

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/05	9/04		2005	2005	2005	2004	2004
		UNDERWRITING INCOME					
		Life:					
\$1,099,561	\$1,043,516	Premium	\$365,812	\$370,466	\$363,283	\$351,974	\$349,814
-471,921	-454,456	Net Policy Obligations	-154,347	-160,232	-157,342	-146,433	-150,481
-345,461	-329,228	Commissions and Acquisition Expenses	-116,270	-116,017	-113,174	-113,196	-110,414
<u>282,179</u>	<u>259,832</u>	Underwriting Margin	<u>95,195</u>	<u>94,217</u>	<u>92,767</u>	<u>92,345</u>	<u>88,919</u>
		Health:					
768,866	793,342	Premium	248,678	252,878	267,310	255,324	259,630
-490,799	-511,441	Net Policy Obligations	-157,943	-160,689	-172,167	-166,702	-168,836
-143,532	-147,384	Commissions and Acquisition Expenses	-46,384	-47,461	-49,687	-48,557	-46,655
<u>134,535</u>	<u>134,517</u>	Underwriting Margin	<u>44,351</u>	<u>44,728</u>	<u>45,456</u>	<u>40,065</u>	<u>44,139</u>
<u>9,270</u>	<u>10,188</u>	Annuity Underwriting Margin	<u>3,429</u>	<u>2,903</u>	<u>2,938</u>	<u>3,776</u>	<u>3,179</u>
425,984	404,537	Total Underwriting Margin	142,975	141,848	141,161	136,186	136,237
1,933	1,317	Other Income	604	723	606	516	436
-109,061	-105,611	Admin. Expenses	-36,160	-36,767	-36,134	-36,009	-35,286
318,856	300,243	Underwriting Income	107,419	105,804	105,633	100,693	101,387
		EXCESS INVESTMENT INCOME					
450,646	430,712	Net Investment Income	151,030	150,530	149,086	145,963	145,165
		Required Interest:					
-167,901	-159,210	Net Policy Liabilities	-56,692	-56,300	-54,909	-54,110	-53,908
		Net Financing Costs:					
-45,097	-41,870	Interest on Debt	-15,191	-15,260	-14,646	-14,261	-13,965
6,571	19,771	Interest Rate Swaps	1,350	2,357	2,864	3,548	6,600
244,219	249,403	Total Excess Investment Income	80,497	81,327	82,395	81,140	83,892
-7,579	-7,019	Parent Companies	-2,258	-2,422	-2,899	-2,556	-2,109
555,496	542,627	Pre-Tax Operating Income	185,658	184,709	185,129	179,277	183,170
-191,765	-186,920	Income Tax	-63,735	-63,939	-64,091	-61,552	-63,128
\$363,731	\$355,707	Net Operating Income	\$121,923	\$120,770	\$121,038	\$117,725	\$120,042
\$3.42	\$3.16	EPS on a Diluted Basis	\$1.16	\$1.14	\$1.12	\$1.07	\$1.08
106,231	112,521	Average Diluted Shares Outstanding	104,704	105,982	108,278	110,061	110,938
\$3,678	\$5,713	Capital Gain (Loss), Net of Tax	\$843	\$1,134	\$1,701	-\$1,098	\$701
-4,319	-4,216	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-3,715	4,292	-4,896	-1,116	3,389
0	3,003	Tax Refund, Net of Tax	0	0	0	0	0
0	-7,163	Change in Accounting Principle, Net of Tax	0	0	0	0	0
6,164	0	Net Proceeds from Legal Settlement, Net of Tax	-5	6,169	0	0	0
<u>\$369,254</u>	<u>\$353,044</u>	Net Income	<u>\$119,046</u>	<u>\$132,365</u>	<u>\$117,843</u>	<u>\$115,511</u>	<u>\$124,132</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	3Q 2005	%	3Q 2004	%	3Q 2005	%	3Q 2004	%	3Q 2005	3Q 2004
