005 from $2.47 billion in 2004. Underwriting income comprised 58% of the Company’s pre-tax operating income for 2005. Underwriting income increased 6% from $401 million to $426 million in 2005 from 2004.

The above performance resulted in compensation changes to certain of the Company’s executives as a group shown in the Summary Compensation Table on page 22. Salaries paid to persons who are listed in that table increased 3% in 2005 over 2004, while their bonuses increased 75% for an increase in total cash compensation of 17%.

The long-term portion of the executive compensation program centers on stock value through the granting of stock options. Over the last three fiscal years, diluted operating earnings per share have increased 31% and rose from $3.51 in 2002 to $4.59 in 2005.

Joseph L. Lanier, Jr., Chairman
David L. Boren
M. Jane Buchan
Joseph M. Farley

The foregoing Compensation Committee Report on Executive Compensation shall not be deemed “filed” with the Securities and Exchange Commission or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934.
AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of five directors: Paul J. Zucconi, who currently serves as Committee Chairman; Charles E. Adair, Robert W. Ingram, Harold T. McCormick and Joseph M. Farley. All of the Audit Committee members are independent as that term is defined in the rules of the New York Stock Exchange. All members of the Audit Committee are financially literate as that qualification has been interpreted by the Company’s Board of Directors in its business judgment and at least one member of the Audit Committee has accounting or related financial management expertise. In October 2003, the Board of Directors, after review and deliberation, determined that Paul J. Zucconi is the audit committee financial expert serving on the audit committee in accordance with the definition and qualifications for an audit committee financial expert set out in SEC Regulation S-K, Item 401. Mr. Zucconi is independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934 and continues to serve as the audit committee financial expert.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the Company’s consolidated financial reports, its internal financial and accounting controls, and its auditing, accounting and financial reporting processes generally.

In discharging its oversight responsibilities regarding the audit process, the Audit Committee reviewed and discussed the audited consolidated financial statements of Torchmark as of and for the year ended December 31, 2005 with Company management and Deloitte & Touche LLP (Deloitte), the independent auditors. The Audit Committee received the written disclosures and the letter from Deloitte required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, discussed with Deloitte any relationships which might impair that firm’s independence from management and the Company and satisfied itself as to the auditors’ independence. The Audit Committee reviewed and discussed with Deloitte all communications required by auditing standards generally accepted in the United States of America, including Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended.

Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the Company’s audited consolidated financial statements be included in Torchmark’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 for filing with the Securities and Exchange Commission.

Paul J. Zucconi, Chairman
Charles E. Adair
Joseph M. Farley
Robert W. Ingram
Harold T. McCormick

The foregoing Audit Committee Report shall not be deemed “filed” with the Securities and Exchange Commission or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934.
The following table sets forth the aggregate fees, including out-of-pocket expenses, billed to Torchmark for the fiscal years ended December 31, 2005 and 2004 by the Company’s principal accountants, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, the Deloitte Entities).

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<td><strong>Tax Fees (b)</strong></td>
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<td>176,277</td>
</tr>
<tr>
<td><strong>All Other Fees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial Fees</td>
<td>0</td>
<td>15,150</td>
</tr>
<tr>
<td>Insurance Department Examinations</td>
<td>21,128</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total All Other Fees</strong></td>
<td>21,128</td>
<td>15,150</td>
</tr>
<tr>
<td><strong>Total Fees</strong></td>
<td>$2,874,468</td>
<td>$3,145,424</td>
</tr>
</tbody>
</table>

(a) Fees for audit services billed in 2005 and 2004 consisted of:

(i) Audit of Company’s annual financial statements and insurance subsidiaries statutory financial statements;

(ii) Review of the Company’s quarterly financial statements; and

(iii) Services related to Securities and Exchange Commission filings and regulatory matters.

(b) Fees for tax services provided in 2005 and 2004 consisted primarily of fees for assistance with tax audits and appeals.

**Pre-approval Policy**

All audit and non-audit services performed by Deloitte in 2005 were pre-approved in accordance with the Policy Regarding the Approval of Audit and Non-Audit Services Provided by the Independent Auditor adopted by the Audit Committee at its April 23, 2003 meeting, as amended at its October 13-14, 2003 meeting. The Policy requires that all services provided by Deloitte, both audit and non-audit must be pre-approved by the Audit Committee or a Designated Member thereof except for certain de minimus exceptions. After discussions with Deloitte and Company management, the Audit Committee has determined that the provision of certain designated audit-related, tax and all other services do not impair the independence of Deloitte. The Policy describes the permitted audit, audit-related, tax and all other services (collectively, the Disclosure Categories) that Deloitte may perform. Pre-approvals of audit and non-audit services may be given at any time up to a year before commencement of the specific service.

A description of the services expected to be provided by Deloitte in each of the Disclosure Categories (a Service List) is presented to the Audit Committee for approval. Upon receipt of approval of these services by the Audit Committee or a Designated Member, the services are provided by Deloitte for the duration of the pre-approved period. Any requests for audit, audit-related, tax and other services not on the pre-approved Service List must be separately pre-approved by the Audit Committee or the Designated Member and cannot be commenced until such pre-approval is obtained. If the Designated Member pre-approved services, a report of this specific pre-approval must be made to the Audit Committee at its next regularly scheduled meeting. The Chief Financial Officer or his designee may engage Deloitte to provide any permitted service if the expected
fee does not exceed $50,000 after obtaining approval of the Chairman of the Audit Committee as the Designated Member. The Audit Committee may also periodically establish fee thresholds for pre-approved services.

