

TORCHMARK CORPORATION

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/07	3/06		2007	2006	2006	2006	2006
		UNDERWRITING INCOME					
		Life:					
\$391,468	\$380,869	Premium	\$391,468	\$381,337	\$381,547	\$380,514	\$380,869
-165,717	-161,681	Net Policy Obligations	-165,717	-157,798	-160,267	-161,712	-161,681
-123,989	-120,316	Commissions and Acquisition Expenses	-123,989	-121,098	-124,240	-119,711	-120,316
<u>101,762</u>	<u>98,872</u>	Underwriting Margin	<u>101,762</u>	<u>102,441</u>	<u>97,040</u>	<u>99,091</u>	<u>98,872</u>
		Health:					
264,886	258,299	Premium	264,886	258,296	253,587	254,968	258,299
-165,951	-163,347	Net Policy Obligations	-165,951	-162,441	-158,978	-161,132	-163,347
-51,349	-48,562	Commissions and Acquisition Expenses	-51,349	-50,273	-50,407	-48,879	-48,562
<u>47,586</u>	<u>46,390</u>	Underwriting Margin	<u>47,586</u>	<u>45,582</u>	<u>44,202</u>	<u>44,957</u>	<u>46,390</u>
5,121	3,599	Health - Part D Underwriting Margin	5,121	8,491	8,507	4,966	3,599
<u>2,641</u>	<u>2,911</u>	Annuity Underwriting Margin	<u>2,641</u>	<u>2,871</u>	<u>3,141</u>	<u>2,992</u>	<u>2,911</u>
157,110	151,772	Total Underwriting Margin	157,110	159,385	152,890	152,006	151,772
887	1,126	Other Income	887	834	993	1,071	1,126
-38,687	-40,135	Admin. Expenses	-38,687	-38,141	-37,525	-39,530	-40,135
119,310	112,763	Underwriting Income	119,310	122,078	116,358	113,547	112,763
		EXCESS INVESTMENT INCOME					
162,514	153,299	Net Investment Income	162,514	159,423	160,751	154,819	153,299
		Required Interest:					
-62,287	-57,836	Net Policy Liabilities	-62,287	-61,208	-59,474	-58,820	-57,836
		Net Financing Costs:					
-17,191	-15,900	Interest on Debt	-17,191	-17,970	-21,280	-17,532	-15,900
0	377	Interest Rate Swaps	0	0	0	114	377
83,036	79,940	Total Excess Investment Income	83,036	80,245	79,997	78,581	79,940
-1,826	-2,422	Parent Company Expenses	-1,826	-1,493	-1,711	-2,236	-2,422
200,520	190,281	Pre-Tax Operating Income	200,520	200,830	194,644	189,892	190,281
-68,132	-65,367	Income Tax	-68,132	-69,242	-67,216	-65,192	-65,367
\$132,388	\$124,914	Net Operating Income Before Option Expense	\$132,388	\$131,588	\$127,428	\$124,700	\$124,914
\$1.34	\$1.21	Per Share	\$1.34	\$1.32	\$1.27	\$1.23	\$1.21
-1,329	-1,110	Stock Option Expense, Net of Tax	-1,329	-1,035	-974	-1,155	-1,110
\$131,059	\$123,804	Net Operating Income	\$131,059	\$130,553	\$126,454	\$123,545	\$123,804
\$1.32	\$1.20	Per Share	\$1.32	\$1.31	\$1.26	\$1.22	\$1.20
99,026	103,521	Average Diluted Shares Outstanding	99,026	99,786	100,103	100,982	103,521
		Reconciling items, net of tax:					
\$587	\$0	Gain on Sale of Agency Buildings	\$587	\$2,816	\$0	\$0	\$0
6,532	-2,122	Capital Gain (Loss) - Investments	6,532	-3,305	-4,914	5,724	-2,122
0	-2,151	Capital Gain (Loss) - Interest Rate Swaps	0	0	0	-805	-2,151
-3,126	-2,836	Part D Adjustment	-3,126	1,698	2,227	-1,089	-2,836
350	-538	Tax Settlements	350	7,368	4,777	0	-538
-211	4,117	Net Proceeds (Cost) from Legal Settlements	-211	3,308	0	0	4,117
