Torchmark Corporation

Torchmark Corporation

CORPORATE HEADQUARTERS

Torchmark Corporation
2001 Third Avenue South
Birmingham, Alabama 35233
(205) 325-4200
www.torchmarkcorp.com

ANNUAL MEETING OF SHAREHOLDERS

10:00 a.m. CDT, Thursday, April 27, 2006
Corporate Headquarters
2001 Third Avenue South
Birmingham, Alabama 35233

The proceedings will be webcast live and in replay on the Investor Relations page of the Torchmark Corporation website. The Company's Annual Meeting will be conducted in accordance with its Shareholder Rights Policy. A copy of this policy can be obtained on the Company's website, or by contacting the Corporate Secretary at the Torchmark Corporation headquarters address.

INVESTOR RELATIONS

Contact: Joyce L. Lane
Phone: (972) 569-3627
Fax: (972) 569-3282
E-Mail: jlane@torchmarkcorp.com
Individual Stock Ownership Information:
(205) 325-4270
Toll-Free Stock Transfer Number:
(800) 524-4458

INDEPENDENT AUDITORS

Deloitte & Touche LLP
2200 Ross Avenue
Suite 1600
Dallas, Texas 75201

STOCK EXCHANGE LISTINGS

New York Stock Exchange
Symbol: TMK

The International Stock Exchange,
London, England

INDENTURE TRUSTEE FOR SENIOR DEBENTURES AND 7⅞% AND 7⅜% NOTES

J.P. Morgan Bondholder Services
P.O. Box 2320
Dallas, Texas 75221-2320
Toll-Free Number: (800) 275-2048
www.jpmorgan.com/bondholder

INDENTURE TRUSTEE FOR 6¼% NOTES

The Bank of New York Trust Company, N.A.
505 North 20th Street, Suite 950
Birmingham, Alabama 35203
Attention: Corporate Trust Administration
Toll-Free Number: (800) 254-2826
www.bankofny.com/corptrust

TORCHMARK CAPITAL TRUST PREFERRED SECURITIES

Torchmark Capital Trust I and II, Delaware business trust subsidiaries of Torchmark, have issued a total of 5,000,000 7¾% Trust Preferred Securities (liquidation amount $25 per Trust Preferred Security). The Trust Preferred Securities trade through Depository Trust Company under global certificates listed on the New York Stock Exchange (Torchmark Capital Trust I NYSE symbol: TMKPRT; Torchmark Capital Trust II NYSE symbol: TMKPRS).

STOCK TRANSFER AGENT AND SHAREHOLDER ASSISTANCE

The Bank of New York
Investor Services Department
P.O. Box 11258
New York, New York 10286-1258
Toll-Free Number: (800) 524-4458
Toll-Free Hearing
Impaired Number: (888) 269-5221
Outside the U.S.: (610) 312-5303
E-Mail: shareowners@bankofny.com
www.stockbny.com

DIVIDEND REINVESTMENT

Torchmark maintains a dividend reinvestment plan for all holders of its common stock. Under the plan, shareholders may reinvest all or part of their dividends in additional shares of common stock and may also make periodic additional cash payments of up to $3,000 toward the purchase of Torchmark stock. Participation is voluntary. More information on the plan may be obtained from the Stock Transfer Agent by calling: toll-free (800) 524-4458 or by writing: The Bank of New York, Dividend Reinvestment Department, P.O. Box 1958, Newark, NJ 07101.

AUTOMATIC DEPOSIT OF DIVIDENDS

Automatic deposit of dividends is available to shareholders who wish to have their dividends directly deposited into the financial institution of their choice. Authorization forms may be obtained from the Stock Transfer Agent by calling toll-free (800) 524-4458. Participation is voluntary.

CORPORATE GOVERNANCE

The Company timely submitted to the New York Stock Exchange a Section 303A (12)(a) CEO Certification without qualification in 2005. In 2005, Torchmark also filed with the Securities and Exchange Commission the CEO/CFO Certifications required by Section 302 of the Sarbanes-Oxley Act as Exhibits to its Form 10-K.