At each regularly scheduled Audit Committee meeting, the Audit Committee reviews a summary of the services provided including fees, a listing of new pre-approved services since the Committee’s last meeting, a list of any de minimus services approved by the Chief Financial Officer and the Audit Committee Chairman and an updated projection for the current fiscal year of estimated annual fees to be paid to Deloitte.
The line graph shown above compares the yearly percentage change in Torchmark’s cumulative total return on its common stock with the cumulative total returns of the Standard and Poor’s 500 Stock Index (S&P 500) and the Standard and Poor’s Life & Health Insurance Index (S&P Life & Health Insurance). Torchmark is one of the companies whose stock is included within both the S&P 500 and the S&P Life & Health Insurance.
MISCELLANEOUS INFORMATION

Proposals of Stockholders

In order for a proposal by a stockholder of the Company to be eligible to be included in the proxy statement and proxy form for the annual meeting of stockholders in 2007, the proposal must be received by the Company at its home office, 2001 Third Avenue South, Birmingham, Alabama 35233, on or before November 21, 2006. If a stockholder proposal is submitted outside the proposal process mandated by Securities and Exchange Commission rules, it will be considered untimely if received after February 4, 2007.

General

The cost of this solicitation of proxies will be paid by the Company. The Company is requesting that certain banking institutions, brokerage firms, custodians, trustees, nominees, and fiduciaries forward solicitation material to the underlying beneficial owners of the shares of the Company they hold of record. The Company will reimburse all reasonable forwarding expenses.

The Annual Report of the Company for 2005, which accompanies this proxy statement, includes a copy of the Company’s Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2005 and the financial statements and schedules thereto. Upon request and payment of copying cost, the exhibits to the Form 10-K will be furnished. These written requests should be directed to Investor Relations Department, Torchmark Corporation at its address stated above.

By Order of the Board of Directors

Carol A. McCoy
Vice President, Associate Counsel & Secretary

March 20, 2005
Appendix A

TORCHMARK CORPORATION
Amended and Restated 2005 INCENTIVE PLAN

ARTICLE 1
PURPOSE

1.1. GENERAL. The purpose of the Torchmark Corporation Amended and Restated 2005 Incentive Plan (the “Plan”) is to promote the success, and enhance the value, of Torchmark Corporation (the “Company”), by linking the personal interests of employees, officers, directors and consultants of the Company or any Affiliate (as defined below) to those of Company shareholders and by providing such persons with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of employees, officers, directors and consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. Accordingly, the Plan permits the grant of incentive awards from time to time to selected employees, officers, directors and consultants of the Company and its Affiliates.

ARTICLE 2
DEFINITIONS

2.1. DEFINITIONS. When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be given the meaning ascribed to it in this Section or in Section 1.1 unless a clearly different meaning is required by the context. The following words and phrases shall have the following meanings:

(a) “Affiliate” means (i) any Subsidiary or Parent, or (ii) an entity that directly or through one or more intermediaries controls, is controlled by or is under common control with, the Company, as determined by the Committee.

(b) “Award” means any Option or Restricted Stock Award granted to a Participant under the Plan.

(c) “Award Certificate” means a written document, in such form as the Committee prescribes from time to time, setting forth the terms and conditions of an Award. Award Certificates may be in the form of individual award agreements or certificates or a program document describing the terms and provisions of an Awards or series of Awards under the Plan.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” as a reason for a Participant’s termination of employment shall have the meaning assigned such term in the employment, severance or similar agreement, if any, between such Participant and the Company or an Affiliate, provided, however that if there is no such employment, severance or similar agreement in which such term is defined, and unless otherwise defined in the applicable Award Certificate, “Cause” shall mean any of the following acts by the Participant, as determined by the Committee or the Board: gross neglect of duty, prolonged absence from duty without the consent of the Company, intentionally engaging in any activity that is in conflict with or adverse to the business or other interests of the Company, or willful misconduct, misfeasance or malfeasance of duty which is reasonably determined to be detrimental to the Company. With respect to a Participant’s termination of directorship, “Cause” means a Participant’s willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate.
“Change in Control” means and includes the occurrence of any one of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 25% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change in Control: (i) any acquisition by a Person who is on the Effective Date the beneficial owner of 25% or more of the Outstanding Company Voting Securities, (ii) any acquisition directly from the Company, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (v) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this definition; or

(ii) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(g) “Code” means the Internal Revenue Code of 1986, as amended from time to time, and includes a reference to the underlying final regulations.

(h) “Committee” means the committee of the Board described in Article 4.

(i) “Company” means Torchmark Corporation, a Delaware corporation, or any successor corporation.
(j) “Continuous Status as a Participant” means the absence of any interruption or termination of service as an employee, officer, director or consultant of the Company or any Affiliate, as applicable; provided, however, that for purposes of an Incentive Stock Option, “Continuous Status as a Participant” means the absence of any interruption or termination of service as an employee of the Company or any Parent or Subsidiary, as applicable, pursuant to applicable tax regulations. Continuous Status as a Participant shall continue to the extent provided in a written severance or employment agreement during any period for which severance compensation payments are made to an employee, officer, director or consultant and shall not be considered interrupted in the case of any short-term disability or leave of absence authorized in writing by the Company prior to its commencement; provided, however, that for purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(k) “Covered Employee” means a covered employee as defined in Code Section 162(m)(3).