<u>\$135,191</u>	<u>\$120,274</u>	Net Income	<u>\$135,191</u>	<u>\$142,438</u>	<u>\$128,544</u>	<u>\$127,375</u>	<u>\$120,274</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	1Q 2007	%	1Q 2006	%	1Q 2007	%	1Q 2006	%	1Q 2007	%	1Q 2006	%	1Q 2007	1Q 2006
LNL Exclusive Agency														
Premium	\$74,207		\$75,652		\$36,376		\$35,484							
Net Policy Obligations	35,112	47	35,744	47	23,213	64	22,651	64						
Comm. & Acq. Exp.	<u>20,442</u>	28	<u>21,191</u>	28	<u>4,326</u>	12	<u>5,546</u>	16						
Underwriting Margin	18,653	25	18,717	25	8,837	24	7,287	21						
UA Independent														
Premium	9,465		10,640		103,768		110,427							
Net Policy Obligations	4,168	44	4,465	42	66,008	64	70,244	64						
Comm. & Acq. Exp.	<u>4,576</u>	48	<u>5,141</u>	48	<u>20,073</u>	19	<u>20,360</u>	18						
Underwriting Margin	721	8	1,034	10	17,687	17	19,823	18						
UA Branch Office Agency														
Premium	3,764		4,003		96,904		85,836							
Net Policy Obligations	1,610	43	1,751	44	61,719	64	55,897	65						
Comm. & Acq. Exp.	<u>1,408</u>	37	<u>1,492</u>	37	<u>21,532</u>	22	<u>17,594</u>	20						
Underwriting Margin	746	20	760	19	13,653	14	12,345	14						
Direct Response														
Premium	122,677		116,388		10,965		10,492							
Net Policy Obligations	56,852	46	53,237	46	8,599	78	8,383	80						
Comm. & Acq. Exp.	<u>36,282</u>	30	<u>34,092</u>	29	<u>929</u>	8	<u>800</u>	8						
Underwriting Margin	29,543	24	29,059	25	1,437	13	1,309	12						
American Income Agency														
Premium	106,446		99,238		16,873		16,060							
Net Policy Obligations	36,682	34	33,666	34	6,412	38	6,172	38						
Comm. & Acq. Exp.	<u>37,295</u>	35	<u>34,270</u>	35	<u>4,489</u>	27	<u>4,262</u>	27						
Underwriting Margin	32,469	31	31,302	32	5,972	35	5,626	35						
Military														
Premium	50,923		50,693											
Net Policy Obligations	20,952	41	22,823	45										
Comm. & Acq. Exp.	<u>16,803</u>	33	<u>16,587</u>	33										
Underwriting Margin	13,168	26	11,283	22										
Part D														
Premium								\$54,688		\$39,140				
Net Policy Obligations								44,024	81	31,234	80			
Net Amortization of DAC								1,368	3	1,174	3			
Fees to PBM								4,175	8	3,133	8			
Underwriting Margin								5,121	9	3,599	9			
Other Distribution														
Premium	23,986		24,255									\$5,066	\$5,728	
Net Policy Obligations	10,341	43	9,995	41								-651	-826	
Comm. & Acq. Exp.	<u>7,183</u>	30	<u>7,543</u>	31								3,076	3,643	
Underwriting Margin	6,462	27	6,717	28								2,641	2,911	
Totals:														
Premium	\$391,468		\$380,869		\$264,886		\$258,299		\$54,688		\$39,140		\$5,066	\$5,728
Net Policy Obligations	165,717	42	161,681	42	165,951	63	163,347	63	44,024	81	31,234	80	-651	-826
Comm. & Acq. Exp.	<u>123,989</u>	32	<u>120,316</u>	32	<u>51,349</u>	19	<u>48,562</u>	19	<u>5,543</u>	10	<u>4,307</u>	11	3,076	3,643
Underwriting Margin	\$101,762	26	\$98,872	26	\$47,586	18	\$46,390	18	\$5,121	9	\$3,599	9	\$2,641	\$2,911
TOTAL UNDERWRITING MARGINS, ALL LINES					\$157,110		\$151,772							
Other Income					887		1,126							
Administrative & Other Expenses					<u>-38,687</u>		<u>-40,135</u>							
INSURANCE UNDERWRITING INCOME					<u>\$119,310</u>		<u>\$112,763</u>							

