

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/13	3/12		2013	2012	2012	2012	2012
		UNDERWRITING INCOME					
		Life:					
\$470,813	\$451,878	Premium	\$470,813	\$451,997	\$453,699	\$450,950	\$451,878
-180,125	-172,275	Net Policy Obligations	-180,125	-169,265	-174,047	-172,541	-172,275
-142,764	-138,785	Non-deferred Commissions and Amortization	-142,764	-139,554	-136,194	-140,056	-138,785
-14,814	-14,683	Non-deferred Acquisition Expense	-14,814	-14,291	-13,164	-14,193	-14,683
<u>133,110</u>	<u>126,135</u>	Underwriting Margin	<u>133,110</u>	<u>128,887</u>	<u>130,294</u>	<u>124,160</u>	<u>126,135</u>
		Health:					
221,527	180,596	Premium	221,527	203,005	169,513	176,905	180,596
-128,976	-108,223	Net Policy Obligations	-128,976	-119,689	-99,831	-104,282	-108,223
-38,595	-29,717	Non-deferred Commissions and Amortization	-38,595	-35,394	-28,058	-29,568	-29,717
-4,085	-2,905	Non-deferred Acquisition Expense	-4,085	-3,421	-2,234	-2,713	-2,905
<u>49,871</u>	<u>39,751</u>	Underwriting Margin	<u>49,871</u>	<u>44,501</u>	<u>39,390</u>	<u>40,342</u>	<u>39,751</u>
8,071	7,905	Health - Part D Underwriting Margin	8,071	9,983	7,253	8,216	7,905
<u>972</u>	<u>872</u>	Annuity Underwriting Margin	<u>972</u>	<u>759</u>	<u>934</u>	<u>900</u>	<u>872</u>
192,024	174,663	Total Underwriting Margin	192,024	184,130	177,871	173,618	174,663
544	409	Other Income	544	397	636	456	409
-43,935	-40,570	Admin. Expenses	-43,935	-44,463	-40,515	-39,857	-40,570
<u>148,633</u>	<u>134,502</u>	Underwriting Income	<u>148,633</u>	<u>140,064</u>	<u>137,992</u>	<u>134,217</u>	<u>134,502</u>
		EXCESS INVESTMENT INCOME					
183,040	179,648	Net Investment Income	183,040	180,593	174,996	180,681	179,648
-106,572	-96,350	Required Interest on Net Policy Liabilities	-106,572	-103,474	-100,567	-98,585	-96,350
<u>-20,877</u>	<u>-19,605</u>	Interest on Debt	<u>-20,877</u>	<u>-21,333</u>	<u>-19,777</u>	<u>-19,583</u>	<u>-19,605</u>
55,591	63,693	Total Excess Investment Income	55,591	55,786	54,652	62,513	63,693
<u>-2,120</u>	<u>-1,921</u>	Parent Company Expenses	<u>-2,120</u>	<u>-2,019</u>	<u>-1,993</u>	<u>-2,289</u>	<u>-1,921</u>
202,104	196,274	Pre-Tax Operating Income	202,104	193,831	190,651	194,441	196,274
<u>-66,398</u>	<u>-64,307</u>	Income Tax	<u>-66,398</u>	<u>-63,916</u>	<u>-62,449</u>	<u>-63,835</u>	<u>-64,307</u>
\$135,706	\$131,967	Net Operating Income Before Stock Compensation Expense	\$135,706	\$129,915	\$128,202	\$130,606	\$131,967
<u>-4,064</u>	<u>-3,656</u>	Stock Compensation Expense, Net of Tax	<u>-4,064</u>	<u>-3,287</u>	<u>-3,452</u>	<u>-3,648</u>	<u>-3,656</u>
\$131,642	\$128,311	Net Operating Income	\$131,642	\$126,628	\$124,750	\$126,958	\$128,311
\$1.39	\$1.27	Per Share	\$1.39	\$1.33	\$1.29	\$1.30	\$1.27
94,570	101,260	Average Diluted Shares Outstanding	94,570	95,523	96,342	97,826	101,260
		Reconciling items, net of tax:					