(l) “Disability” or “Disabled” has the same meaning as provided in the long-term disability plan or policy maintained by the Company or if applicable, most recently maintained, by the Company or if applicable, an Affiliate, for the Participant, whether or not the Participant actually receives disability benefits under such plan or policy. If no long-term disability plan or policy was ever maintained on behalf of Participant or if the determination of Disability relates to an Incentive Stock Option, Disability means Permanent and Total Disability as defined in Section 22(e)(3) of the Code. In the event of a dispute, the determination whether a Participant is Disabled will be made by the Committee and may be supported by the advice of a physician competent in the area to which such Disability relates.

(m) “Effective Date” has the meaning assigned such term in Section 3.1.

(n) “Eligible Participant” means an employee, officer, director or consultant of the Company or any Affiliate.

(o) “Exchange” means the New York Stock Exchange or any other national securities exchange or, if applicable, the Nasdaq National Market on which the Stock may from time to time be listed or traded.

(p) “Fair Market Value”, on any date, means (i) if the Stock is listed on a securities exchange or is traded over the Nasdaq National Market, the closing sales price on such exchange or over such system on such date or, in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported, or (ii) if the Stock is not listed on a securities exchange or traded over the Nasdaq National Market, the mean between the bid and offered prices as quoted by Nasdaq for such date, provided that it is determined that the fair market value is not properly reflected by such Nasdaq quotations, Fair Market Value will be determined by such other method as the Committee determines in good faith to be reasonable.

(q) “Good Reason” has the meaning assigned such term in the employment, severance or similar agreement, if any, between a Participant and the Company or an Affiliate, provided, however that if there is no such employment, severance or similar agreement in which such term is defined, and unless otherwise defined in the applicable Award Certificate, “Good Reason” shall mean a reduction by the Company or an Affiliate in the Participant’s base salary (other than an overall reduction in salaries that affects substantially all full-time employees of the Company and its Affiliates).

(r) “Grant Date” of an Award means the first date on which all necessary corporate action has been taken to approve the grant of the Award as provided in the Plan, or such later date as is determined and specified as part of that authorization process. Notice of the grant shall be provided to the grantee within a reasonable time after the Grant Date.
(s) “Incentive Stock Option” means an Option that is intended to be an incentive stock option and meets the requirements of Section 422 of the Code or any successor provision thereto.

(t) “Non-Employee Director” means a director of the Company who is not a common law employee of the Company or an Affiliate.

(u) “Nonstatutory Stock Option” means an Option that is not an Incentive Stock Option.

(v) “Option” means a right granted to a Participant under Article 7 of the Plan to purchase Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(w) “Parent” means a corporation, limited liability company, partnership or other entity which owns or beneficially owns a majority of the outstanding voting stock or voting power of the Company. Notwithstanding the above, with respect to an Incentive Stock Option, Parent shall have the meaning set forth in Section 424(e) of the Code.

(x) “Participant” means a person who, as an employee, officer, director or consultant of the Company or any Affiliate, has been granted an Award under the Plan; provided that in the case of the death of a Participant, the term “Participant” refers to a beneficiary designated pursuant to Section 9.5 or the legal guardian or other legal representative acting in a fiduciary capacity on behalf of the Participant under applicable state law and court supervision.

(y) “Person” means any individual, entity or group, within the meaning of Section 3(a)(9) of the 1934 Act and as used in Section 13(d)(3) or 14(d)(2) of the 1934 Act.

(z) “Plan” means this Torchmark Corporation Amended and Restated 2005 Incentive Plan, as amended or supplemented from time to time.

(aa) “Restricted Stock Award” means Stock granted to a Participant under Article 8 that is subject to certain restrictions and to risk of forfeiture.

(bb) “Retirement” means a Participant’s termination of employment with the Company or an Affiliate with the Committee’s approval after attaining any normal or early retirement age specified in any pension, profit sharing or other retirement program sponsored by the Company, or, in the event of the inapplicability thereof with respect to the Participant in question, as determined by the Committee in its reasonable judgment.

(cc) “Section 162(m) Exemption” means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code or any successor provision thereto.

(dd) “Shares” means shares of the Company’s Stock. If there has been an adjustment or substitution pursuant to Section 10.1, the term “Shares” shall also include any shares of stock or other securities that are substituted for Shares or into which Shares are adjusted pursuant to Section 10.1.

(ee) “Stock” means the $.100 par value common stock of the Company and such other securities of the Company as may be substituted for Stock pursuant to Article 10.

(ff) “Subsidiary” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company. Notwithstanding the above, with respect to an Incentive Stock Option, Subsidiary shall have the meaning set forth in Section 424(f) of the Code.

(gg) “1933 Act” means the Securities Act of 1933, as amended from time to time.

(hh) “1934 Act” means the Securities Exchange Act of 1934, as amended from time to time.
ARTICLE 3
EFFECTIVE TERM OF PLAN

3.1. EFFECTIVE DATE. The Plan shall be effective as of the date it is approved by the shareholders of the Company (the “Effective Date”).

3.2. TERMINATION OF PLAN. The Plan shall terminate on the tenth anniversary of the Effective Date unless earlier terminated as provided herein. The termination of the Plan on such date shall not affect the validity of any Award outstanding on the date of termination.

