

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/13	9/12		2013	2013	2013	2012	2012
		UNDERWRITING INCOME					
		Life:					
\$1,416,859	\$1,356,527	Premium	\$470,936	\$475,110	\$470,813	\$451,997	\$453,699
-542,758	-518,863	Net Policy Obligations	-178,124	-184,509	-180,125	-169,265	-174,047
-429,779	-415,035	Non-deferred Commissions and Amortization	-142,993	-144,022	-142,764	-139,554	-136,194
-36,477	-42,040	Non-deferred Acquisition Expense	-10,814	-10,849	-14,814	-14,291	-13,164
407,845	380,589	Underwriting Margin	139,005	135,730	133,110	128,887	130,294
		Health:					
648,918	527,014	Premium	209,167	218,224	221,527	203,005	169,513
-375,649	-312,336	Net Policy Obligations	-121,169	-125,504	-128,976	-119,689	-99,831
-114,201	-87,343	Non-deferred Commissions and Amortization	-37,155	-38,451	-38,595	-35,394	-28,058
-11,969	-7,852	Non-deferred Acquisition Expense	-3,868	-4,016	-4,085	-3,421	-2,234
147,099	119,483	Underwriting Margin	46,975	50,253	49,871	44,501	39,390
25,320	23,374	Health - Part D Underwriting Margin	9,084	8,165	8,071	9,983	7,253
3,006	2,706	Annuity Underwriting Margin	1,010	1,024	972	759	934
583,270	526,152	Total Underwriting Margin	196,074	195,172	192,024	184,130	177,871
1,970	1,501	Other Income	743	683	544	397	636
-133,080	-120,942	Admin. Expenses	-45,018	-44,127	-43,935	-44,463	-40,515
452,160	406,711	Underwriting Income	151,799	151,728	148,633	140,064	137,992
		EXCESS INVESTMENT INCOME					
550,015	535,325	Net Investment Income	182,811	184,164	183,040	180,593	174,996
-324,562	-295,502	Required Interest on Net Policy Liabilities	-109,532	-108,458	-106,572	-103,474	-100,567
-61,381	-58,965	Interest on Debt	-19,676	-20,828	-20,877	-21,333	-19,777
164,072	180,858	Total Excess Investment Income	53,603	54,878	55,591	55,786	54,652
-6,734	-6,203	Parent Company Expenses	-1,807	-2,807	-2,120	-2,019	-1,993
609,498	581,366	Pre-Tax Operating Income	203,595	203,799	202,104	193,831	190,651
-199,891	-190,591	Income Tax	-66,724	-66,769	-66,398	-63,916	-62,449
\$409,607	\$390,775	Net Operating Income Before Stock Compensation Expense	\$136,871	\$137,030	\$135,706	\$129,915	\$128,202
-12,594	-10,756	Stock Compensation Expense, Net of Tax	-4,173	-4,357	-4,064	-3,287	-3,452
\$397,013	\$380,019	Net Operating Income	\$132,698	\$132,673	\$131,642	\$126,628	\$124,750
\$4.24	\$3.85	Per Share	\$1.43	\$1.42	\$1.39	\$1.33	\$1.29
93,658	98,638	Average Diluted Shares Outstanding	92,673	93,297	94,570	95,523	96,342
		Reconciling items, net of tax:					
\$2,974	\$11,017	Capital Gain (Loss) - Investments	\$2,898	\$3,844	-\$3,768	\$13,574	\$4,733
-8,172	-12,299	Part D Adjustment	1,610	-1,540	-8,242	12,299	1,589
-751	0	New York Guaranty Fund Assessment	0	-751	0	0	0
522	-400	FHL Acquisition Adjustments	522	0	0	-1,514	-400
-5,931	0	Legal Settlements	-5,606	-325	0	0	0
\$385,655	\$378,337	Net Income	\$132,122	\$133,901	\$119,632	\$150,987	\$130,672