TORCHMARK CORPORATION

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

NET SALES **

	<u>YTD</u> <u>3/07</u>	<u>YTD</u> <u>3/06</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Direct Response	\$28,238	\$29,957	-6
American Income Agency	20,898	20,765	1
LNL Exclusive Agency	8,782	11,211	-22
Military	2,449	3,390	-28
UA Independent	121	416	-71
UA Branch Office Agency	517	332	56
Other Distribution	1,370	1,765	-22
Total Life	<u>62,375</u>	<u>67,836</u>	<u>-8</u>
<u>HEALTH</u>			
Direct Response	1,746	1,820	-4
American Income Agency	2,568	2,806	-8
LNL Exclusive Agency	2,189	3,051	-28
UA Independent	10,104	13,157	-23
UA Branch Office Agency	42,327	34,124	24
Total Health	<u>58,934</u>	<u>54,958</u>	<u>7</u>
Part D	17,346	183,826	-91
TOTAL NET SALES	\$138,655	\$306,620	-55

** 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>3/07</u>	<u>YTD</u> <u>3/06</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Direct Response	\$19,659	\$20,392	-4
American Income Agency	17,985	17,694	2
LNL Exclusive Agency	7,834	9,057	-14
Military	2,782	4,094	-32
UA Independent	248	523	-53
UA Branch Office Agency	338	234	44
Other Distribution	1,493	2,384	-37
Total Life	<u>50,339</u>	<u>54,378</u>	<u>-7</u>
<u>HEALTH</u>			
Direct Response	1,370	1,282	7
American Income Agency	2,825	2,820	0
LNL Exclusive Agency	2,245	2,550	-12
UA Independent	10,416	11,776	-12
UA Branch Office Agency	31,671	21,901	45
Total Health	<u>48,527</u>	<u>40,329</u>	<u>20</u>
Part D	28,521	39,140	-27
TOTAL FIRST YEAR COLLECTED PREMIUM	\$127,387	\$133,847	-5

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

	At March 31,	
	2007	2006
Assets		
Investments:		
Fixed maturities available for sale *	\$9,166,081	\$8,773,878
Equity securities available for sale	38,685	46,441
Mortgage loans	19,456	28,397
Real estate	8,653	12,258
Policy loans	330,662	318,329
Other long-term investments	40,244	23,949
Short-term investments	106,577	23,224
Total investments	9,710,358	9,226,476
Cash	328	6,342
Securities lending collateral	0	259,876
Accrued investment income	172,921	167,810
Other receivables	92,758	111,366
Deferred acquisition costs	2,943,564	2,761,228
Value of insurance purchased	66,532	70,088
Property and equipment	32,369	28,218
Goodwill	423,507	378,436
Other assets	139,918	150,870
Separate account assets	1,474,536	1,594,376
Total assets	\$15,056,791	\$14,755,086
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$7,613,912	\$7,091,676
Unearned and advance premium	91,514	92,713
Policy claims and other benefits payable	249,822	277,795
Other policy liabilities	90,095	89,200
Deferred and accrued income taxes	1,028,252	953,699
Securities lending obligation	0	259,876
Short-term debt	152,862	469,362
Long-term debt	721,365	507,770
Other liabilities	238,940	194,205
Separate account liabilities	1,474,536	1,594,376
Total liabilities	11,661,298	11,530,672
Shareholders' equity:		
Preferred stock	0	0
Common stock	99,875	104,875
Additional paid-in-capital	499,859	511,691
Unrealized investment gains (losses), net of tax	116,306	117,547
Retained earnings	2,941,790	2,727,336
Treasury stock, at cost	-262,337	-237,035
Total shareholders' equity	3,395,493	3,224,414
Total liabilities and shareholders' equity	\$15,056,791	\$14,755,086
Diluted Basis:		
Shares outstanding	97,207	101,665
Book value per common share	\$34.93	\$31.72
Book value per common share excluding FAS 115	\$33.63	\$30.62
* Amortized cost of fixed maturities	\$8,960,943	\$8,595,062

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

March 31, 2007

Total Fixed Maturities

	<u>3/31/07</u>	<u>3/31/06</u>
Amortized Cost	\$8,961	\$8,595
Unrealized:		
Gains	301	304
Losses	<u>-96</u>	<u>-125</u>
Market	\$9,166	\$8,774
Annual Effective Yield (1Q)	7.0%	7.1%
Average Life	14.7	12.4

Fixed Maturities at 3/31/07

	<u>Amort. Cost</u>	<u>Unrealized</u>			<u>Market</u>	<u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$8,329	\$271	-\$72	\$198	\$8,527	A-
Below Investment Grade	<u>632</u>	<u>30</u>	<u>-24</u>	<u>7</u>	<u>639</u>	BB-
Total	\$8,961	\$301	-\$96	\$205	\$9,166	A-

Fixed Maturity Acquisitions:

	<u>1Q'07</u>	<u>1Q'06</u>
Amount	\$546	\$288
Yield	6.6%	6.1%
Ratings	A	A
Average Life	27.1	14.8