ARTICLE 4
ADMINISTRATION

4.1. COMMITTEE. The Plan shall be administered by a Committee appointed by the Board (which Committee shall consist of at least two directors) or, at the discretion of the Board from time to time, the Plan may be administered by the Board. It is intended that at least two of the directors appointed to serve on the Committee shall be “non-employee directors” (within the meaning of Rule 16b-3 promulgated under the 1934 Act) and “outside directors” (within the meaning of Code Section 162(m)) and that any such members of the Committee who do not so qualify shall abstain from participating in any decision to make or administer Awards that are made to Eligible Participants who at the time of consideration for such Award (i) are persons subject to the short-swing profit rules of Section 16 of the 1934 Act, or (ii) are reasonably anticipated to become Covered Employees during the term of the Award. However, the mere fact that a Committee member shall fail to qualify under either of the foregoing requirements or shall fail to abstain from such action shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan. The members of the Committee shall be appointed by, and may be changed at any time and from time to time in the discretion of, the Board. The Board may reserve to itself any or all of the authority and responsibility of the Committee under the Plan or may act as administrator of the Plan for any and all purposes. To the extent the Board has reserved any authority and responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section 4.1) shall include the Board. To the extent any action of the Board under the Plan conflicts with actions taken by the Committee, the actions of the Board shall control.

4.2. ACTION AND INTERPRETATIONS BY THE COMMITTEE. For purposes of administering the Plan, the Committee may from time to time adopt rules, regulations, guidelines and procedures for carrying out the provisions and purposes of the Plan and make such other determinations, not inconsistent with the Plan, as the Committee may deem appropriate. The Committee’s interpretation of the Plan, any Awards granted under the Plan, any Award Certificate and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company’s or an Affiliate’s independent certified public accountants, Company counsel or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

4.3. AUTHORITY OF COMMITTEE. Except as provided below, the Committee has the exclusive power, authority and discretion to:

(a) Grant Awards;
(b) Designate Participants;
(c) Determine the type or types of Awards to be granted to each Participant;
(d) Determine the number of Awards to be granted and the number of Shares or dollar amount to which an Award will relate;

(e) Determine the terms and conditions of any Award granted under the Plan, including but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines;

(f) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(g) Prescribe the form of each Award Certificate, which need not be identical for each Participant;

(h) Decide all other matters that must be determined in connection with an Award;

(i) Establish, adopt or revise any rules, regulations, guidelines or procedures as it may deem necessary or advisable to administer the Plan;

(j) Make all other decisions and determinations that may be required under the Plan or as the Committee deems necessary or advisable to administer the Plan;

(k) Amend the Plan or any Award Certificate as provided herein; and

(l) Adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of non-U.S. jurisdictions in which the Company or any Affiliate may operate, in order to assure the viability of the benefits of Awards granted to participants located in such other jurisdictions and to meet the objectives of the Plan.

Notwithstanding the foregoing, grants of Awards to Non-Employee Directors hereunder shall be made only in accordance with the terms, conditions and parameters of a plan, program or policy for the compensation of Non-Employee Directors as in effect from time to time, and the Committee may not make discretionary grants hereunder to Non-Employee Directors.

Notwithstanding the above, the Board or the Committee may, by resolution, expressly delegate to a special committee, consisting of one or more directors who are also officers of the Company, the authority, within specified parameters, to (i) designate Eligible Participants to be recipients of Awards under the Plan, and (ii) to determine the number of such Awards to be granted to any such Participants; provided that a limit on the total number or dollar value of Awards to be granted to any such Participants shall be approved in advance by the Board or the Committee and provided further that such delegation of duties and responsibilities to such special committee may not be made with respect to the grant of Awards to Eligible Participants (a) who are subject to Section 16(a) of the 1934 Act at the Grant Date, or (b) who as of the Grant Date are reasonably anticipated to be become Covered Employees during the term of the Award. The acts of such delegates shall be treated hereunder as acts of the Board and such delegates shall report regularly to the Board and the Compensation Committee regarding the delegated duties and responsibilities and any Awards so granted.

4.4. AWARD CERTIFICATES. Each Award shall be evidenced by an Award Certificate. Each Award Certificate shall include such provisions, not inconsistent with the Plan, as may be specified by the Committee.

ARTICLE 5
SHARES SUBJECT TO THE PLAN

5.1. NUMBER OF SHARES. Subject to adjustment as provided in Sections 5.2, the aggregate number of Shares reserved and available for issuance pursuant to Awards granted under the Plan shall be
5,789,805. The maximum number of Shares that may be issued upon exercise of Incentive Stock Options granted under the Plan shall be 1,000,000. The maximum number of Shares that may be issued as Restricted Stock under the Plan shall be [50,000].

5.2. SHARE COUNTING. To the extent that an Award is canceled, terminates, expires, is forfeited or lapses for any reason, any unissued or forfeited Shares from such Award will again be available for issuance pursuant to Awards granted under the Plan.

5.3. STOCK DISTRIBUTED. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

5.4. LIMITATION ON AWARDS. Notwithstanding any provision in the Plan to the contrary, the maximum number of Shares with respect to one or more Options that may be granted during any one calendar year under the Plan to any one Participant shall be 800,000. The maximum aggregate grant with respect to Restricted Stock Awards in any one calendar year to any one Participant shall be 7,000.

ARTICLE 6
ELIGIBILITY

6.1. GENERAL. Awards may be granted only to Eligible Participants; except that Incentive Stock Options may be granted to only to Eligible Participants who are employees of the Company or a Parent or Subsidiary as defined in Section 424(e) and (f) of the Code.