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	3Q 2013	%	3Q 2012	%	3Q 2013	%	3Q 2012	%	3Q 2013	%	3Q 2012	%	3Q 2013	3Q 2012
LNL Exclusive Agency														
Premium	\$68,933		\$70,111		\$58,037		\$63,848							
Net Policy Obligations	25,108	36	26,746	38	32,922	57	36,555	57						
Non Def Comm. & Amort.	20,883	30	21,006	30	11,835	20	12,483	20						
Non Def Acq. Expenses	3,461	5	3,380	5	1,070	2	1,099	2						
Underwriting Margin	19,481	28	18,979	27	12,210	21	13,711	21						
Direct Response														
Premium	164,005		157,934		13,187		14,458							
Net Policy Obligations	76,697	47	74,008	47	10,145	77	11,155	77						
Non Def Comm. & Amort.	44,156	27	42,270	27	739	6	710	5						
Non Def Acq. Expenses	1,558	1	4,903	3	3	0	74	1						
Underwriting Margin	41,594	25	36,753	23	2,300	17	2,519	17						
American Income Agency														
Premium	180,714		167,497		20,183		19,984							
Net Policy Obligations	57,266	32	52,074	31	6,422	32	6,829	34						
Non Def Comm. & Amort.	59,542	33	54,578	33	4,082	20	4,268	21						
Non Def Acq. Expenses	5,168	3	4,514	3	264	1	118	1						
Underwriting Margin	58,738	33	56,331	34	9,415	47	8,769	44						
Family Heritage Life														
Premium	257		0		48,128		0							
Net Policy Obligations	172	67	0		27,840	58	0							
Non Def Comm. & Amort.	45	18	0		9,958	21	0							
Non Def Acq. Expenses	6	2	0		1,136	2	0							
Underwriting Margin	34	13	0		9,194	19	0							
Part D														
Premium									\$76,970		\$81,636			
Net Policy Obligations									63,625	83	70,350	86		
Net Amortization of DAC									817	1	766	1		
Non Def Acq. Expenses									46	0	25	0		
Fees to PBM									3,398	4	3,242	4		
Underwriting Margin									9,084	12	7,253	9		
Other Distribution														
Premium	57,027		58,157		69,632		71,223						\$114	\$161
Net Policy Obligations	18,881	33	21,219	36	43,840	63	45,292	64					-3,324	-3,780
Non Def Comm. & Amort.	18,367	32	18,340	32	10,541	15	10,597	15					2,428	3,007
Non Def Acq. Expenses	621	1	367	1	1,395	2	943	1					0	0
Underwriting Margin	19,158	34	18,231	31	13,856	20	14,391	20					1,010	934
Totals:														
Premium	\$470,936		\$453,699		\$209,167		\$169,513		\$76,970		\$81,636		\$114	\$161
Net Policy Obligations	178,124	38	174,047	38	121,169	58	99,831	59	63,625	83	70,350	86	-3,324	-3,780
Non Def Comm. & Amort.	142,993	30	136,194	30	37,155	18	28,058	17	4,215	5	4,008	5	2,428	3,007
Non Def Acq. Expenses	10,814	2	13,164	3	3,868	2	2,234	1	46	0	25	0	0	0
Underwriting Margin	\$139,005	30	\$130,294	29	\$46,975	22	\$39,390	23	\$9,084	12	\$7,253	9	\$1,010	\$934
TOTAL UNDERWRITING MARGINS, ALL LINES					\$196,074		\$177,871							
Other Income					743		636							
Administrative & Other Expenses					-45,018		-40,515							
INSURANCE UNDERWRITING INCOME					<u>\$151,799</u>		<u>\$137,992</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 9/13	%	YTD 9/12	%	YTD 9/13	%	YTD 9/12	%	YTD 9/13	%	YTD 9/12	%	YTD 9/13	YTD 9/12
LNL Exclusive Agency														
Premium	\$208,369		\$212,552		\$182,964		\$200,080							
Net Policy Obligations	79,341	38	84,703	40	101,643	56	115,059	58						
Non Def Comm. & Amort.	62,412	30	62,762	30	36,999	20	39,285	20						
Non Def Acq. Expenses	10,396	5	11,039	5	3,341	2	3,620	2						
Underwriting Margin	56,220	27	54,048	25	40,981	22	42,116	21						
Direct Response														
Premium	501,333		476,888		40,866		43,684							
Net Policy Obligations	232,863	46	219,464	46	31,609	77	33,738	77						
Non Def Comm. & Amort.	135,598	27	131,553	28	2,202	5	2,180	5						
Non Def Acq. Expenses	9,024	2	15,586	3	6	0	112	0						
Underwriting Margin	123,848	25	110,285	23	7,049	17	7,654	18						
American Income Agency														
Premium	533,348		492,381		59,793		59,663							
Net Policy Obligations	169,785	32	151,408	31	18,938	32	20,986	35						
Non Def Comm. & Amort.	176,614	33	164,087	33	12,357	21	12,935	22						
Non Def Acq. Expenses	15,520	3	14,340	3	800	1	764	1						
Underwriting Margin	171,429	32	162,546	33	27,698	46	24,978	42						
Family Heritage Life														
Premium	725		0		141,808		0							
Net Policy Obligations	451	62	0		81,410	57	0							
Non Def Comm. & Amort.	159	22	0		29,359	21	0							
Non Def Acq. Expenses	19	3	0		3,653	3	0							
Underwriting Margin	96	13	0		27,386	19	0							
Part D														
Premium								\$226,779		\$233,811				
Net Policy Obligations								188,816	83	198,634	85			
Net Amortization of DAC								2,409	1	2,202	1			
Non Def Acq. Expenses								312	0	272	0			
Fees to PBM								9,922	4	9,329	4			
Underwriting Margin								25,320	11	23,374	10			
Other Distribution														
Premium	173,084		174,706		223,487		223,587					\$401	\$440	
Net Policy Obligations	60,318	35	63,288	36	142,049	64	142,553	64				-10,905	-11,693	
Non Def Comm. & Amort.	54,996	32	56,633	32	33,284	15	32,943	15				8,300	9,427	
Non Def Acq. Expenses	1,518	1	1,075	1	4,169	2	3,356	2				0	0	
Underwriting Margin	56,252	32	53,710	31	43,985	20	44,735	20				3,006	2,706	
Totals:														
Premium	\$1,416,859		\$1,356,527		\$648,918		\$527,014		\$226,779		\$233,811		\$401	\$440
Net Policy Obligations	542,758	38	518,863	38	375,649	58	312,336	59	188,816	83	198,634	85	-10,905	-11,693
Non Def Comm. & Amort.	429,779	30	415,035	31	114,201	18	87,343	17	12,331	5	11,531	5	8,300	9,427
Non Def Acq. Expenses	36,477	3	42,040	3	11,969	2	7,852	1	312	0	272	0	0	0
Underwriting Margin	\$407,845	29	\$380,589	28	\$147,099	23	\$119,483	23	\$25,320	11	\$23,374	10	\$3,006	\$2,706
TOTAL UNDERWRITING MARGINS, ALL LINES					\$583,270		\$526,152							
Other Income					1,970		1,501							
Administrative & Other Expenses					-133,080		-120,942							
INSURANCE UNDERWRITING INCOME					<u>\$452,160</u>		<u>\$406,711</u>							