TORCHMARK CORPORATION WEBSITE

On the home page at www.torchmarkcorp.com are links to the web pages of:

- Torchmark's principal subsidiaries
- Torchmark's Annual Reports
- Employment
- Investor Relations

The Investor Relations page contains a menu with links to many topics of interest to investors and other interested third parties:

- About Torchmark
- Annual Reports, SEC forms 10-K and Proxy Statements
- News Releases and Stock Quotes
- SEC Filings
- Financial Reports and Other Financial Information
- Officers and Directors
- Torchmark Calendar
- Management Presentations
- Conference Calls on the Web
- Corporate Governance including:
  - Shareholder Rights Policy
  - Code of Business Conduct and Ethics
  - Code of Ethics for CEO and Senior Financial Officers
  - Corporate Governance Guidelines
  - Audit Committee Charter
  - Compensation Committee Charter
  - Governance & Nominating Committee Charter
  - Employee Complaint Procedure
  - How to Contact the Board of Directors
- Annual Meeting of Shareholders
- Stock Transfer Agent and Shareholder Assistance
- Dividend Reinvestment
- Automatic Deposit of Dividends
- Contact Information

Torchmark Corporation

FINANCIAL HIGHLIGHTS*

In thousands, except percentage and per share amounts

	2005	2004	% CHANGE
OPERATIONS:			
Total Premium	$2,508,074	$2,471,900	1.5
Total Revenue	3,125,910	3,071,542	1.8
Net Operating Income	485,505	473,432	2.6
Annualized Life Premium in Force	1,577,635	1,523,335	3.6
Annualized Health Premium in Force	1,026,410	1,056,451	(2.8)
Diluted Average Shares Outstanding	105,751	111,908	(5.5)
Net Operating Income as a Return On Average Common Equity	15.9%	16.2%	
PER COMMON SHARE:			
Net Operating Income	$4.59	$4.23	8.5
Shareholders' Equity at Year End	30.41	27.45	10.8

* Certain financial data differ from the comparable GAAP financial data. Reconciliations to GAAP financial data are presented on pages 10-11.

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Letter to Shareholders*

Before I begin my comments on Torchmark operations, I would like to make a few comments about the outgoing leader of this Company.

C. B. Hudson retired as Chairman of the Board at the end of February with over 31 years of service to the Torchmark companies. For the last 26 years, C. B. has been my mentor. He is one of the smartest and hardest working people I have ever known. More importantly, he is a man of unquestioned integrity. In the 26 years that I have worked with C. B., every decision was made in our shareholders' best interests. If every corporate CEO had the character of C. B. Hudson, the Sarbanes-Oxley legislation would not have been necessary.

C. B. was instrumental in every acquisition made since the founding of Torchmark. He was also directly responsible for our reputation of providing the best possible customer service at the lowest possible cost. He insisted at all levels of management that return on investment be evaluated before any shareholder money could be spent. He truly managed the Company as if it were his own. I will be forever grateful to C. B. for his contributions to Torchmark's success. He will be missed.

Financial Review

Key Components of Net Operating Income

2005 was a good year for Torchmark, but also a challenging year in many respects. Net operating income per share increased 9% to $4.59. Underwriting income, which is premium income less the funding of current and future benefits and less expenses, increased 6%. Excess investment income, which is net investment income less the interest paid or credited on interest-bearing liabilities, decreased 2%. For the year, under our ongoing repurchase program, we repurchased 5.6 million shares of Torchmark at a cost of $300 million.

	$ MILLIONS			DILUTED OPERATING EARNINGS PER SHARE		
	2005	2004	% CHANGE	2005	2004	% CHANGE
Insurance Underwriting Income	$426.1	$400.9	6	$4.03	$3.58	13
Excess Investment Income	324.2	330.5	(2)	3.07	2.95	4
Other	(9.7)	(9.6)	1	(0.09)	(0.09)	0
Income Tax	(255.2)	(248.5)	3	(2.41)	(2.22)	9
Net Operating Income	**$485.5**	**$473.4**	**3**	**$4.59**	**$4.23**	**9**

First year premiums are the premiums received for policies that are in their first policy year, and they are a measure of the new business generated within our distribution systems. Life insurance first year premiums decreased 6% to $222 million, and health insurance first year premiums decreased 11% to $147 million.

