

Torchmark Corporation

Medicare Part D

Reconciliation Between Torchmark's Operating Summary and GAAP
(\$'s in thousands)

	Six months ended June 30, 2006			
	<u>Operating Summary</u>	<u>% of Premium</u>	<u>Adjustments</u>	<u>GAAP</u>
Premium	\$92,415		\$29,727 (1)	\$122,142
Policy Obligations	-73,685	80	-35,765 (2)	-109,450
PBM fees	-7,393	8		-7,393
Amortization of DAC	<u>-2,772</u>	3		<u>-2,772</u>
Underwriting Margin	8,565	9	-6,038	2,527
Income Tax	<u>-2,998</u>		<u>2,113</u>	<u>-884</u>
Net Income	<u><u>\$5,567</u></u>		<u><u>-\$3,925</u></u>	<u><u>\$1,643</u></u>

(1) Reflects a receivable from The Centers of Medicare & Medicaid Services (CMS) for risk sharing related to claims paid by the company in the first six months of 2006. This receivable is not recognized in the Operating Summary because:

- The risk sharing adjustment, if any, will be based on the 2006 contract year experience, not the experience of interim quarters, and
- Torchmark does not anticipate that there will be a risk sharing adjustment for the 2006 contract year.

(2) Deferral of excess benefits incurred in earlier interim quarters to later quarters in order to more closely match the benefit cost with the associated revenue during the 2006 contract year.