LNL Exclusive Agency										
Premium	75,406		75,417		36,586		40,735			
Net Policy Obligations	33,776	45	34,957	46	23,870	65	29,961	74		
Comm. & Acq. Exp.	<u>21,743</u>	29	<u>21,895</u>	29	<u>5,773</u>	16	<u>6,258</u>	15		
Underwriting Margin	<u>19,887</u>	26	<u>18,565</u>	25	<u>6,943</u>	19	<u>4,516</u>	11		
UA Independent										
Premium	11,174		12,172		106,782		114,849			
Net Policy Obligations	4,778	43	5,795	48	68,452	64	73,496	64		
Comm. & Acq. Exp.	<u>5,455</u>	49	<u>5,354</u>	44	<u>19,159</u>	18	<u>19,466</u>	17		
Underwriting Margin	<u>941</u>	8	<u>1,023</u>	8	<u>19,171</u>	18	<u>21,887</u>	19		
UA Branch Office Agency										
Premium	4,137		4,430		79,653		80,208			
Net Policy Obligations	1,914	46	2,469	56	51,507	65	52,260	65		
Comm. & Acq. Exp.	<u>1,494</u>	36	<u>1,533</u>	35	<u>16,511</u>	21	<u>16,298</u>	20		
Underwriting Margin	<u>729</u>	18	<u>428</u>	10	<u>11,635</u>	15	<u>11,650</u>	15		
Direct Response										
Premium	103,951		96,700		9,353		8,649			
Net Policy Obligations	47,602	46	45,421	47	7,351	79	6,512	75		
Comm. & Acq. Exp.	<u>30,282</u>	29	<u>27,519</u>	28	<u>802</u>	9	<u>870</u>	10		
Underwriting Margin	<u>26,067</u>	25	<u>23,760</u>	25	<u>1,200</u>	13	<u>1,267</u>	15		
American Income Agency										
Premium	96,009		88,425		16,304		15,189			
Net Policy Obligations	32,496	34	29,316	33	6,763	41	6,607	43		
Comm. & Acq. Exp.	<u>32,969</u>	34	<u>31,805</u>	36	<u>4,139</u>	25	<u>3,763</u>	25		
Underwriting Margin	<u>30,544</u>	32	<u>27,304</u>	31	<u>5,402</u>	33	<u>4,819</u>	32		
Military										
Premium	50,095		47,523							
Net Policy Obligations	23,489	47	22,351	47						
Comm. & Acq. Exp.	<u>16,548</u>	33	<u>14,389</u>	30						
Underwriting Margin	<u>10,058</u>	20	<u>10,783</u>	23						
Other Distribution										
Premium	25,040		25,147						6,067	6,545
Net Policy Obligations	10,292	41	10,172	40					-449	-955
Comm. & Acq. Exp.	<u>7,779</u>	31	<u>7,919</u>	31					<u>3,087</u>	<u>4,321</u>
Underwriting Margin	<u>6,969</u>	28	<u>7,056</u>	28					<u>3,429</u>	<u>3,179</u>
Totals:										
Premium *	365,812		349,814		248,678 *		259,630 *		6,067	6,545
Net Policy Obligations	154,347	42	150,481	43	157,943	64	168,836	65	-449	-955
Comm. & Acq. Exp.	<u>116,270</u>	32	<u>110,414</u>	32	<u>46,384</u>	19	<u>46,655</u>	18	<u>3,087</u>	<u>4,321</u>
Underwriting Margin	<u>95,195</u>	26	<u>88,919</u>	25	<u>44,351</u>	18	<u>44,139</u>	17	<u>3,429</u>	<u>3,179</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					142,975		136,237			
Other Income					604		436			
Administrative & Other Expenses					<u>-36,160</u>		<u>-35,286</u>			
INSURANCE UNDERWRITING INCOME					<u>107,419</u>		<u>101,387</u>			