TORCHMARK CORPORATION

Net Sales and First Year Collected Premium (Unaudited)

(In thousands)

NET SALES *

	<u>YTD</u> <u>9/13</u>	<u>YTD</u> <u>9/12</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2013</u>	<u>3rd Qtr.</u> <u>2012</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$109,990	\$109,055	1	\$33,209	\$31,432	6
American Income Agency	115,022	119,049	-3	36,642	40,582	-10
LNL Exclusive Agency **	22,856	23,743	-4	7,542	8,297	-9
Other Distribution	8,091	8,355	-3	2,495	2,809	-11
Total Life	<u>255,959</u>	<u>260,202</u>	<u>-2</u>	<u>79,888</u>	<u>83,120</u>	<u>-4</u>
<u>HEALTH</u>						
Direct Response	3,530	3,901	-10	1,017	1,074	-5
American Income Agency	5,057	6,567	-23	1,594	2,135	-25
LNL Exclusive Agency **	10,030	10,887	-8	3,515	3,756	-6
UA Independent	19,462	21,356	-9	6,282	7,928	-21
Family Heritage	32,476	0	-	10,537	0	-
Total Health	<u>70,555</u>	<u>42,711</u>	<u>65</u>	<u>22,945</u>	<u>14,893</u>	<u>54</u>
Part D	26,115	68,925	-62	9,175	21,670	-58
TOTAL NET SALES	\$352,629	\$371,838	-5	\$112,008	\$119,683	-6