-\$3,768	\$3,254	Capital Gain (Loss) - Investments	-\$3,768	\$13,574	\$4,733	\$3,030	\$3,254
-8,242	-12,888	Part D Adjustment	-8,242	12,299	1,589	-1,000	-12,888
<u>0</u>	<u>0</u>	FHL Acquisition Expense	<u>0</u>	<u>-1,514</u>	<u>-400</u>	<u>0</u>	<u>0</u>
<u>\$119,632</u>	<u>\$118,677</u>	Net Income	<u>\$119,632</u>	<u>\$150,987</u>	<u>\$130,672</u>	<u>\$128,988</u>	<u>\$118,677</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE		HEALTH		HEALTH - PART D		ANNUITY	
	1Q 2013	%	1Q 2013	%	1Q 2013	%	1Q 2013	1Q 2012
LNL Exclusive Agency								
Premium	\$70,003		\$63,452		\$74,061		\$130	\$153
Net Policy Obligations	26,441	38	35,180	55	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	20,795	30	12,641	20	1,057	1	2,882	3,106
Non Def Acq. Expenses	3,451	5	1,194	2	170	0	0	0
Underwriting Margin	19,316	28	14,437	23	2,962	4	972	872
Direct Response								
Premium	168,137		14,406		\$74,061		\$130	\$153
Net Policy Obligations	77,591	46	11,171	78	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	45,812	27	724	5	4,019	5	2,882	3,106
Non Def Acq. Expenses	5,848	3	3	0	170	0	0	0
Underwriting Margin	38,886	23	2,508	17	\$7,905	11	\$972	\$872
American Income Agency								
Premium	174,257		19,966		\$74,061		\$130	\$153
Net Policy Obligations	55,297	32	6,951	35	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	57,842	33	4,159	21	1,057	1	2,882	3,106
Non Def Acq. Expenses	5,100	3	263	1	170	0	0	0
Underwriting Margin	56,018	32	8,593	43	2,962	4	972	872
Family Heritage Life								
Premium	222		46,163		\$74,061		\$130	\$153
Net Policy Obligations	126	57	26,033	56	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	61	27	9,738	21	1,057	1	2,882	3,106
Non Def Acq. Expenses	6	3	1,241	3	170	0	0	0
Underwriting Margin	29	13	9,151	20	2,962	4	972	872
Part D								
Premium					\$74,061		\$130	\$153
Net Policy Obligations					61,967	84	-3,724	-3,825
Net Amortization of DAC					1,057	1	2,882	3,106
Non Def Acq. Expenses					170	0	0	0
Fees to PBMs					2,962	4	972	872
Underwriting Margin					7,905	11	\$972	\$872
Other Distribution								
Premium	58,194		77,540		\$74,061		\$130	\$153
Net Policy Obligations	20,670	36	49,641	64	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	18,254	31	11,333	15	4,019	5	2,882	3,106
Non Def Acq. Expenses	409	1	1,384	2	170	0	0	0
Underwriting Margin	18,861	32	15,182	20	\$7,905	11	\$972	\$872
Totals:								
Premium	\$470,813		\$221,527		\$74,061		\$130	\$153
Net Policy Obligations	180,125	38	128,976	58	61,967	84	-3,724	-3,825
Non Def Comm. & Amort.	142,764	30	38,585	17	4,019	5	2,882	3,106
Non Def Acq. Expenses	14,814	3	4,085	2	170	0	0	0
Underwriting Margin	\$133,110	28	\$49,871	23	\$7,905	11	\$972	\$872
TOTAL UNDERWRITING MARGINS, ALL LINES								
Other Income			\$192,024					
Administrative & Other Expenses			544					
INSURANCE UNDERWRITING INCOME			<u>-43,935</u>		<u>-40,570</u>		<u>\$134,502</u>	

