

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/06	9/05		2006	2006	2006	2005	2005
		UNDERWRITING INCOME					
		Life:					
\$1,142,930	\$1,099,561	Premium	\$381,547	\$380,514	\$380,869	\$368,727	\$365,812
-483,660	-471,921	Net Policy Obligations	-160,267	-161,712	-161,681	-151,867	-154,347
-364,267	-345,461	Commissions and Acquisition Expenses	-124,240	-119,711	-120,316	-117,391	-116,270
295,003	282,179	Underwriting Margin	97,040	99,091	98,872	99,469	95,195
		Health:					
766,854	768,866	Premium	253,587	254,968	258,299	245,991	248,678
-483,457	-490,799	Net Policy Obligations	-158,978	-161,132	-163,347	-156,527	-157,943
-147,848	-143,532	Commissions and Acquisition Expenses	-50,407	-48,879	-48,562	-46,820	-46,384
135,549	134,535	Underwriting Margin	44,202	44,957	46,390	42,644	44,351
17,072	0	Health - Part D Underwriting Margin	8,507	4,966	3,599	0	0
9,044	9,270	Annuity Underwriting Margin	3,141	2,992	2,911	3,310	3,429
456,668	425,984	Total Underwriting Margin	152,890	152,006	151,772	145,423	142,975
3,190	1,933	Other Income	993	1,071	1,126	433	604
-117,190	-109,061	Admin. Expenses	-37,525	-39,530	-40,135	-38,620	-36,160
342,668	318,856	Underwriting Income	116,358	113,547	112,763	107,236	107,419
		EXCESS INVESTMENT INCOME					
468,869	450,646	Net Investment Income	160,751	154,819	153,299	152,062	151,030
		Required Interest:					
-176,130	-167,901	Net Policy Liabilities	-59,474	-58,820	-57,836	-57,388	-56,692
		Net Financing Costs:					
-54,712	-45,097	Interest on Debt	-21,280	-17,532	-15,900	-15,477	-15,191
491	6,571	Interest Rate Swaps	0	114	377	822	1,350
238,518	244,219	Total Excess Investment Income	79,997	78,581	79,940	80,019	80,497
-6,369	-7,579	Parent Company Expenses	-1,711	-2,236	-2,422	-2,081	-2,258
574,817	555,496	Pre-Tax Operating Income	194,644	189,892	190,281	185,174	185,658
-197,775	-191,765	Income Tax	-67,216	-65,192	-65,367	-63,400	-63,735
\$377,042	\$363,731	Net Operating Income Before Option Expense	\$127,428	\$124,700	\$124,914	\$121,774	\$121,923
\$3.71	\$3.42	Per Share	\$1.27	\$1.23	\$1.21	\$1.17	\$1.16
-3,239	0	Stock Option Expense, Net of Tax	-974	-1,155	-1,110	0	0
\$373,803	\$363,731	Net Operating Income	\$126,454	\$123,545	\$123,804	\$121,774	\$121,923
\$3.68	\$3.42	Per Share	\$1.26	\$1.22	\$1.20	\$1.17	\$1.16
101,578	106,231	Average Diluted Shares Outstanding	100,103	100,982	103,521	104,314	104,704
-1,312	\$3,678	Capital Gain (Loss), Net of Tax	-\$4,914	\$5,724	-\$2,122	-\$3,070	\$843
-2,956	-4,319	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	0	-805	-2,151	-1,069	-3,715
-1,698	0	Part D Adjustment, Net of Tax	2,227	-1,089	-2,836	0	0
4,239	0	Tax Settlements, Net of Tax	4,777	0	-538	15,989	0
4,117	6,164	Net Proceeds (Cost) from Legal Settlements, Net of Tax	0	0	4,117	-7,119	-5
0	0	Retiring Executive Option Term Extension, Net of Tax	0	0	0	-369	0
\$376,193	\$369,254	Net Income	\$128,544	\$127,375	\$120,274	\$126,136	\$119,046