Total life insurance premiums increased 5% to $1.5 billion. Underwriting margin, which is the premium income less the amounts required to fund current and future benefits and to amortize acquisition expenses, increased 8% to $382 million.

* Certain financial data differ from the comparable GAAP financial data. Reconciliations to GAAP financial data are presented on pages 10-11.

Total health insurance premiums decreased 3% to $1.0 billion, and underwriting margin increased 1% to $177 million.

Annuity margin decreased 10% to $13 million, and other income was $2 million. Our administrative expenses increased 4% to $148 million. Underwriting income increased 6% to $426 million. Net investment income increased 5% to $603 million. Required interest on net policy liabilities increased 6% to $225 million, and financing costs increased 62% to $53 million. Therefore, excess investment income decreased 2% to $324 million.

When valuing fixed maturity assets at amortized cost, our book value was $30.41 per share, our debt to capital ratio was 21.9%, and our net operating income as a return on equity was 15.9%.

Direct Response Operation

In millions, except %

	LIFE				HEALTH			
	2005		2004		2005		2004	
	$	%*	$	%*	$	%*	$	%*
First Year Collected Premium	77		74		6		9	
Underwriting Margin:								
Premium	424		387		38		35	
Policy Obligations	195	46%	181	47%	30	79%	27	79%
Acquisition Expenses	122	29%	109	28%	3	8%	3	10%
Underwriting Margin	107	25%	97	25%	5	13%	4	11%

* Percent of Premium

First year premiums were flat and remained at $83 million. Total premiums increased 10% to $462 million, and underwriting margin increased 11% to $112 million.

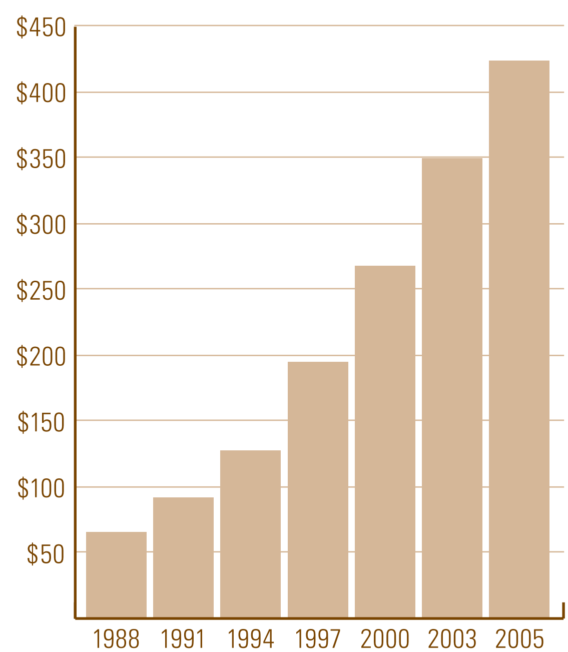
With respect to life insurance, ours is the largest direct response operation in the U. S. We obtain mailing lists that meet the selection criteria for the products we offer, and then we reduce the lists using our own demographic data related to household incomes and past response rates. All printing and lettershop work are done internally, including the making of envelopes. We pre-sort the mail into carrier route zip codes, and then truck it to the various regional postal centers throughout the country. The results are mailings that have the lowest possible packaging and postal costs and the highest probability of response rates that will generate the desired underwriting margin.

The direct response operation has shown the most consistent long-term growth of any of our distribution systems. This growth is a direct reflection of the experience and talent of the people who manage this operation.