ARTICLE 7
STOCK OPTIONS

7.1. GENERAL. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) EXERCISE PRICE. The exercise price per Share under an Option shall be determined by the Committee; provided, however, that the exercise price of an Option shall not be less than the Fair Market Value as of the Grant Date.

(b) TIME AND CONDITIONS OF EXERCISE. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, subject to Section 7.1(d). The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised or vested. Except under certain circumstances contemplated by Section 9.9 or as may be set forth in an Award Certificate with respect to death, Disability or Retirement of a Participant, Options granted after June 30, 2005 will not be exercisable before the expiration of one year from the Grant Date.

(c) PAYMENT. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation, cash, Shares, or other property (including “cashless exercise” arrangements), and the methods by which Shares shall be delivered or deemed to be delivered to Participants.

(d) EXERCISE TERM. In no event may any Option be exercisable for more than seven years from the Grant Date.

7.2. INCENTIVE STOCK OPTIONS. The terms of any Incentive Stock Options granted under the Plan must comply with the following additional rules:

(a) EXERCISE PRICE. The exercise price of an Incentive Stock Option shall not be less than the Fair Market Value as of the Grant Date.
(b) **LAPSE OF OPTION.** Subject to any earlier termination provision contained in the Award Certificate, an Incentive Stock Option shall lapse upon the earliest of the following circumstances; provided, however, that the Committee may, prior to the lapse of the Incentive Stock Option under the circumstances described in subsections (3), (4) or (5) below, provide in writing that the Option will extend until a later date, but if an Option is so extended and is exercised after the dates specified in subsections (3) and (4) below, it will automatically become a Nonstatutory Stock Option:

1. The expiration date set forth in the Award Certificate.
2. The seventh anniversary of the Grant Date.
3. Three months after termination of the Participant’s Continuous Status as a Participant for any reason other than the Participant’s Disability or death.
4. One year after the Participant’s Continuous Status as a Participant by reason of the Participant’s Disability.
5. One year after the Participant’s death if the Participant dies while employed, or during the three-month period described in paragraph (3) or during the one-year period described in paragraph (4) and before the Option otherwise lapses.

Unless the exercisability of the Incentive Stock Option is accelerated as provided in Article 9, if a Participant exercises an Option after termination of employment, the Option may be exercised only with respect to the Shares that were otherwise vested on the Participant’s termination of employment. Upon the Participant’s death, any exercisable Incentive Stock Options may be exercised by the Participant’s beneficiary, determined in accordance with Section 9.5.

(c) **INDIVIDUAL DOLLAR LIMITATION.** The aggregate Fair Market Value (determined as of the Grant Date) of all Shares with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000.00.

(d) **TEN PERCENT OWNERS.** No Incentive Stock Option shall be granted to any individual who, at the Grant Date, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary unless the exercise price per share of such Option is at least 110% of the Fair Market Value per Share at the Grant Date and the Option expires no later than five years after the Grant Date.

(e) **EXPIRATION OF AUTHORITY TO GRANT INCENTIVE STOCK OPTIONS.** No Incentive Stock Option may be granted pursuant to the Plan after the day immediately prior to the tenth anniversary of the Effective Date of the Plan, or the termination of the Plan, if earlier.

(f) **RIGHT TO EXERCISE.** During a Participant’s lifetime, an Incentive Stock Option may be exercised only by the Participant or, in the case of the Participant’s Disability, by the Participant’s guardian or legal representative.

(g) **ELIGIBLE GRANTEES.** The Committee may not grant an Incentive Stock Option to a person who is not at the Grant Date an employee of the Company or a Parent or Subsidiary.

**ARTICLE 8**

**RESTRICTED STOCK AWARDS**

8.1 **GRANT OF RESTRICTED STOCK.** The Committee is authorized to make Awards of Restricted Stock to Participants in such amounts and subject to such terms and conditions as may be selected by the Committee, subject to Section 5.4.

8.2 **ISSUANCE AND RESTRICTIONS.** Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on
the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock) covering a period of
time specified by the Committee (the “Restricted Period”). These restrictions may lapse separately or in
combination at such times, under such circumstances, in such installments, upon the satisfaction of performance
goals or otherwise, as the Committee determines at the time of the grant of the Award or thereafter. Except as
otherwise provided in an Award Certificate or any special Plan document governing an Award, the Participant
shall have all of the rights of a shareholder with respect to the Restricted Stock.

8.3. FORFEITURE. Except for certain limited situations (including the death, Disability or
Retirement of the Participant or a Change in Control referred to in Section 9.8), Restricted Stock Awards subject
solely to continued employment restrictions shall have a Restriction Period of not less than five years from the
Grant Date (but permitting pro-rata vesting over such time). Except as otherwise determined by the Committee at
the time of the grant of the Award or thereafter, immediately after termination of Continuous Status as a
Participant during the applicable Restriction Period or upon failure to satisfy a performance goal during the
applicable Restriction Period, Restricted Stock that is at that time subject to restrictions shall be forfeited.