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D		ANNUITY	
	3Q 2006	%	3Q 2005	%	3Q 2006	%	3Q 2005	%	3Q 2006	%	3Q 2005	%
LNL Exclusive Agency												
Premium	\$75,145		\$75,406		\$36,716		\$36,586					
Net Policy Obligations	32,727	44	33,776	45	24,217	66	23,870	65				
Comm. & Acq. Exp.	22,307	30	21,743	29	5,460	15	5,773	16				
Underwriting Margin	20,111	27	19,887	26	7,039	19	6,943	19				
UA Independent												
Premium	9,791		11,174		101,345		106,782					
Net Policy Obligations	4,065	42	4,778	43	64,466	64	68,452	64				
Comm. & Acq. Exp.	4,959	51	5,455	49	19,508	19	19,159	18				
Underwriting Margin	767	8	941	8	17,371	17	19,171	18				
UA Branch Office Agency												
Premium	3,956		4,137		88,674		79,653					
Net Policy Obligations	1,680	42	1,914	46	55,944	63	51,507	65				
Comm. & Acq. Exp.	1,530	39	1,494	36	20,102	23	16,511	21				
Underwriting Margin	746	19	729	18	12,628	14	11,635	15				
Direct Response												
Premium	113,939		103,951		9,771		9,353					
Net Policy Obligations	55,577	49	47,602	46	7,728	79	7,351	79				
Comm. & Acq. Exp.	33,568	29	30,282	29	729	7	802	9				
Underwriting Margin	24,794	22	26,067	25	1,314	13	1,200	13				
American Income Agency												
Premium	103,427		96,009		17,081		16,304					
Net Policy Obligations	34,712	34	32,496	34	6,623	39	6,763	41				
Comm. & Acq. Exp.	37,246	36	32,969	34	4,608	27	4,139	25				
Underwriting Margin	31,469	30	30,544	32	5,850	34	5,402	33				
Military												
Premium	50,866		50,095									
Net Policy Obligations	22,195	44	23,489	47								
Comm. & Acq. Exp.	17,069	34	16,548	33								
Underwriting Margin	11,602	23	10,058	20								
Part D												
Premium								\$63,394		\$0		
Net Policy Obligations								47,913	76	0		
Net Amortization of DAC								1,902	3	0		
Fees to PBM								5,072	8	0		
Underwriting Margin								8,507	13	0		
Other Distribution												
Premium	24,423		25,040							\$5,538		\$6,067
Net Policy Obligations	9,311	38	10,292	41						-2,089		-449
Comm. & Acq. Exp.	7,561	31	7,779	31						4,486		3,087
Underwriting Margin	7,551	31	6,969	28						3,141		3,429
Totals:												
Premium	\$381,547		\$365,812		\$253,587		\$248,678		\$63,394		\$0	\$5,538
Net Policy Obligations	160,267	42	154,347	42	158,978	63	157,943	64	47,913	76	0	-2,089
Comm. & Acq. Exp.	124,240	33	116,270	32	50,407	20	46,384	19	6,974	11	0	4,486
Underwriting Margin	\$97,040	25	\$95,195	26	\$44,202	17	\$44,351	18	\$8,507	13	\$0	\$3,141
TOTAL UNDERWRITING MARGINS, ALL LINES					\$152,890		\$142,975					
Other Income					993		604					
Administrative & Other Expenses					-37,525		-36,160					
INSURANCE UNDERWRITING INCOME					<u>\$116,358</u>		<u>\$107,419</u>					

TORCHMARK CORPORATION

Insurance Operations (Unaudited)

(In thousands)

