

TORCHMARK CORPORATION

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/06	6/05		2006	2006	2005	2005	2005
		UNDERWRITING INCOME					
		Life:					
\$761,383	\$733,749	Premium	\$380,514	\$380,869	\$368,727	\$365,812	\$370,466
-323,393	-317,574	Net Policy Obligations	-161,712	-161,681	-151,867	-154,347	-160,232
-240,027	-229,191	Commissions and Acquisition Expenses	-119,711	-120,316	-117,391	-116,270	-116,017
<u>197,963</u>	<u>186,984</u>	Underwriting Margin	<u>99,091</u>	<u>98,872</u>	<u>99,469</u>	<u>95,195</u>	<u>94,217</u>
		Health:					
513,267	520,188	Premium	254,968	258,299	245,991	248,678	252,878
-324,479	-332,856	Net Policy Obligations	-161,132	-163,347	-156,527	-157,943	-160,689
-97,441	-97,148	Commissions and Acquisition Expenses	-48,879	-48,562	-46,820	-46,384	-47,461
<u>91,347</u>	<u>90,184</u>	Underwriting Margin	<u>44,957</u>	<u>46,390</u>	<u>42,644</u>	<u>44,351</u>	<u>44,728</u>
8,565	0	Health - Part D Underwriting Margin	4,966	3,599	0	0	0
<u>5,903</u>	<u>5,841</u>	Annuity Underwriting Margin	<u>2,992</u>	<u>2,911</u>	<u>3,310</u>	<u>3,429</u>	<u>2,903</u>
303,778	283,009	Total Underwriting Margin	152,006	151,772	145,423	142,975	141,848
2,197	1,329	Other Income	1,071	1,126	433	604	723
-79,665	-72,901	Admin. Expenses	-39,530	-40,135	-38,620	-36,160	-36,767
<u>226,310</u>	<u>211,437</u>	Underwriting Income	<u>113,547</u>	<u>112,763</u>	<u>107,236</u>	<u>107,419</u>	<u>105,804</u>
		EXCESS INVESTMENT INCOME					
308,118	299,616	Net Investment Income	154,819	153,299	152,062	151,030	150,530
		Required Interest:					
-116,656	-111,209	Net Policy Liabilities	-58,820	-57,836	-57,388	-56,692	-56,300
		Net Financing Costs:					
-33,432	-29,906	Interest on Debt	-17,532	-15,900	-15,477	-15,191	-15,260
491	5,221	Interest Rate Swaps	114	377	822	1,350	2,357
<u>158,521</u>	<u>163,722</u>	Total Excess Investment Income	<u>78,581</u>	<u>79,940</u>	<u>80,019</u>	<u>80,497</u>	<u>81,327</u>
-4,658	-5,321	Parent Company Expenses	-2,236	-2,422	-2,081	-2,258	-2,422
<u>380,173</u>	<u>369,838</u>	Pre-Tax Operating Income	<u>189,892</u>	<u>190,281</u>	<u>185,174</u>	<u>185,658</u>	<u>184,709</u>
-130,559	-128,030	Income Tax	-65,192	-65,367	-63,400	-63,735	-63,939
\$249,614	\$241,808	Net Operating Income Before Option Expense	\$124,700	\$124,914	\$121,774	\$121,923	\$120,770
\$2.44	\$2.26	Per Share	\$1.23	\$1.21	\$1.17	\$1.16	\$1.14
-2,265	0	Stock Option Expense, Net of Tax	-1,155	-1,110	0	0	0
<u>\$247,349</u>	<u>\$241,808</u>	Net Operating Income	<u>\$123,545</u>	<u>\$123,804</u>	<u>\$121,774</u>	<u>\$121,923</u>	<u>\$120,770</u>
\$2.42	\$2.26	Per Share	\$1.22	\$1.20	\$1.17	\$1.16	\$1.14
102,251	107,016	Average Diluted Shares Outstanding	100,982	103,521	104,314	104,704	105,982
\$3,602	\$2,835	Capital Gain (Loss), Net of Tax	\$5,724	-\$2,122	-\$3,070	\$843	\$1,134
-2,956	-604	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-805	-2,151	-1,069	-3,715	4,292
-3,925	0	Part D Adjustment, Net of Tax	-1,089	-2,836	0	0	0
-538	0	Tax Settlements, Net of Tax	0	-538	15,989	0	0
4,117	6,169	Net Proceeds (Cost) from Legal Settlements, Net of Tax	0	4,117	-7,119	-5	6,169
<u>0</u>	<u>0</u>	Retiring Executive Option Term Extension, Net of Tax	<u>0</u>	<u>0</u>	<u>-369</u>	<u>0</u>	<u>0</u>