* 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>9/13</u>	<u>YTD</u> <u>9/12</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2013</u>	<u>3rd Qtr.</u> <u>2012</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$70,531	\$71,755	-2	\$22,639	\$23,006	-2
American Income Agency	96,529	94,031	3	31,875	31,963	0
LNL Exclusive Agency **	19,485	20,154	-3	6,351	6,460	-2
Other Distribution	7,608	7,136	7	2,350	2,387	-2
Total Life	<u>194,153</u>	<u>193,076</u>	<u>1</u>	<u>63,215</u>	<u>63,816</u>	<u>-1</u>
<u>HEALTH</u>						
Direct Response	2,900	3,279	-12	934	1,067	-12
American Income Agency	6,928	7,813	-11	2,557	2,823	-9
LNL Exclusive Agency **	9,587	10,850	-12	3,061	3,362	-9
UA Independent	28,322	23,599	20	10,064	8,730	15
Family Heritage	27,409	0	-	9,025	0	-
Total Health	<u>75,146</u>	<u>45,541</u>	<u>65</u>	<u>25,641</u>	<u>15,982</u>	<u>60</u>
Part D	54,050	109,261	-51	15,872	42,359	-63
TOTAL FIRST YEAR COLLECTED PREMIUM	\$323,349	\$347,878	-7	\$104,728	\$122,157	-14

** 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 September 30,	
	2013	2012
Assets		
Investments:		
Fixed maturities available for sale *	\$12,756,917	\$12,503,376
Equity securities available for sale	1,654	16,659
Mortgage loans	485	524
Real estate	203	3,471
Policy loans	441,867	417,211
Other long-term investments	13,851	21,268
Short-term investments	135,988	386,025
Total investments	13,350,965	13,348,534
Cash	38,792	298,831
Accrued investment income	203,473	196,190
Other receivables	412,972	334,599
Deferred acquisition costs **	3,306,417	2,994,744
Property and equipment	46,153	46,444
Goodwill	441,591	396,891
Other assets	337,351	323,631
Total assets	\$18,137,714	\$17,939,864
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$11,118,833	\$9,958,274
Unearned and advance premium	78,098	70,145
Policy claims and other benefits payable	248,821	236,185
Other policy liabilities	94,348	93,148
Current and deferred income taxes	1,272,175	1,612,052
Short-term debt	227,927	319,710
Long-term debt	990,566	1,089,006
Other liabilities	330,070	252,451
Total liabilities	14,360,838	13,630,971
Shareholders' equity:		
Preferred stock	0	0
Common stock	105,812	112,312
Additional paid-in-capital	471,566	453,337
Unrealized investment gains (losses), net of tax	237,143	960,890
Retained earnings	3,724,146	3,568,655
Treasury stock, at cost	-761,791	-786,301
Total shareholders' equity	3,776,876	4,308,893
Total liabilities and shareholders' equity	\$18,137,714	\$17,939,864
Diluted Basis:		
Shares outstanding	92,195	96,058
Book value per common share	\$40.97	\$44.86
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$37.60	\$34.39
* Amortized cost of fixed maturities	\$12,267,490	\$10,929,229

** Includes Value of insurance purchased which was previously shown as a separate line item.

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2013

Investment Portfolio at 9/30/13	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$12,267	95%	77%
Equities	1	0%	2%
Mortgage loans	0	0%	10%
Policy loans	442	3%	4%
Other long-term investments	14	0%	4%
Short-term investments	<u>136</u>	<u>1%</u>	<u>3%</u>
 Total	 \$12,861	 100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 9/30/13