8.4. DELIVERY OF RESTRICTED STOCK. Shares of Restricted Stock shall be delivered to the
Participant at the time of grant either by book-entry registration or by delivering to the Participant, or a custodian
or escrow agent (including, without limitation, the Company or one or more of its employees) designated by the
Committee, a stock certificate or certificates registered in the name of the Participant. If physical certificates
representing shares of Restricted Stock are registered in the name of the Participant, such certificates must bear
an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

ARTICLE 9
PROVISIONS APPLICABLE TO AWARDS

9.1. STAND-ALONE AND TANDEM AWARDS. Awards granted under the Plan may, in the
discretion of the Committee, be granted either alone or in addition to, in tandem with, any other Award granted
under the Plan. Subject to Section 9.2, Awards granted in addition to or in tandem with other Awards may be
granted either at the same time as or at a different time from the grant of such other Awards.

9.2. TERM OF AWARD. The term of each Award shall be for the period as determined by the
Committee, provided that in no event shall the term of any Stock Option exceed a period of seven years from its
Grant Date (or, if Section 7.2(d) applies, five years from its Grant Date).

9.3. FORM OF PAYMENT FOR AWARDS. Subject to the terms of the Plan and any applicable
law or Award Certificate, payments or transfers to be made by the Company or an Affiliate on the grant or
exercise of an Award may be made in such form as the Committee determines at or after the Grant Date,
including without limitation, cash, Stock, or other property, or any combination, and may be made in a single
payment or transfer, in installments, or on a deferred basis, in each case determined in accordance with rules
adopted by, and at the discretion of, the Committee.

9.4. LIMITS ON TRANSFER. No right or interest of a Participant in any unexercised or restricted
Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an
Affiliate, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than
the Company or an Affiliate. No unexercised or restricted Award shall be assignable or transferable by a
Participant other than by will or the laws of descent and distribution or, except in the case of an Incentive Stock
Option, pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code if such
Section applied to an Award under the Plan; provided, however, that the Committee may (but need not) permit
other transfers where there is no consideration whatsoever to any party for said transfer and the Committee
concludes that such transferability (i) does not result in accelerated taxation, (ii) does not cause any Option
intended to be an Incentive Stock Option to fail to be described in Code Section 422(b), and (iii) is otherwise appropriate and desirable, taking into account any factors deemed relevant, including without limitation, state or federal tax or securities laws applicable to transferable Awards.

9.5. **BENEFICIARIES.** Notwithstanding Section 9.4, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights under the Plan is subject to all terms and conditions of the Plan and any Award Certificate applicable to the Participant, except to the extent the Plan and Award Certificate otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If no beneficiary has been designated or survives the Participant, payment shall be made to the Participant’s estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Company.

9.6. **STOCK TRANSFERS.** All Stock issuable under the Plan is subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate or issue instructions to the transfer agent to reference restrictions applicable to the Stock.

9.7. **ACCELERATION UPON DEATH OR DISABILITY.** Except as otherwise provided in the Award Certificate or any special Plan document governing an Award, upon the Participant’s death or Disability during his or her Continuous Status as a Participant, (i) all of such Participant’s outstanding Options shall become fully exercisable and (ii) all time-based vesting restrictions on the Participant’s outstanding Awards shall lapse. To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Section 7.2(c), the excess Options shall be deemed to be Nonstatutory Stock Options.

9.8. **ACCELERATION UPON A CHANGE IN CONTROL.** Except as otherwise provided in the Award Certificate or any special Plan document governing an Award if a Participant’s employment is terminated without Cause or the Participant resigns for Good Reason within one year after the effective date of a Change in Control, (i) all outstanding Options shall become fully exercisable and (ii) all time-based vesting restrictions on outstanding Awards shall lapse.

9.9. **DISCRETIONARY ACCELERATION.** Regardless of whether an event has occurred as described in Section 9.7 or 9.8 above, the Committee may in its sole discretion at any time determine that, upon the death, Disability, Retirement or termination of service of a Participant, all or a portion of such Participant’s Options shall become fully or partially exercisable, and/or that all or a part of the restrictions on all or a portion of the Participant’s outstanding Awards shall lapse as of such date as the Committee may, in its sole discretion, declare. The Committee may discriminate among Participants and among Awards granted to a Participant in exercising its discretion pursuant to this Section 9.9.

9.10. **TERMINATION OF EMPLOYMENT.** Whether military, government or other service or other leave of absence shall constitute a termination of employment shall be determined in each case by the Committee at its discretion, and any determination by the Committee shall be final and conclusive. A Participant’s Continuous Status as a Participant shall not be deemed to terminate (i) in a circumstance in which a Participant transfers from the Company to an Affiliate, transfers from an Affiliate to the Company, or transfers from one Affiliate to another Affiliate, or (ii) in the discretion of the Committee as specified at or prior to such occurrence, in the case of a spin-off, sale or disposition of the Participant’s employer from the Company or any Affiliate. To the extent that this provision causes Incentive Stock Options to extend beyond three months from the date a Participant is deemed to be an employee of the Company, a Parent or Subsidiary for purposes of Sections 424(e) and 424(f) of the Code, the Options held by such Participant shall be deemed to be Nonstatutory Stock Options.
9.11. **FORFEITURE EVENTS.** The Committee may specify in an Award Certificate that the Participant’s rights and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but are not limited to, termination of employment for cause, violation of material Company or Affiliate policies, breach of non-competition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company or any Affiliate.