<u>\$247,649</u>	<u>\$250,208</u>	Net Income	<u>\$127,375</u>	<u>\$120,274</u>	<u>\$126,136</u>	<u>\$119,046</u>	<u>\$132,365</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D			ANNUITY					
	2Q 2006	%	2Q 2005	%	2Q 2006	%	2Q 2005	%	2Q 2006	%	2Q 2005	2Q 2006	2Q 2005				
LNL Exclusive Agency																	
Premium	\$76,006		\$75,850		\$36,275		\$36,614										
Net Policy Obligations	35,805	47	36,880	49	23,835	66	24,268	66									
Comm. & Acq. Exp.	21,594	28	21,048	28	5,612	15	5,745	16									
Underwriting Margin	18,607	24	17,922	24	6,828	19	6,601	18									
UA Independent																	
Premium	10,217		11,563		105,330		111,808										
Net Policy Obligations	4,396	43	5,018	43	66,999	64	70,714	63									
Comm. & Acq. Exp.	4,964	49	5,574	48	20,231	19	21,020	19									
Underwriting Margin	857	8	971	8	18,100	17	20,074	18									
UA Branch Office Agency																	
Premium	3,950		4,378		87,238		79,595										
Net Policy Obligations	1,871	47	2,255	52	56,809	65	52,165	66									
Comm. & Acq. Exp.	1,464	37	1,621	37	17,943	21	15,814	20									
Underwriting Margin	615	16	502	11	12,486	14	11,616	15									
Direct Response																	
Premium	113,301		109,121		9,542		9,163										
Net Policy Obligations	52,642	46	50,102	46	7,610	80	7,199	79									
Comm. & Acq. Exp.	32,697	29	31,595	29	738	8	751	8									
Underwriting Margin	27,962	25	27,424	25	1,194	13	1,213	13									
American Income Agency																	
Premium	101,719		94,769		16,583		15,698										
Net Policy Obligations	34,311	34	34,336	36	5,879	35	6,343	40									
Comm. & Acq. Exp.	35,284	35	32,050	34	4,355	26	4,131	26									
Underwriting Margin	32,124	32	28,383	30	6,349	38	5,224	33									
Military																	
Premium	50,847		49,701														
Net Policy Obligations	22,188	44	21,754	44													
Comm. & Acq. Exp.	16,585	33	16,164	33													
Underwriting Margin	12,074	24	11,783	24													
Part D																	
Premium									\$53,275		\$0						
Net Policy Obligations									42,451	80	0						
Net Amortization of DAC									1,598	3	0						
Fees to PBM									4,260	8	0						
Underwriting Margin									4,966	9	0						
Other Distribution																	
Premium	24,474		25,084									\$5,953	\$6,273				
Net Policy Obligations	10,499	43	9,887	39								-777	-861				
Comm. & Acq. Exp.	7,123	29	7,965	32								3,738	4,231				
Underwriting Margin	6,852	28	7,232	29								2,992	2,903				
Totals:																	
Premium	\$380,514		\$370,466		\$254,968		\$252,878		\$53,275		\$0	\$5,953	\$6,273				
Net Policy Obligations	161,712	42	160,232	43	161,132	63	160,689	64	42,451	80	0	-777	-861				
Comm. & Acq. Exp.	119,711	31	116,017	31	48,879	19	47,461	19	5,858	11	0	3,738	4,231				
Underwriting Margin	\$99,091	26	\$94,217	25	\$44,957	18	\$44,728	18	\$4,966	9	\$0	\$2,992	\$2,903				
TOTAL UNDERWRITING MARGINS, ALL LINES									\$152,006					\$141,848			
Other Income									1,071					723			
Administrative & Other Expenses									-39,530					-36,767			
INSURANCE UNDERWRITING INCOME									<u>\$113,547</u>					<u>\$105,804</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)