* Includes Med Supp Premium

3Q 2005	3Q 2004
\$146,480	\$159,270

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 9/05	%	YTD 9/04	%	YTD 9/05	%	YTD 9/04	%	YTD 9/05	YTD 9/04
LNL Exclusive Agency										
Premium	227,367		228,681		113,599		123,670			
Net Policy Obligations	107,157	47	108,485	47	77,106	68	88,491	72		
Comm. & Acq. Exp.	63,344	28	67,429	29	17,650	16	20,044	16		
Underwriting Margin	56,866	25	52,767	23	18,843	17	15,135	12		
UA Independent										
Premium	34,704		37,952		337,797		356,124			
Net Policy Obligations	14,821	43	17,980	47	214,827	64	226,342	64		
Comm. & Acq. Exp.	16,608	48	16,474	43	62,177	18	64,189	18		
Underwriting Margin	3,275	9	3,498	9	60,793	18	65,593	18		
UA Branch Office Agency										
Premium	12,852		13,513		241,874		243,467			
Net Policy Obligations	6,368	50	7,100	53	157,511	65	158,633	65		
Comm. & Acq. Exp.	4,730	37	4,726	35	49,028	20	49,348	20		
Underwriting Margin	1,754	14	1,687	12	35,335	15	35,486	15		
Direct Response										
Premium	318,374		290,315		28,246		25,890			
Net Policy Obligations	145,802	46	137,331	47	22,198	79	20,347	79		
Comm. & Acq. Exp.	92,176	29	80,510	28	2,412	9	2,604	10		
Underwriting Margin	80,396	25	72,474	25	3,636	13	2,939	11		
American Income Agency										
Premium	282,902		259,322		47,350		44,191			
Net Policy Obligations	98,846	35	86,520	33	19,157	40	17,628	40		
Comm. & Acq. Exp.	97,086	34	94,175	36	12,265	26	11,199	25		
Underwriting Margin	86,970	31	78,627	30	15,928	34	15,364	35		
Military										
Premium	148,979		138,259							
Net Policy Obligations	68,290	46	66,357	48						
Comm. & Acq. Exp.	48,042	32	41,660	30						
Underwriting Margin	32,647	22	30,242	22						
Other Distribution										
Premium	74,383		75,474						18,454	20,577
Net Policy Obligations	30,637	41	30,683	41					-2,318	-2,736
Comm. & Acq. Exp.	23,475	32	24,254	32					11,502	13,125
Underwriting Margin	20,271	27	20,537	27					9,270	10,188
Totals:										
Premium *	1,099,561		1,043,516		768,866 *		793,342 *		18,454	20,577
Net Policy Obligations	471,921	43	454,456	44	490,799	64	511,441	64	-2,318	-2,736
Comm. & Acq. Exp.	345,461	31	329,228	32	143,532	19	147,384	19	11,502	13,125
Underwriting Margin	282,179	26	259,832	25	134,535	17	134,517	17	9,270	10,188
TOTAL UNDERWRITING MARGINS, ALL LINES					425,984		404,537			
Other Income					1,933		1,317			
Administrative & Other Expenses					-109,061		-105,611			
INSURANCE UNDERWRITING INCOME					<u>318,856</u>		<u>300,243</u>			

* Includes Med Supp Premium

YTD 9/05	YTD 9/04
\$465,842	\$500,945

TORCHMARK CORPORATION
 First Year Collected Premium (Unaudited)
 (In thousands)