To achieve growth in this market, we must constantly find ways to improve our results. This requires extensive ongoing testing of products, pricing and packaging as well as testing of new media and refinements in targeting our desired audience. Recent results are very encouraging and should result in renewed sales growth for 2006 and into 2007.

DIRECT RESPONSE LIFE PREMIUM INCOME

In millions



American Income Agency Operation

In millions, except %

	LIFE				HEALTH			
	2005		2004		2005		2004	
	$	%*	$	%*	$	%*	$	%*
First Year Collected Premium	73		77		13		13	
Underwriting Margin:								
Premium	380		350		64		60	
Policy Obligations	132	35%	117	33%	26	41%	25	42%
Acquisition Expenses	131	34%	127	36%	16	26%	15	26%
Underwriting Margin	118	31%	106	30%	21	33%	19	33%

* Percent of Premium

First year premiums decreased 4% to $86 million. Total premiums increased 9% to $444 million, and underwriting margin increased 11% to $139 million.

American Income is a "union label" company with union members not only in the home office, but also in the sales force. With the endorsement of unions at the local level, the sales force markets products to union membership. American Income is one of only two "union label" U. S. life insurance companies, and American Income is clearly the leader with respect to individual life and health insurance.

To achieve growth in new sales, we must grow our agency force. In turn, to grow our agency force, we must increase our recruiting activity as well as grow our lead generation of prospective customers. For 2005, our efforts in each of these areas were unsuccessful at American Income. We believe this trend can be reversed in 2006.

Throughout American Income's history, lead generation has been the responsibility of our regional sales management (known as State General Agents). These SGAs are assigned defined geographical areas for their exclusive use in lead generation and agent recruiting. We believe this system is a hindrance to our future growth.

We have begun and will continue to expand the centralization of the lead generation responsibility in the home office. We believe this change will help us to grow our traditional union lead generation and expand into new non-union markets. It will also allow us to expand our SGA force in underperforming regions.

Liberty National Exclusive Agency Operation

In millions, except %

	LIFE				HEALTH			
	2005		2004		2005		2004	
	$	%*	$	%*	$	%*	$	%*
First Year Collected Premium	36		40		10		10	
Underwriting Margin:								
Premium	303		304		149		164	
Policy Obligations	139	46%	141	46%	100	67%	119	72%
Acquisition Expenses	85	28%	89	29%	23	16%	26	16%
Underwriting Margin	78	26%	74	24%	25	17%	19	11%

* Percent of Premium

First year premiums decreased 7% to $46 million and total premiums decreased 3% to $452 million, underwriting margin increased 12% to $104 million.

The producing agent count increased 9% or 143 agents. The producing agent count at year end was 1,781.

The reduction in acquisition expenses favorably impacted the underwriting margin. Even though life insurance premiums were flat relative to the prior year, acquisition expenses declined by $4 million. The lower acquisition expenses were a key factor in the 6% increase in life insurance underwriting margin.

The Liberty National Agency Operation is one of our biggest challenges, but also one of our biggest opportunities. The challenge is how to expand a 105 year old regional home-service type company into a national operation.

Most of the major life insurance companies in this country began as home service operations where agents were assigned specific territories to not only sell new policies, but also to service and collect premiums from existing customers. A major component of agents earnings were the "servicing salaries," which were paid for their service and collection activities. Expansion was difficult because agents became reliant upon an existing customer base for much of their income.

Over time, this type of distribution system became very expensive and inefficient. In the last 25 years, most of the large life insurers either significantly reduced or completely shut down their home service operations.

To expand Liberty National, significant changes are necessary. While our agents no longer collect premiums, we have continued to assign territories and pay salaries for servicing existing customers. Customer service will always be a priority; however, we believe this money would be better spent on generating leads of prospective new customers and improved commissions on new sales. These changes will reduce the agent's reliance on an existing customer base, eliminate the need for defined territories and make it easier to expand into new geographic areas.