(In thousands)

	LIFE				HEALTH				HEALTH - PART D		ANNUITY		
	YTD 6/06	%	YTD 6/05	%	YTD 6/06	%	YTD 6/05	%	2Q 2006	%	2Q 2005	YTD 6/06	YTD 6/05
LNL Exclusive Agency													
Premium	\$151,658		\$151,961		\$71,759		\$77,013						
Net Policy Obligations	71,549	47	73,381	48	46,486	65	53,236	69					
Comm. & Acq. Exp.	<u>42,785</u>	28	<u>41,601</u>	27	<u>11,158</u>	16	<u>11,877</u>	15					
Underwriting Margin	37,324	25	36,979	24	14,115	20	11,900	15					
UA Independent													
Premium	20,857		23,530		215,757		231,015						
Net Policy Obligations	8,861	42	10,043	43	137,243	64	146,375	63					
Comm. & Acq. Exp.	<u>10,105</u>	48	<u>11,153</u>	47	<u>40,591</u>	19	<u>43,018</u>	19					
Underwriting Margin	1,891	9	2,334	10	37,923	18	41,622	18					
UA Branch Office Agency													
Premium	7,953		8,715		173,074		162,221						
Net Policy Obligations	3,622	46	4,454	51	112,706	65	106,004	65					
Comm. & Acq. Exp.	<u>2,956</u>	37	<u>3,236</u>	37	<u>35,537</u>	21	<u>32,517</u>	20					
Underwriting Margin	1,375	17	1,025	12	24,831	14	23,700	15					
Direct Response													
Premium	229,689		214,423		20,034		18,893						
Net Policy Obligations	105,879	46	98,200	46	15,993	80	14,847	79					
Comm. & Acq. Exp.	<u>66,789</u>	29	<u>61,894</u>	29	<u>1,538</u>	8	<u>1,610</u>	9					
Underwriting Margin	57,021	25	54,329	25	2,503	12	2,436	13					
American Income Agency													
Premium	200,957		186,893		32,643		31,046						
Net Policy Obligations	67,977	34	66,350	36	12,051	37	12,394	40					
Comm. & Acq. Exp.	<u>69,554</u>	35	<u>64,117</u>	34	<u>8,617</u>	26	<u>8,126</u>	26					
Underwriting Margin	63,426	32	56,426	30	11,975	37	10,526	34					
Military													
Premium	101,540		98,884										
Net Policy Obligations	45,011	44	44,801	45									
Comm. & Acq. Exp.	<u>33,172</u>	33	<u>31,494</u>	32									
Underwriting Margin	23,357	23	22,589	23									
Part D													
Premium									\$92,415		\$0		
Net Policy Obligations									73,685	80	0		
Net Amortization of DAC									2,772	3	0		
Fees to PBM									<u>7,393</u>	8	<u>0</u>		
Underwriting Margin									8,565	9	0		
Other Distribution													
Premium	48,729		49,343									\$11,681	\$12,387
Net Policy Obligations	20,494	42	20,345	41								-1,603	-1,869
Comm. & Acq. Exp.	<u>14,666</u>	30	<u>15,696</u>	32								<u>7,381</u>	<u>8,415</u>
Underwriting Margin	13,569	28	13,302	27								5,903	5,841
Totals:													
Premium	\$761,383		\$733,749		\$513,267		\$520,188		\$92,415		\$0	\$11,681	\$12,387
Net Policy Obligations	323,393	42	317,574	43	324,479	63	332,856	64	73,685	80	0	-1,603	-1,869
Comm. & Acq. Exp.	<u>240,027</u>	32	<u>229,191</u>	31	<u>97,441</u>	19	<u>97,148</u>	19	<u>10,165</u>	11	<u>0</u>	<u>7,381</u>	<u>8,415</u>
Underwriting Margin	\$197,963	26	\$186,984	25	\$91,347	18	\$90,184	17	\$8,565	9	\$0	\$5,903	\$5,841
TOTAL UNDERWRITING MARGINS, ALL LINES					\$303,778		\$283,009						
Other Income					2,197		1,329						
Administrative & Other Expenses					<u>-79,665</u>		<u>-72,901</u>						
INSURANCE UNDERWRITING INCOME					<u>\$226,310</u>		<u>\$211,437</u>						

