

Torchmark Corporation
Medicare Part D
Reconciliation Between Torchmark's Operating Summary and GAAP
(\$'s in thousands)

	Nine months ended September 30, 2010			
	Operating Summary	% of Premium	(1) Adjustments	GAAP
Premium	\$157,727		\$1,226	\$158,953
Policy Obligations	-133,231	84	-8,231	-141,462
PBM fees	-5,876	4		-5,876
Amortization of DAC	-2,856	2		-2,856
Underwriting Margin	<u>\$15,764</u>	10	<u>-\$7,005</u>	<u>\$8,759</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 nine months. This receivable is not recognized in the Operating Summary because:

- The risk sharing adjustment, if any, will be based on the 2010 contract year experience, not the experience of interim quarters, and
- Torchmark does not anticipate that there will be a risk sharing adjustment for the 2010 contract year.

(2) Deferral of excess benefits incurred in the earlier interim quarters to later quarters in order to more closely match the benefit cost with the associated revenue during the 2010 contract year.