United American General Agency and Branch Office Operations

In millions, except %

	LIFE				HEALTH			
	2005		2004		2005		2004	
	$	%*	$	%*	$	%*	$	%*
First Year Collected Premium	5		10		118		134	
Underwriting Margin:								
Premium	62		68		764		791	
Policy Obligations	27	43%	33	49%	491	64%	507	64%
Acquisition Expenses	28	45%	28	41%	147	19%	151	19%
Underwriting Margin	7	12%	6	9%	126	16%	133	17%

* Percent of Premium

First year premiums decreased 14% to $124 million. Total premiums decreased 4% to $827 million, and underwriting margin declined 4% to $133 million.

With respect to health insurance, our operations market (a) limited-benefit health insurance products to individuals who are under the age of 65, and (b) Medicare supplement products to individuals age 65+ who are on Medicare.

First year premiums for underage-65 health insurance were 71% of the total health premiums, up from 68% the prior year. There are two reasons for the demand for the products: (1) the availability of individual Major Medical insurance is disappearing as carriers withdraw these products from the marketplace, and (2) employers continue to cut back employee group health insurance benefits. The wide variety of products offered by United American provide either basic protection against the expenses of the majority of hospital confinements and out-patient hospital treatments or fill the gaps created by employer cutbacks.

Medicare supplement first year premiums declined 26% to $34 million. This market has continued to be affected by the Bush administration's push to privatize Medicare through both managed care and fee-for-service plans. The government currently compensates these private plans more than the cost of traditional Medicare, a practice which cannot continue indefinitely. We have been in the Medicare supplement market since its inception and will continue to be so. This market has had a history of peaks and valleys and we believe that it will continue to do so.

Demand for our other health products continue to improve. In our Branch Office operation, net health sales grew 16% for the year with 62% growth in the fourth quarter. Our agent count also grew 29% for the year.

We expect to see continued robust growth in this distribution system in 2006.

Military and Other Life Agency Operations

In millions, except %

	MILITARY				OTHER			
	2005		2004		2005		2004	
	$	%*	$	%*	$	%*	$	%*
First Year Collected Premium	22		27		9		8	
Underwriting Margin:								
Premium	199		187		99		101	
Policy Obligations	91	45%	88	47%	40	41%	41	40%
Acquisition Expenses	65	33%	57	30%	31	31%	33	32%
Underwriting Margin	44	22%	42	23%	28	28%	27	27%

* Percent of Premium

With respect to our Military operations, first year premiums decreased 20% to $22 million. Total premiums increased 7% to $199 million, and underwriting margin increased 3% to $44 million.

The underwriting margin was affected by the continuing hostile activities in Iraq and Afghanistan. Paid claims directly related to these hostilities were $3.9 million in 2005 versus $4.0 million in 2004.

All of our Military business is generated through one independent agency, First Command, headquartered in Fort Worth, Texas. First Command is represented by almost 450 producing agents in over 200 offices located on or near military installations in the U. S. and abroad. The agency markets its products primarily to commissioned and non-commissioned military officers and their families. The integrity of First Command and its commitment to customers is extraordinary. The quality of the business written is second to none in the industry.

In the past two years, First Command has been impacted by negative publicity concerning inappropriate sales of life insurance and investment products to military personnel. While we believe the criticism of First Command was unjustified and did not include criticism of any Torchmark company or product, new sales have been affected.

First Command and Torchmark have been partners since 1982. We have and will continue to do all we can to help them grow their operation.

Medicare Part D Prescription Drug Program

A new endeavor for Torchmark in 2006 will be our participation in the Medicare Prescription Drug Program (Part D). This program provides government subsidized prescription drug coverage offered through private companies. We believe this program provides an opportunity and is an acceptable risk due to the government's guarantees of reimbursement if our loss ratios deviate significantly from our expectations.

We began marketing the program in the fourth quarter of 2005 with coverages beginning on January 1, 2006. At January 31, 2006, we had 121,000 confirmed enrollees in our plan with enrollment expected to continue to May 15, 2006. We currently expect 2006 revenue from this program to be in the range of $175 to $225 million.