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

NET SALES **

	<u>YTD 6/06</u>	<u>YTD 6/05</u>	<u>% Incr (Decr)</u>	<u>2nd Qtr. 2006</u>	<u>2nd Qtr. 2005</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$60,905	\$60,389	1	\$30,948	\$31,497	-2
American Income Agency	43,235	43,252	0	22,470	22,735	-1
LNL Exclusive Agency	22,467	23,932	-6	11,256	12,533	-10
Military	6,780	10,029	-32	3,390	5,007	-32
UA Independent	816	2,455	-67	400	1,290	-69
UA Branch Office Agency	716	954	-25	384	435	-12
Other Distribution	3,827	4,656	-18	2,062	2,776	-26
Total Life	<u>138,746</u>	<u>145,667</u>	<u>-5</u>	<u>70,910</u>	<u>76,273</u>	<u>-7</u>
<u>HEALTH</u>						
Direct Response	3,101	3,596	-14	1,281	1,399	-8
American Income Agency	5,898	5,877	0	3,092	3,085	0
LNL Exclusive Agency	6,094	6,521	-7	3,043	3,329	-9
UA Independent	29,389	28,687	2	16,232	14,532	12
UA Branch Office Agency	74,679	39,827	88	40,555	21,183	91
Total Health	<u>119,161</u>	<u>84,508</u>	<u>41</u>	<u>64,203</u>	<u>43,528</u>	<u>47</u>
Part D	261,995	0		78,169	0	
TOTAL NET SALES	\$519,902	\$230,175	126	\$213,282	\$119,801	78

** Net sales is defined as annualized premium issued, net of cancellations in the first 30 days after issue, except at Direct Response where net sales is annualized premium issued at the time the first full premium is paid after any introductory offer period has expired.

FIRST YEAR COLLECTED PREMIUM

	<u>YTD 6/06</u>	<u>YTD 6/05</u>	<u>% Incr (Decr)</u>	<u>2nd Qtr. 2006</u>	<u>2nd Qtr. 2005</u>	<u>% Incr (Decr)</u>
<u>LIFE</u>						
Direct Response	\$39,722	\$39,669	0	\$19,330	\$20,084	-4
American Income Agency	35,813	37,379	-4	18,119	18,839	-4
LNL Exclusive Agency	18,112	18,322	-1	9,055	9,035	0
Military	7,778	12,206	-36	3,684	5,741	-36
UA Independent	915	2,267	-60	392	1,056	-63
UA Branch Office Agency	470	856	-45	236	415	-43
Other Distribution	4,844	4,028	20	2,460	2,141	15
Total Life	<u>107,654</u>	<u>114,727</u>	<u>-6</u>	<u>53,276</u>	<u>57,311</u>	<u>-7</u>
<u>HEALTH</u>						
Direct Response	2,549	3,285	-22	1,267	1,541	-18
American Income Agency	5,960	6,235	-4	3,140	3,215	-2
LNL Exclusive Agency	5,142	4,965	4	2,592	2,474	5
UA Independent	23,871	27,429	-13	12,095	12,718	-5
UA Branch Office Agency	47,808	31,608	51	25,907	15,670	65
Total Health	<u>85,330</u>	<u>73,522</u>	<u>16</u>	<u>45,001</u>	<u>35,618</u>	<u>26</u>
Part D	92,415	0		53,275	0	
TOTAL FIRST YEAR COLLECTED PREMIUM	\$285,399	\$188,249	52	\$151,552	\$92,929	63