FIRST YEAR COLLECTED PREMIUM

	<u>YTD 9/05</u>	<u>YTD 9/04</u>	<u>% Incr (Decr)</u>	<u>3rd Qtr. 2005</u>	<u>3rd Qtr. 2004</u>	<u>% Incr (Decr)</u>
LIFE						
Direct Response	\$58,210	\$56,156	4	\$18,541	\$18,534	0
American Income Agency	55,619	57,988	-4	18,240	19,074	-4
LNL Exclusive Agency	27,173	30,442	-11	8,851	9,796	-10
Military	17,292	20,552	-16	5,086	7,042	-28
UA Independent	3,108	6,249	-50	841	1,676	-50
UA Branch Office Agency	1,191	1,443	-17	335	472	-29
Other Distribution	6,128	5,980	2	2,100	2,037	3
Total Life	<u>168,721</u>	<u>178,810</u>	<u>-6</u>	<u>53,994</u>	<u>58,631</u>	<u>-8</u>
HEALTH						
Direct Response	4,478	7,310	-39	1,193	2,002	-40
American Income Agency	9,706	9,461	3	3,471	3,454	0
LNL Exclusive Agency	7,407	7,372	0	2,442	2,457	-1
UA Independent	39,329	52,817	-26	11,900	17,481	-32
UA Branch Office Agency	48,042	48,425	-1	16,434	16,661	-1
Total Health *	<u>108,962</u>	<u>125,385</u>	<u>-13</u>	<u>35,440</u>	<u>42,055</u>	<u>-16</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$277,683	\$304,195	-9	\$89,434	\$100,686	-11
* Includes Med Supp First Year Collected Premium	\$31,057	\$42,927	-28	\$9,156	\$13,376	-32

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

	<u>At September 30,</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Investments:		
Fixed maturities available for sale *	\$8,901,450	\$8,504,486
Equity securities available for sale	49,645	34,686
Mortgage loans	31,319	105,170
Real estate	13,204	13,603
Policy loans	313,304	302,131
Other long-term investments	31,519	45,033
Short-term investments	39,200	39,838
Total investments	<u>9,379,641</u>	<u>9,044,947</u>
Cash	5,601	4,130
Securities lending collateral	280,720	135,707
Accrued investment income	162,494	154,748
Other receivables	66,075	81,046
Deferred acquisition costs	2,641,488	2,459,567
Value of insurance purchased	72,000	80,018
Property and equipment	28,208	29,208
Goodwill	378,436	378,436
Other assets	108,505	15,396
Separate account assets	1,537,551	1,508,269
Total assets	<u>\$14,660,719</u>	<u>\$13,891,472</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$6,897,663	\$6,520,864
Unearned and advance premium	90,257	93,811
Policy claims and other benefits payable	265,332	256,967
Other policy liabilities	88,581	88,116
Accrued income taxes	1,050,163	993,598
Securities lending obligation	280,720	135,707
Short-term debt	223,618	132,933
Long-term debt	688,460	698,529
Other liabilities	178,668	118,628
Separate account liabilities	1,537,551	1,508,269
Total liabilities	<u>11,301,013</u>	<u>10,547,422</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	108,875	113,784
Additional paid-in-capital	526,883	505,385
Unrealized investment gains (losses), net of tax	300,000	400,115
Retained earnings	2,703,060	2,586,343
Treasury stock, at cost	-279,112	-261,577
Total shareholders' equity	<u>3,359,706</u>	<u>3,344,050</u>
Total liabilities and shareholders' equity	<u>\$14,660,719</u>	<u>\$13,891,472</u>
Diluted Basis:		
Shares outstanding	104,377	110,389
Book value per common share	\$32.19	\$30.29
Book value per common share excluding FAS 115	\$29.39	\$26.69
* Amortized cost of fixed maturities	\$8,425,843	\$7,855,066

TORCHMARK CORPORATION

Fixed Maturities
(Millions of \$)
September 30, 2005

Total Fixed Maturities

	<u>9/30/05</u>	<u>9/30/04</u>
Amortized Cost	\$8,426	\$7,855
Unrealized:		
Gains	536	679
Losses	<u>-60</u>	<u>-30</u>
Market	\$8,901	\$8,504

Fixed Maturities at 9/30/05

	Amort. Cost	Unrealized			Market	(1) Ratings
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$7,704	493	-32	461	8,165	A-
Below Investment Grade	<u>722</u>	<u>43</u>	<u>-29</u>	<u>15</u>	<u>737</u>	BB-
Total	\$8,426	536	-60	476	8,901	BBB+

Fixed Maturity Acquisitions:

	<u>3Q'05</u>	<u>3Q'04</u>
Amount	\$328	\$250
Yield	5.3%	6.6%
Ratings	A+	BBB

Average Life of Portfolio:

	<u>9/30/05</u>	<u>9/30/04</u>
To Worst Call	12.5	12.3