Summary

	<u>Amort. Cost</u>	<u>Market Value</u>	<u>Net Unreal. Gain (Loss)</u>	<u>Average Rating</u>	<u>% of Total Amort. Cost</u>
Investment Grade	\$11,681	\$12,225	\$543	A-	95%
Below Investment Grade	<u>586</u>	<u>532</u>	<u>-54</u>	B+	5%
 Total	 \$12,267	 \$12,757	 \$489	 A-	

By Type

Corporates	\$9,882	\$10,353	\$471	BBB+	81%
Redeemable preferred stock:					
U.S.	443	452	9	BBB-	4%
Foreign	80	83	3	BBB-	1%
Municipals	1,278	1,352	74	AA	10%
Government-sponsored enterprises	354	303	-52	AAA	3%
Government & Agencies	123	120	-3	AAA	1%
Residential mortgage-backed securities	8	8	0	AAA	0%
CDO's	68	53	-15	CC-	1%
Other asset-backed securities	<u>32</u>	<u>34</u>	<u>2</u>	A-	0%
 Total	 \$12,267	 \$12,757	 \$489	 A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 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	\$1,778	\$1,907	\$129	BBB+	14%
Financial - Bank	690	714	24	A-	6%
Financial - Financial Guarantor	16	15	-2	BBB+	0%
Financial - Insurance Brokers	46	52	6	BBB-	0%
Financial - Other	507	537	30	BBB+	4%
Utilities	2,191	2,311	119	BBB+	18%
Energy	1,399	1,481	82	BBB+	11%
Consumer, Non-cyclical	752	788	37	BBB+	6%
Consumer, Cyclical	376	390	14	BBB	3%
Communications	481	503	22	BBB+	4%
Basic Materials	865	876	11	BBB+	7%
Transportation	551	559	9	BBB+	4%
Technology	41	47	6	BBB+	0%
Other Industrials	743	742	-1	BBB+	6%
ABS - CDO	68	53	-15	CC-	1%
MBS	8	8	0	AAA	0%
Government	1,755	1,774	19	AA+	14%
Total	\$12,267	\$12,757	\$489	A-	

<u>By Sector by Rating: Amortized Cost</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BIG</u>	<u>Total</u>
Financial - Life/Health/PC Insurance		\$122	\$457	\$1,140	\$59	\$1,778
Financial - Bank		139	257	182	113	690
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers				46		46
Financial - Other		114	81	235	78	507
Utilities		17	1,041	1,096	37	2,191
Energy		45	197	1,158		1,399
Consumer, Non-cyclical	11	32	259	416	34	752
Consumer, Cyclical			70	231	75	376
Communications			219	217	45	481
Basic Materials		17	215	605	29	865
Transportation		6	53	491		551
Technology			9	32	0	41
Other Industrials			288	406	49	743
ABS - CDO					68	68
MBS	8					8
Government	767	802	185	1		1,755
Total \$	\$786	\$1,293	\$3,330	\$6,272	\$586	\$12,267
% of Total	6%	11%	27%	51%	5%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2013

<u>Below Investment Grade Bonds by Sector</u>	<u>9/30/13</u>	<u>6/30/13</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	113	113	0
Financial - Financial Guarantor	0	0	0
Financial - Mortgage Insurer	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	78	78	0
Utilities	37	32	5
Energy	0	0	0
Consumer, Non-cyclical	34	34	0
Consumer, Cyclical	75	75	0
Communications	45	45	0
Basic Materials	29	29	0
Transportation	0	0	0
Technology	0	3	-3
Other Industrials	49	51	-2
ABS - CDO	68	67	1
MBS	0	0	0
Government	0	0	0
Total	\$586	\$585	\$1

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>9/30/13</u>	<u>6/30/13</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$416	\$431	-\$15
Asset Class 4	187	168	19
Asset Class 5	127	150	-23
Asset Class 6 (at market value)	53	52	1
	\$783	\$801	-\$18

Fixed Maturity Acquisitions:

	<u>3Q'13</u>	<u>3Q'12</u>
Amount	\$133	\$326
Yield	5.2%	4.4%
Ratings	A	BBB+
Average Life To:		
First Call	26.9	19.0
Maturity	29.7	22.7