Administrative Expenses

Insurance administrative expenses increased 4% to $148 million. As a percentage of premiums, administrative expenses were 5.9%, up slightly from last year due primarily to higher employee costs.

Investments

Our investment portfolio is concentrated in investment grade fixed-maturity assets. Fixed-maturity assets on an amortized cost basis represented 94% of our invested assets, and will likely be an increasing percentage of our invested assets as we are not as comfortable with alternative investments. The average credit rating quality of the fixed-maturity portfolio was BBB+ as rated by Standard & Poor's and Baa1 as rated by Moody's.

Net investment income increased 5% to $603 million. The interest required on net interest-bearing liabilities increased 13% to $279 million. Therefore, excess investment income was $324 million. Because of our stock repurchase program, comparing the yearly change in excess investment income is misleading. A better comparison is on a per-share basis; as such, excess investment income increased 4%.

The flattening of the yield curve in 2005 had a negative impact on excess investment income by restricting the growth of investment income and increasing the costs of the interest-bearing liabilities. The increase in short term rates reduced the spread of long term versus short term rates, and influenced us to shorten the average life of new investments, which in turn resulted in lower yields. In addition, rising short term rates increased the costs of our debt, a component of the interest-bearing liabilities.

In the past, we have said that we hope for higher interest rates. To be more specific, we hope for higher long term rates, which would increase the spread earned on the assets supporting the interest-bearing liabilities, and more important, increase the yield on the remaining invested assets.

2005 Investment Income

In millions, except percent and per share amounts

	TOTAL *	REQUIRED	EXCESS
(1) From Invested Assets Supporting:			
Net Interest-Bearing Policy Liabilities:			
Policy Reserves		$393	
DAC		(168)	
Net	$294	225	$69
Debt	62	61	1
Interest Rate Swaps	0	(7)	7
(2) From Remaining Invested Assets	247	0	247
	$603	**$279**	**$324**
Per Diluted Share	$5.70	$2.63	$3.07
Increase over 2004	11%	20%	4%

* For illustrative purposes only, total investment income has been allocated pro rata based upon the net liabilities. Torchmark does not specifically allocate assets to liabilities.

Share Repurchase Program

During the year we repurchased 5.6 million shares of our outstanding stock under our ongoing share repurchase program at a cost of $300 million. Since the stock repurchase program began in 1986, we have repurchased 140.1 million shares at a total cost of over $2.8 billion. In the past five years we have repurchased 26 million shares at a cost of $1.1 billion.

Obviously, we believe our stock has been undervalued. We believe it still is, and we expect to continue the stock repurchase program since it is a means of increasing shareholder intrinsic value.

Outlook

With the diversified structure of Torchmark's distribution systems, we will always have challenges. I am confident we will meet those challenges and I am optimistic about both the short-term and long-term growth opportunities for Torchmark. The primary reason for my optimism is the executive management we have in place at Torchmark and its subsidiary companies. This group averages 20+ years of experience with the Torchmark companies. They are bright, hard-working and dedicated people who truly work together as a team.

For 2006, we expect to see improvements in all of our distribution systems. Life insurance sales should reverse their decline from 2005 and health sales should show strong double-digit growth. We continue to hope for higher interest rates that will give us a greater spread over the yields that we must pay/credit on our interest-bearing liabilities. We will continue to repurchase our stock and we are open to an acquisition if the right opportunity presents itself.

Mark S. McAndrew

MARK S. MCANDREW
Chairman and Chief Executive Officer

Torchmark cautions you that this Letter to Shareholders may contain forward-looking statements within the meaning of the federal securities law. These prospective statements reflect management's current expectations, but are not guarantees of future performance. Accordingly, please refer to Torchmark's cautionary statement regarding forward-looking statements, and the business environment in which the Company operates, contained in the Company's Form 10-K for the period ended December 31, 2005, found on the following pages and on file with the Securities and Exchange Commission. Torchmark specifically disclaims any obligation to update or revise any forward-looking statement because of new information, future developments or otherwise.