9.12. **SUBSTITUTE AWARDS.** The Committee may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another entity who become employees of the Company or an Affiliate as a result of a merger or consolidation of the former employing entity with the Company or an Affiliate or the acquisition by the Company or an Affiliate of property or stock of the former employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

**ARTICLE 10**

**CHANGES IN CAPITAL STRUCTURE**

10.1. **GENERAL.** In the event of a corporate event or transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the authorization limits under Section 5.1 and 5.4 shall be adjusted proportionately, and the Committee may adjust the Plan and Awards to preserve the benefits or potential benefits of the Awards. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the exercise price of outstanding Awards; and (iv) any other adjustments that the Committee determines to be equitable. In addition, the Committee may, in its sole discretion, provide (i) that Awards will be settled in cash rather than Stock, (ii) that Awards will become immediately vested and exercisable and will expire after a designated period of time to the extent not then exercised, (iii) that Awards will be assumed by another party to a transaction or otherwise be equitably converted or substituted in connection with such transaction, (iv) that outstanding Awards may be settled by payment in cash or cash equivalents equal to the excess of the Fair Market Value of the underlying Stock, as of a specified date associated with the transaction, over the exercise price of the Award, or (v) any combination of the foregoing. The Committee’s determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated. Without limiting the foregoing, in the event of a subdivision of the outstanding Stock (stock-split), a declaration of a dividend payable in Shares, or a combination or consolidation of the outstanding Stock into a lesser number of Shares, the authorization limits under Section 5.1 and 5.4 shall automatically be adjusted proportionately, and the Shares then subject to each Award shall automatically be adjusted proportionately without any change in the aggregate purchase price therefor. To the extent that any adjustments made pursuant to this Article 10 cause Incentive Stock Options to cease to qualify as Incentive Stock Options, such Options shall be deemed to be Nonstatutory Stock Options.

**ARTICLE 11**

**AMENDMENT, MODIFICATION AND TERMINATION**

11.1. **AMENDMENT, MODIFICATION AND TERMINATION.**

(a) The Board or the Committee may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; provided, however, that if an amendment to the Plan would, in the reasonable opinion of the Board or the Committee, either (i) materially increase the benefits accruing to Participants, (ii) materially increase the number of Shares available under the Plan, (iii) expand the types of
awards under the Plan, (iv) materially expand the class of participants eligible to participate in the Plan, (v) materially extend the term of the Plan, or (vi) otherwise constitute a material change requiring shareholder approval under applicable laws, policies or regulations or the applicable listing or other requirements of an Exchange, then such amendment shall be subject to shareholder approval; and provided, further, that the Board or Committee may condition any other amendment or modification on the approval of shareholders of the Company for any reason, including by reason of such approval being necessary or deemed advisable to (i) permit Awards made hereunder to be exempt from liability under Section 16(b) of the 1934 Act, (ii) to comply with the listing or other requirements of an Exchange, or (iii) to satisfy any other tax, securities or other applicable laws, policies or regulations.

(b) No termination, amendment, or modification of the Plan shall adversely affect any Award previously granted under the Plan, without the written consent of the Participant affected thereby. An outstanding Award shall not be deemed to be “adversely affected” by a Plan amendment if such amendment would not reduce or diminish the value of such Award determined as if the Award had been exercised, vested or otherwise settled on the date of such amendment (with the per-share value of an Option for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment over the exercise or base price of such Award).

11.2. AWARDS PREVIOUSLY GRANTED. At any time and from time to time, the Committee may amend, modify or terminate any outstanding Award without approval of the Participant; provided, however:

(a) Subject to the terms of the applicable Award Certificate, such amendment, modification or termination shall not, without the Participant’s consent, reduce or diminish the value of such Award determined as if the Award had been exercised, vested or otherwise settled on the date of such amendment or termination (with the per-share value of an Option for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment or termination over the exercise or base price of such Award);

(b) The original term of an Option may not be extended without the prior approval of the shareholders of the Company; and

(c) Except as otherwise provided in Article 10, the exercise price of an Option may not be reduced, directly or indirectly, without the prior approval of the shareholders of the Company.

ARTICLE 12
GENERAL PROVISIONS

12.1 SPECIAL PROVISIONS RELATED TO SECTION 409A OF THE CODE.

(a) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, to the extent that any amount or benefit that would constitute “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Certificate by reason the occurrence of a Change in Control or the Participant’s Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the description or definition of “change in control event”, “disability” or “separation from service”, as the case may be, in Section 409A of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under the Plan or any Award Certificate.

(b) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, to the extent necessary to avoid the application of Section 409A of the Code, (i) the Committee may not amend an outstanding Option, SAR or similar Award to extend the time to exercise such Award beyond the later of the
15th day of the third month following the date at which, or December 31 of the calendar year in which, the Award would otherwise have expired if the Award had not been extended, based on the terms of the Award at the original Grant Date (the “Safe Harbor Extension Period”), and (ii) any purported extension of the exercise period of an outstanding Award beyond the Safe Harbor Extension Period shall be deemed to be an amendment to the last day of the Safe Harbor Extension Period and no later.

12.2. **NO RIGHTS TO AWARDS; NON-UNIFORM DETERMINATIONS.** No Participant or any Eligible Participant shall have any claim to be granted any Award under the Plan. Neither the Company, its Affiliates nor the Committee is obligated to treat Participants or Eligible Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Eligible Participants who receive, or are eligible to receive, Awards (whether or not such Eligible Participants are similarly situated).