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

NET SALES *

	YTD 3/13	YTD 3/12	% Incr (Decr)
<u>LIFE</u>			
Direct Response	\$37,254	\$39,368	-5
American Income Agency	37,607	38,589	-3
LNL Exclusive Agency **	7,127	7,401	-4
Other Distribution	2,937	2,770	6
Total Life	<u>84,925</u>	<u>88,128</u>	<u>-4</u>
<u>HEALTH</u>			
Direct Response	1,515	1,584	-4
American Income Agency	1,714	2,185	-22
LNL Exclusive Agency **	3,020	3,457	-13
UA Independent	6,635	7,837	-15
Family Heritage	10,723	0	-
Total Health	<u>23,607</u>	<u>15,063</u>	<u>57</u>
Part D	8,803	25,076	-65
TOTAL NET SALES	\$117,335	\$128,267	-9

* 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

	YTD 3/13	YTD 3/12	% Incr (Decr)
<u>LIFE</u>			
Direct Response	\$23,898	\$24,955	-4
American Income Agency	32,032	30,441	5
LNL Exclusive Agency **	6,619	6,945	-5
Other Distribution	2,637	2,396	10
Total Life	<u>65,186</u>	<u>64,737</u>	<u>1</u>
<u>HEALTH</u>			
Direct Response	1,018	1,123	-9
American Income Agency	2,214	2,482	-11
LNL Exclusive Agency **	3,356	3,670	-9
UA Independent	8,175	6,817	20
Family Heritage	9,157	0	-
Total Health	<u>23,920</u>	<u>14,092</u>	<u>70</u>
Part D	20,680	31,510	-34
TOTAL FIRST YEAR COLLECTED PREMIUM	\$109,786	\$110,339	-1

** UA Branch Office sales and premiums are included in LNL Exclusive Agency

TORCHMARK CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In thousands, except per share amounts)

	At March 31,	
	2013	2012
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$13,571,021	\$11,954,840
Equity securities available for sale	1,404	17,134
Mortgage loans	505	542
Real estate	403	3,165
Policy loans	428,011	404,559
Other long-term investments	14,600	21,406
Short-term investments	176,250	55,978
Total investments	14,192,194	12,457,624
Cash	25,256	78,302
Accrued investment income	205,266	199,474
Other receivables	393,870	264,429
Deferred acquisition costs	3,024,607	2,914,594
Value of insurance purchased	204,393	36,561
Property and equipment	45,969	46,623
Goodwill	441,591	396,891
Other assets	345,556	339,914
Total assets	\$18,878,702	\$16,734,412
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$10,839,599	\$9,704,961
Unearned and advance premium	80,221	74,475
Policy claims and other benefits payable	226,946	241,191
Other policy liabilities	93,902	93,322
Current and deferred income taxes	1,603,569	1,332,334
Short-term debt	368,903	224,884
Long-term debt	989,976	914,528
Other liabilities	370,988	314,563
Total liabilities	14,574,104	12,900,258
Shareholders' equity:		
Preferred stock	0	0
Common stock	105,812	112,312
Additional paid-in-capital	450,243	437,037
Unrealized investment gains (losses), net of tax	850,030	501,290
Retained earnings	3,498,727	3,349,856
Treasury stock, at cost	-600,214	-566,341
Total shareholders' equity	4,304,598	3,834,154
Total liabilities and shareholders' equity	\$18,878,702	\$16,734,412
Diluted Basis:		
Shares outstanding	93,822	100,387
Book value per common share	\$45.88	\$38.19
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$35.98	\$32.70
* Amortized cost of fixed maturities	\$12,119,833	\$11,081,405

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2013

Investment Portfolio at 3/31/13

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$12,120	95%	77%
Equities	1	0%	2%
Mortgage loans	1	0%	10%
Investment real estate	0	0%	0%
Policy loans	428	3%	4%
Other long-term investments	15	0%	4%
Short-term investments	176	1%	3%
Total	\$12,740	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 3/31/13
Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$11,547	\$13,030	\$1,483	A-	95%
Below Investment Grade	573	541	-32	B+	5%
Total	\$12,120	\$13,571	\$1,451	A-	