	LIFE				HEALTH				HEALTH - PART D		ANNUITY		
	YTD 9/06	%	YTD 9/05	%	YTD 9/06	%	YTD 9/05	%	YTD 9/06	%	YTD 9/05	YTD 9/05	
LNL Exclusive Agency													
Premium	\$226,803		\$227,367		\$108,475		\$113,599						
Net Policy Obligations	104,276	46	107,157	47	70,703	65	77,106	68					
Comm. & Acq. Exp.	65,092	29	63,344	28	16,618	15	17,650	16					
Underwriting Margin	57,435	25	56,866	25	21,154	20	18,843	17					
UA Independent													
Premium	30,648		34,704		317,102		337,797						
Net Policy Obligations	12,926	42	14,821	43	201,709	64	214,827	64					
Comm. & Acq. Exp.	15,064	49	16,608	48	60,099	19	62,177	18					
Underwriting Margin	2,658	9	3,275	9	55,294	17	60,793	18					
UA Branch Office Agency													
Premium	11,909		12,852		261,748		241,874						
Net Policy Obligations	5,302	45	6,368	50	168,650	64	157,511	65					
Comm. & Acq. Exp.	4,486	38	4,730	37	55,639	21	49,028	20					
Underwriting Margin	2,121	18	1,754	14	37,459	14	35,335	15					
Direct Response													
Premium	343,628		318,374		29,805		28,246						
Net Policy Obligations	161,456	47	145,802	46	23,721	80	22,198	79					
Comm. & Acq. Exp.	100,357	29	92,176	29	2,267	8	2,412	9					
Underwriting Margin	81,815	24	80,396	25	3,817	13	3,636	13					
American Income Agency													
Premium	304,384		282,902		49,724		47,350						
Net Policy Obligations	102,689	34	98,846	35	18,674	38	19,157	40					
Comm. & Acq. Exp.	106,800	35	97,086	34	13,225	27	12,265	26					
Underwriting Margin	94,895	31	86,970	31	17,825	36	15,928	34					
Military													
Premium	152,406		148,979										
Net Policy Obligations	67,206	44	68,290	46									
Comm. & Acq. Exp.	50,241	33	48,042	32									
Underwriting Margin	34,959	23	32,647	22									
Part D													
Premium								\$155,809		\$0			
Net Policy Obligations								121,598	78	0			
Net Amortization of DAC								4,674	3	0			
Fees to PBM								12,465	8	0			
Underwriting Margin								17,072	11	0			
Other Distribution													
Premium	73,152		74,383								\$17,219	\$18,454	
Net Policy Obligations	29,805	41	30,637	41							-3,692	-2,318	
Comm. & Acq. Exp.	22,227	30	23,475	32							11,867	11,502	
Underwriting Margin	21,120	29	20,271	27							9,044	9,270	
Totals:													
Premium	\$1,142,930		\$1,099,561		\$766,854		\$768,866		\$155,809		\$0	\$17,219	\$18,454
Net Policy Obligations	483,660	42	471,921	43	483,457	63	490,799	64	121,598	78	0	-3,692	-2,318
Comm. & Acq. Exp.	364,267	32	345,461	31	147,848	19	143,532	19	17,139	11	0	11,867	11,502
Underwriting Margin	\$295,003	26	\$282,179	26	\$135,549	18	\$134,535	17	\$17,072	11	\$0	\$9,044	\$9,270
TOTAL UNDERWRITING MARGINS, ALL LINES					\$456,668		\$425,984						
Other Income					3,190		1,933						
Administrative & Other Expenses					-117,190		-109,061						
INSURANCE UNDERWRITING INCOME					<u>\$342,668</u>		<u>\$318,856</u>						

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

NET SALES **

	<u>YTD</u> <u>9/06</u>	<u>YTD</u> <u>9/05</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2006</u>	<u>3rd Qtr.</u> <u>2005</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$89,185	\$86,353	3	\$28,280	\$25,964	9
American Income Agency	65,377	64,115	2	22,142	20,863	6
LNL Exclusive Agency	32,189	35,176	-8	9,722	11,244	-14
Military	9,437	13,902	-32	2,657	3,873	-31
UA Independent	1,336	3,210	-58	520	755	-31
UA Branch Office Agency	1,256	1,272	-1	540	318	70
Other Distribution	5,519	6,574	-16	1,692	1,918	-12
Total Life	<u>204,299</u>	<u>210,602</u>	<u>-3</u>	<u>65,553</u>	<u>64,935</u>	<u>1</u>
<u>HEALTH</u>						
Direct Response	4,031	4,413	-9	930	817	14
American Income Agency	8,933	8,639	3	3,035	2,762	10
LNL Exclusive Agency	9,138	9,880	-8	3,044	3,359	-9
UA Independent	41,193	44,865	-8	11,804	16,178	-27
UA Branch Office Agency	115,588	65,179	77	40,909	25,352	61
Total Health	<u>178,883</u>	<u>132,976</u>	<u>35</u>	<u>59,722</u>	<u>48,468</u>	<u>23</u>
Part D	269,883	0		7,888	0	
TOTAL NET SALES	\$653,065	\$343,578	90	\$133,163	\$113,403	17