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

	<u>At June 30,</u>	
	<u>2006</u>	<u>2005</u>
Assets		
Investments:		
Fixed maturities available for sale *	\$8,861,493	\$8,968,776
Equity securities available for sale	45,149	51,069
Mortgage loans	20,292	32,111
Real estate	12,114	13,349
Policy loans	321,262	310,265
Other long-term investments	22,310	35,984
Short-term investments	69,983	34,610
Total investments	<u>9,352,603</u>	<u>9,446,164</u>
Cash	12,695	11,667
Securities lending collateral	186,595	271,318
Accrued investment income	160,437	155,804
Other receivables	110,569	66,538
Deferred acquisition costs	2,826,388	2,583,997
Value of insurance purchased	68,472	73,647
Property and equipment	30,451	28,709
Goodwill	378,436	378,436
Other assets	165,415	111,882
Separate account assets	1,490,418	1,522,883
Total assets	<u>\$14,782,479</u>	<u>\$14,651,045</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$7,185,596	\$6,803,509
Unearned and advance premium	91,590	92,980
Policy claims and other benefits payable	268,419	256,551
Other policy liabilities	89,870	87,983
Deferred and accrued income taxes	931,411	1,072,008
Securities lending obligation	186,595	271,318
Short-term debt	294,300	213,257
Long-term debt	870,174	691,026
Other liabilities	246,696	184,522
Separate account liabilities	1,490,418	1,522,883
Total liabilities	<u>11,655,069</u>	<u>11,196,037</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	104,875	108,875
Additional paid-in-capital	513,832	526,708
Unrealized investment gains (losses), net of tax	2,053	451,223
Retained earnings	2,842,722	2,595,567
Treasury stock, at cost	-336,072	-227,365
Total shareholders' equity	<u>3,127,410</u>	<u>3,455,008</u>
Total liabilities and shareholders' equity	<u>\$14,782,479</u>	<u>\$14,651,045</u>
Diluted Basis:		
Shares outstanding	100,419	105,354
Book value per common share	\$31.14	\$32.79
Book value per common share excluding FAS 115	\$31.20	\$28.56
* Amortized cost of fixed maturities	\$8,876,011	\$8,240,039

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

June 30, 2006

Total Fixed Maturities

	<u>6/30/06</u>	<u>6/30/05</u>
Amortized Cost	\$8,876	\$8,240
Unrealized:		
Gains	205	756
Losses	<u>-220</u>	<u>-27</u>
Market	\$8,861	\$8,969
Yield (2Q)	6.9%	7.1%
Average Life	12.8	12.7

Fixed Maturities at 6/30/06

	<u>Amort.</u> <u>Cost</u>	<u>Unrealized</u>			<u>Market</u>	<u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$8,182	\$182	-\$178	\$4	\$8,186	A-
Below Investment Grade	<u>694</u>	<u>23</u>	<u>-41</u>	<u>-19</u>	<u>675</u>	BB-
Total	\$8,876	\$205	-\$219	-\$15	\$8,861	A-

Fixed Maturity Acquisitions:

	<u>2Q'06</u>	<u>2Q'05</u>
Amount	\$443	\$117
Yield	7.0%	5.9%
Ratings	A+	A-
Average Life	23.6	16.1