By Type

Corporates	\$9,595	\$10,854	\$1,258	BBB+	79%
Redeemable preferred stock:					
U.S.	579	613	34	BBB-	5%
Foreign	80	85	5	BBB-	1%
Municipals	1,272	1,448	176	AA	10%
Government-sponsored enterprises	354	342	-12	AAA	3%
Government & Agencies	129	130	1	AAA	1%
Residential mortgage-backed securities	12	13	0	AAA	0%
CDO's	65	50	-15	C+	1%
Other asset-backed securities	33	36	3	A-	0%
Total	\$12,120	\$13,571	\$1,451	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
March 31, 2013

<u>By Sector</u>	<u>Amort. Cost</u>	<u>Market Value</u>	<u>Net Unreal. Gain (Loss)</u>	<u>Average Rating</u>	<u>% of Total Amort. Cost</u>
Financial - Life/Health/PC Insurance	\$1,851	\$2,075	\$224	BBB+	15%
Financial - Bank	746	808	62	BBB+	6%
Financial - Financial Guarantor	16	16	0	BBB+	0%
Financial - Insurance Brokers	46	55	9	BBB-	0%
Financial - Other	497	565	68	BBB+	4%
Utilities	2,134	2,451	317	BBB+	18%
Energy	1,324	1,516	192	BBB+	11%
Consumer, Non-cyclical	719	822	103	BBB+	6%
Consumer, Cyclical	388	429	41	BBB	3%
Communications	504	566	62	BBB+	4%
Basic Materials	821	925	104	BBB+	7%
Transportation	513	570	58	BBB+	4%
Technology	44	53	9	BBB+	0%
Other Industrials	683	734	52	BBB	6%
ABS - CDO	65	50	-15	C+	1%
MBS	12	13	0	AAA	0%
Government	1,755	1,920	165	AA+	14%
Total	\$12,120	\$13,571	\$1,451	A-	

By Sector by Rating: Amortized Cost

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BIG</u>	<u>Total</u>
Financial - Life/Health/PC Insurance		\$120	\$504	\$1,168	\$59	\$1,851
Financial - Bank		139	268	182	158	746
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers				46		46
Financial - Other		114	78	303	3	497
Utilities		17	971	1,113	32	2,134
Energy		45	197	1,082		1,324
Consumer, Non-cyclical	11	32	266	396	14	719
Consumer, Cyclical		15	71	228	75	388
Communications			325	134	45	504
Basic Materials		17	137	601	67	821
Transportation		6	47	459		513
Technology			9	32	3	44
Other Industrials			232	400	51	683
ABS - CDO					65	65
MBS	12					12
Government	801	771	181	2		1,755
Total \$	\$824	\$1,276	\$3,285	\$6,163	\$573	\$12,120
% of Total	7%	11%	27%	51%	5%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
March 31, 2013

<u>Below Investment Grade Bonds by Sector</u>	<u>3/31/13</u>	<u>12/31/12</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	158	158	0
Financial - Financial Guarantor	0	0	0
Financial - Mortgage Insurer	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	3	3	0
Utilities	32	40	-7
Energy	0	0	0
Consumer, Non-cyclical	14	19	-5
Consumer, Cyclical	75	75	0
Communications	45	45	0
Basic Materials	67	67	0
Transportation	0	0	0
Technology	3	3	0
Other Industrials	51	51	0
ABS - CDO	65	65	1
MBS	0	0	0
Government	0	0	0
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Total	\$573	\$585	-\$12

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>3/31/13</u>	<u>12/31/12</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$425	\$466	-\$41
Asset Class 4	168	172	-4
Asset Class 5	150	166	-16
Asset Class 6 (at market value)	50	47	3
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	\$793	\$851	-\$58

Fixed Maturity Acquisitions:

	<u>1Q'13</u>	<u>1Q'12</u>
Amount	\$387	\$232
Yield	4.3%	4.8%
Ratings	BBB+	A-
Average Life To:		
First Call	26.4	29.7
Maturity	26.7	29.9