** 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</u> <u>9/06</u>	<u>YTD</u> <u>9/05</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2006</u>	<u>3rd Qtr.</u> <u>2005</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$58,914	\$58,210	1	\$19,192	\$18,541	4
American Income Agency	53,959	55,619	-3	18,146	18,240	-1
LNL Exclusive Agency	26,558	27,173	-2	8,446	8,851	-5
Military	11,092	17,292	-36	3,314	5,086	-35
UA Independent	1,256	3,108	-60	341	841	-59
UA Branch Office Agency	753	1,191	-37	283	335	-16
Other Distribution	6,873	6,128	12	2,029	2,100	-3
Total Life	<u>159,405</u>	<u>168,721</u>	<u>-6</u>	<u>51,751</u>	<u>53,994</u>	<u>-4</u>
<u>HEALTH</u>						
Direct Response	3,809	4,478	-15	1,260	1,193	6
American Income Agency	9,465	9,706	-2	3,505	3,471	1
LNL Exclusive Agency	7,643	7,407	3	2,501	2,442	2
UA Independent	35,382	39,329	-10	11,511	11,900	-3
UA Branch Office Agency	76,177	48,042	59	28,369	16,434	73
Total Health	<u>132,476</u>	<u>108,962</u>	<u>22</u>	<u>47,146</u>	<u>35,440</u>	<u>33</u>
Part D	155,809	0		63,394	0	
TOTAL FIRST YEAR COLLECTED PREMIUM	\$447,690	\$277,683	61	\$162,291	\$89,434	81

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

	At September 30,	
	2006	2005
Assets		
Investments:		
Fixed maturities available for sale *	\$9,169,867	\$8,901,450
Equity securities available for sale	45,396	49,645
Mortgage loans	20,019	31,319
Real estate	9,537	13,204
Policy loans	325,225	313,304
Other long-term investments	21,935	31,519
Short-term investments	85,187	39,200
Total investments	9,677,166	9,379,641
Cash	25,165	5,601
Securities lending collateral	170	280,720
Accrued investment income	172,567	162,494
Other receivables	93,796	66,075
Deferred acquisition costs	2,848,005	2,641,488
Value of insurance purchased	66,868	72,000
Property and equipment	30,225	28,208
Goodwill	378,436	378,436
Other assets	165,849	108,505
Separate account assets	1,477,105	1,537,551
Total assets	\$14,935,352	\$14,660,719
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$7,299,657	\$6,897,663
Unearned and advance premium	90,673	90,257
Policy claims and other benefits payable	241,474	265,332
Other policy liabilities	89,781	88,581
Deferred and accrued income taxes	1,031,849	1,050,163
Securities lending obligation	170	280,720
Short-term debt	235,680	223,618
Long-term debt	870,293	688,460
Other liabilities	234,119	178,668
Separate account liabilities	1,477,105	1,537,551
Total liabilities	11,570,801	11,301,013
Shareholders' equity:		
Preferred stock	0	0
Common stock	104,875	108,875
Additional paid-in-capital	516,177	526,883
Unrealized investment gains (losses), net of tax	164,782	300,000
Retained earnings	2,955,042	2,703,060
Treasury stock, at cost	-376,325	-279,112
Total shareholders' equity	3,364,551	3,359,706
Total liabilities and shareholders' equity	\$14,935,352	\$14,660,719
Diluted Basis:		
Shares outstanding	99,946	104,377
Book value per common share	\$33.66	\$32.19
Book value per common share excluding FAS 115	\$32.11	\$29.39
* Amortized cost of fixed maturities	\$8,917,842	\$8,425,843

TORCHMARK CORPORATION

Fixed Maturities
(Millions of \$)
September 30, 2006

Total Fixed Maturities

	<u>9/30/06</u>	<u>9/30/05</u>
Amortized Cost	\$8,918	\$8,426
Unrealized:		
Gains	337	536
Losses	<u>-85</u>	<u>-60</u>
Market	\$9,170	\$8,901
Annual Effective Yield (3Q)	7.1%	7.2%
Average Life	12.8	12.5

Fixed Maturities at 9/30/06

	<u>Amort. Cost</u>	<u>Unrealized</u>			<u>Market</u>	<u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$8,216	\$308	-\$62	\$246	\$8,462	A-
Below Investment Grade	<u>701</u>	<u>29</u>	<u>-23</u>	<u>6</u>	<u>708</u>	BB-
Total	\$8,918	\$337	-\$85	\$252	\$9,170	A-

Fixed Maturity Acquisitions:

	<u>3Q'06</u>	<u>3Q'05</u>
Amount	\$194	\$328
Yield	7.2%	5.3%
Ratings	BBB+	A+
Average Life	21.8	7.8