Directors

CHARLES E. ADAIR
Partner of Cordova Ventures, Montgomery, Alabama

DAVID L. BOREN
President of the University of Oklahoma, Norman, Oklahoma

M. JANE BUCHAN
Chief Executive Officer and Managing Director of Pacific Alternative Asset Company, LLC Irvine, California

JOSEPH M. FARLEY
Of Counsel in the Birmingham, Alabama law firm of Balch & Bingham LLP

ROBERT W. INGRAM
Senior Associate Dean and Ross-Culverhouse Professor of Accounting in Culverhouse College of Commerce, University of Alabama Tuscaloosa, Alabama

JOSEPH L. LANIER, JR.
Chairman of the Board of Dan River Incorporated, Danville, Virginia

MARK S. MCANDREW
Chairman and Chief Executive Officer of Torchmark

HAROLD T. MCCORMICK
Chairman and Chief Executive Officer of Bay Point Yacht and Country Club, Panama City, Florida; Retired President of Wheelabrator Technologies, Inc.

SAM R. PERRY
Attorney, Austin, Texas

LAMAR C. SMITH
Chairman and Chief Executive Officer of First Command Financial Services, Inc., Fort Worth, Texas

PAUL J. ZUCCONI
Retired Partner of KPMG LLP, Plano, Texas

Officers

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Chairman and Chief Executive Officer

TONY G. BRILL
Executive Vice President and Chief Administrative Officer

GARY L. COLEMAN
Executive Vice President and Chief Financial Officer

LARRY M. HUTCHISON
Executive Vice President and General Counsel

ANTHONY L. MCWHORTER
Executive Vice President

ROSEMARY J. MONTGOMERY
Executive Vice President and Chief Actuary

RUSSELL B. TUCKER
Executive Vice President and Chief Investment Officer

GLENN D. WILLIAMS
Executive Vice President and Chief Marketing Officer

DANNY H. ALMOND
Vice President , Accounting

MICHAEL J. KLYCE
Vice President and Treasurer

JOYCE L. LANE
Vice President, Investor Relations

CAROL A. MCCOY
Vice President, Associate Counsel and Secretary

SPENCER H. STONE
Controller

FRANK M. SVOBODA
Vice President, Director of Tax

DAVID F. THORNDIKE
Vice President

Officers of Subsidiaries

AMERICAN INCOME LIFE

ROGER SMITH
Chief Executive Officer and President

GLOBE LIFE

CHARLES F. HUDSON
President and Chief Executive Officer

LIBERTY NATIONAL LIFE

ANTHONY L. MCWHORTER
Chief Executive Officer

ANDREW W. KING
President and Chief Marketing Officer

UNITED AMERICAN

VERN D. HERBEL
President and Chief Executive Officer

UNITED INVESTORS LIFE

ANTHONY L. MCWHORTER
President and Chief Executive Officer

Operating Summary

Unaudited and amounts in thousands except per share amounts

	TWELVE MONTHS ENDED DECEMBER 31, 2005	2004	% INCREASE (DECREASE)
Underwriting Income			
Life:			
Premium	$1,468,288	$1,395,490	5%
Net policy obligations	(623,788)	(600,889)	
Commissions and acquisition expenses	(462,852)	(442,424)	
Underwriting margin	381,648	352,177	8%
Health:			
Premium	1,014,857	1,048,666	(3%)
Net policy obligations	(647,326)	(678,143)	
Commissions and acquisition expenses	(190,352)	(195,941)	
Underwriting margin	177,179	174,582	1%
Annuity underwriting margin	12,580	13,964	
Total underwriting margin	571,407	540,723	
Other income	2,366	1,833	
Insurance administration expenses	(147,681)	(141,620)	4%
Underwriting income	426,092	400,936	6%
Excess Investment Income			
Tax-equivalent net investment income	602,708	576,675	5%
Required interest on:			
Net policy liabilities:			
Policy reserves	(393,276)	(370,128)	
Deferred acquisition costs	167,987	156,808	
Debt	(53,181)	(32,812)	
Total excess investment income	324,238	330,543	(2%)
Corporate expenses	(9,660)	(9,575)	
Pre-tax operating income	740,670	721,904	3%
Income tax	(255,165)	(248,472)	
Net Operating Income	**$485,505**	**$473,432**	**3%**
Operating EPS on a diluted basis	**$4.59**	**$4.23**	**9%**
Diluted average shares outstanding	**105,751**	**111,908**	
Reconciliation of Net Operating Income to Net Income:			
Net operating income	$485,505	$473,432	
Non operating items, net of tax:			
Realized gains/(losses)	608	4,615	
Realized gains/(losses) - interest rate swaps	(5,388)	(5,332)	
Tax settlements	15,989	3,003	
Change in accounting principle	0	(7,163)	
Net proceeds from legal settlement	(955)	0	
Retiring executive option term extension	(369)	0	
Net Income	**$495,390**	**$468,555**	
EPS on a diluted basis	**$4.68**	**$4.19**	

The Operating Summary has been prepared in the manner Torchmark management uses to evaluate the operating results of the company. It differs from the Consolidated Statement of Operations found in the accompanying SEC Form 10-K.

Condensed Balance Sheet

Unaudited and amounts in thousands

	AT DECEMBER 31, 2005	AT DECEMBER 31, 2004
Assets:		
Fixed maturities at amortized cost *	$ 8,411,635	$ 8,065,402
Cash and short-term investments	137,607	98,863
Mortgages and real estate	43,457	46,508
Other investments	392,989	383,021
Deferred acquisition costs *	2,791,461	2,620,657
Goodwill	378,436	378,436
Other assets	650,977	453,048
Separate account assets	1,560,391	1,594,278
Total assets *	**$ 14,366,953**	**$ 13,640,213**
Liabilities and shareholders' equity:		
Policy liabilities	$ 7,439,810	$ 7,063,723
Accrued income taxes *	870,365	779,350
Short-term debt	381,505	170,354
Long-term debt and trust preferred securities	507,902	694,685
Other liabilities	435,479	315,760
Separate account liabilities	1,560,391	1,594,278
Shareholders' equity, excluding FAS 115 *	3,171,501	3,022,063
Total liabilities and shareholders' equity	**$ 14,366,953**	**$ 13,640,213**
Actual shares outstanding:		
Basic	103,569	107,944
Diluted	104,303	110,075
Book value (shareholders' equity, excluding FAS 115) per diluted share	$ 30.41	$ 27.45
Net operating income as a return on average equity, excluding FAS 115	15.9%	16.2%
Average equity, excluding FAS 115	$ 3,045,446	$ 2,927,299
Debt to capital ratio, excluding FAS 115	21.9%	22.3%

*Reconciliation of Torchmark management's view of selected financial measures to comparable GAAP measures:	2005	2004
Shareholders' equity, excluding FAS 115	$ 3,171,501	$ 3,022,063
Effect of FAS 115:		
Increase fixed maturities	425,007	649,296
Decrease deferred acquisition costs	(23,057)	(37,325)
Increase accrued income taxes	(140,683)	(214,190)
Shareholders' equity	$ 3,432,768	$ 3,419,844
Other comparable GAAP measures:		
Fixed maturities	$ 8,836,642	$ 8,714,698
Deferred acquisition costs	2,768,404	2,583,332
Total assets	14,768,903	14,252,184
Shareholders' equity	3,432,768	3,419,844
Accrued income taxes	1,011,048	993,540
Book value (shareholders' equity) per diluted share	32.91	31.07
Net income as a return on average equity	14.6%	14.1%
Average equity	$ 3,389,878	$ 3,311,563
Debt to capital ratio	20.6%	20.2%

This Condensed Balance Sheet has been prepared in the manner Torchmark management, industry analysts, rating agencies and financial institutions use to evaluate the financial position of the company. It differs from the Consolidated Balance Sheets found in the accompanying SEC Form 10-K.

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