12.3. **NO SHAREHOLDER RIGHTS.** No Award gives a Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.4. **WITHHOLDING.** The Company or any Affiliate shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including the Participant’s FICA obligation) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of the Plan or an Award. If Shares are permitted to be surrendered to the Company to satisfy tax obligations in excess of the minimum tax withholding obligation, such Shares must have been held by the Participant as fully vested shares for such period of time, if any, as necessary to avoid the recognition of an expense under generally accepted accounting principles. The Company shall have the authority to require a Participant to remit cash to the Company in lieu of the surrender of Shares for tax withholding obligations if the surrender of Shares in satisfaction of such withholding obligations would result in the Company’s recognition of expense under generally accepted accounting principles. With respect to withholding required upon any taxable event under the Plan, the Committee may, at the time the Award is granted or thereafter, require or permit that any such withholding requirement be satisfied, in whole or in part, by withholding from the Award Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes.

12.5. **NO RIGHT TO CONTINUED SERVICE.** Nothing in the Plan, any Award Certificate or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant’s employment or status as an officer, director or consultant at any time, nor confer upon any Participant any right to continue as an employee, officer, director or consultant of the Company or any Affiliate, whether for the duration of a Participant’s Award or otherwise.

12.6. **UNFUNDED STATUS OF AWARDS.** The Plan is intended to be an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Certificate shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate. This Plan is not intended to be subject to ERISA.

12.7. **RELATIONSHIP TO OTHER BENEFITS.** No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or benefit plan of the Company or any Affiliate unless provided otherwise in such other plan.

12.8. **EXPENSES.** The expenses of administering the Plan shall be borne by the Company and its Affiliates.

12.9. **TITLES AND HEADINGS.** The titles and headings of the Sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.
12.10. **GENDER AND NUMBER.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

12.11. **FRACTIONAL SHARES.** No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down.

12.12. **GOVERNMENT AND OTHER REGULATIONS.**

(a) Notwithstanding any other provision of the Plan, no Participant who acquires Shares pursuant to the Plan may, during any period of time that such Participant is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the 1933 Act), sell such Shares, unless such offer and sale is made (i) pursuant to an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) pursuant to an appropriate exemption from the registration requirement of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act.

(b) Notwithstanding any other provision of the Plan, if at any time the Committee shall determine that the registration, listing or qualification of the Shares covered by an Award upon any Exchange or under any foreign, federal, state or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase or receipt of Shares thereunder, no Shares may be purchased, delivered or received pursuant to such Award unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any Participant receiving or purchasing Shares pursuant to an Award shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements. The Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to the Committee’s determination that all related requirements have been fulfilled. The Company shall in no event be obligated to register any securities pursuant to the 1933 Act or applicable state or foreign law or to take any other action in order to cause the issuance and delivery of such certificates to comply with any such law, regulation or requirement.

12.13. **GOVERNING LAW.** To the extent not governed by federal law, the Plan and all Award Certificates shall be construed in accordance with and governed by the laws of the State of Delaware.

12.14. **ADDITIONAL PROVISIONS.** Each Award Certificate may contain such other terms and conditions as the Committee may determine; provided that such other terms and conditions are not inconsistent with the provisions of the Plan.

12.15. **NO LIMITATIONS ON RIGHTS OF COMPANY.** The grant of any Award shall not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets. The Plan shall not restrict the authority of the Company, for proper corporate purposes, to draft or assume awards, other than under the Plan, to or with respect to any person. If the Committee so directs, the Company may issue or transfer Shares to an Affiliate, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Affiliate will transfer such Shares to a Participant in accordance with the terms of an Award granted to such Participant and specified by the Committee pursuant to the provisions of the Plan.

12.16. **INDEMNIFICATION.** Each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with Article 4 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may
be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company’s approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company’s charter or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.17. FOREIGN PARTICIPANTS. In order to facilitate the granting of Awards to Eligible Participants who are foreign nationals or who are employed outside of the United States of America, the Committee may provide for such special terms and conditions, including without limitation substitutes for Awards, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. The Committee may approve any supplements to, or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for the purposes of this Section 12.16 without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such documents as having been approved and adopted pursuant to properly delegated authority; provided, that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with the spirit of this Plan, as then in effect. Participants subject to the laws of a foreign jurisdiction may request copies of, or the right to view, any materials that are required to be provided by the Company pursuant to the laws of such jurisdiction.

12.18. NOTICE. Except as otherwise provided in this Plan, all notices or other communications required or permitted to be given under this Plan to the Company shall be in writing and shall be deemed to have been duly given if delivered personally or mailed, postage pre-paid, as follows: (i) if to the Company, at its principal business address to the attention of the Secretary; and (ii) if to any Participant, at the last address of the Participant known to the sender at the time the notice or other communication is sent.

12.19. INUREMENT OF RIGHTS AND OBLIGATIONS. The rights and obligations under this Plan and any related documents shall inure to the benefit of, and shall be binding upon, the Company, its successors and assigns, and the Participants and their beneficiaries.

12.20. COSTS AND EXPENSES. Except as otherwise provided herein, the costs and expenses of administering this Plan shall be borne by the Company, and shall not be charged to any Award nor to any Participant receiving an Award. Costs and expenses associated with the redemption or exercise of any Award under this Plan, including, but not limited to, commissions charged by any agent of the Company, may be charged to the Participant.

The foregoing is hereby acknowledged as being the Torchmark Corporation 2005 Amended and Restated Incentive Plan as adopted by the Board on , 2006 and approved by the shareholders on , 2006.

TORCHMARK CORPORATION

By: ____________________________

Its: