

## Torchmark Corporation

### Medicare Part D

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

	<b>Twelve months ended December 31, 2006</b>			
	<u>Operating Summary</u>	<u>% of Premium</u>	<u>(1) Adjustments</u>	<u>GAAP</u>
Premium	\$212,382		-\$1,941	\$210,441
Policy Obligations	-163,457	77	1,941	-161,516
PBM fees	-16,990	8		-16,990
Amortization of DAC	<u>-6,372</u>	3	<u></u>	<u>-6,372</u>
Underwriting Margin	<u>\$25,563</u>	12	<u>\$0</u>	<u>\$25,563</u>

- (1) The amount due The Centers of Medicare & Medicaid Services (CMS) for risk sharing related to claims paid by the company during 2006. This adjustment classifies the risk sharing payment as premium instead of claims in accordance with GAAP reporting standards.