

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/14	6/13		2014	2014	2013	2013	2013
		UNDERWRITING INCOME					
		Life:					
\$981,010	\$945,923	Premium	\$491,952	\$489,058	\$468,473	\$470,936	\$475,110
-378,983	-364,634	Net Policy Obligations	-189,318	-189,665	-176,863	-178,124	-184,509
-294,892	-286,786	Non-deferred Commissions and Amortization	-148,123	-146,769	-143,767	-142,993	-144,022
-25,800	-25,663	Non-deferred Acquisition Expense	-13,795	-12,005	-10,629	-10,814	-10,849
<u>281,335</u>	<u>268,840</u>	Underwriting Margin	<u>140,716</u>	<u>140,619</u>	<u>137,214</u>	<u>139,005</u>	<u>135,730</u>
		Health:					
434,533	439,751	Premium	215,098	219,435	214,900	209,167	218,224
-248,382	-254,480	Net Policy Obligations	-122,228	-126,154	-123,475	-121,169	-125,504
-78,177	-77,046	Non-deferred Commissions and Amortization	-38,387	-39,790	-37,981	-37,155	-38,451
-8,729	-8,101	Non-deferred Acquisition Expense	-4,695	-4,034	-4,036	-3,868	-4,016
<u>99,245</u>	<u>100,124</u>	Underwriting Margin	<u>49,788</u>	<u>49,457</u>	<u>49,408</u>	<u>46,975</u>	<u>50,253</u>
18,211	16,236	Health - Part D Underwriting Margin	8,645	9,566	9,980	9,084	8,165
<u>2,110</u>	<u>1,996</u>	Annuity Underwriting Margin	<u>1,065</u>	<u>1,045</u>	<u>933</u>	<u>1,010</u>	<u>1,024</u>
400,901	387,196	Total Underwriting Margin	200,214	200,687	197,535	196,074	195,172
1,266	1,227	Other Income	722	544	238	743	683
<u>-89,573</u>	<u>-88,062</u>	Admin. Expenses	<u>-45,362</u>	<u>-44,211</u>	<u>-45,818</u>	<u>-45,018</u>	<u>-44,127</u>
312,594	300,361	Underwriting Income	155,574	157,020	151,955	151,799	151,728
		EXCESS INVESTMENT INCOME					
377,981	367,204	Net Investment Income	189,930	188,051	184,635	182,811	184,164
-225,728	-215,030	Required Interest on Net Policy Liabilities	-113,646	-112,082	-110,801	-109,532	-108,458
<u>-38,086</u>	<u>-41,705</u>	Interest on Debt	<u>-19,037</u>	<u>-19,049</u>	<u>-19,080</u>	<u>-19,676</u>	<u>-20,828</u>
114,167	110,469	Total Excess Investment Income	57,247	56,920	54,754	53,603	54,878
<u>-4,045</u>	<u>-4,927</u>	Parent Company Expenses	<u>-2,302</u>	<u>-1,743</u>	<u>-1,761</u>	<u>-1,807</u>	<u>-2,807</u>
422,716	405,903	Pre-Tax Operating Income	210,519	212,197	204,948	203,595	203,799
<u>-138,548</u>	<u>-133,167</u>	Income Tax	<u>-68,735</u>	<u>-69,813</u>	<u>-67,221</u>	<u>-66,724</u>	<u>-66,769</u>
\$284,168	\$272,736	Net Operating Income Before Stock Compensation Expense	\$141,784	\$142,384	\$137,727	\$136,871	\$137,030
<u>-11,311</u>	<u>-8,421</u>	Stock Compensation Expense, Net of Tax	<u>-5,780</u>	<u>-5,531</u>	<u>-4,073</u>	<u>-4,173</u>	<u>-4,357</u>
\$272,857	\$264,315	Net Operating Income	\$136,004	\$136,853	\$133,654	\$132,698	\$132,673
\$2.03	\$1.87	Per Share	\$1.02	\$1.01	\$0.97	\$0.95	\$0.95
134,179	141,066	Average Diluted Shares Outstanding	133,315	135,036	137,344	139,010	139,946
		Reconciling items, net of tax:					
\$11,177	\$76	Capital Gain (Loss) - Investments	\$375	\$10,802	\$991	\$2,898	\$3,844
-16,749	-9,782	Part D Adjustment	-3,570	-13,179	8,172	1,610	-1,540
0	-751	New York Guaranty Fund Assessment	0	0	0	0	-751
-1,987	0	Administrative Settlements	-1,987	0	0	0	0
0	0	FHL Acquisition Adjustments	0	0	0	522	0
<u>-1,519</u>	<u>-325</u>	Legal Settlement Expense	<u>101</u>	<u>-1,620</u>	<u>0</u>	<u>-5,606</u>	<u>-325</u>
<u>\$263,779</u>	<u>\$253,533</u>	Net Income	<u>\$130,923</u>	<u>\$132,856</u>	<u>\$142,817</u>	<u>\$132,122</u>	<u>\$133,901</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D			ANNUITY		
	2Q 2014	%	2Q 2013	%	2Q 2014	%	2Q 2013	%	2Q 2014	%	2Q 2013	%	2Q 2014	2Q 2013
LNL Exclusive Agency														
Premium	\$68,270		\$69,433		\$55,685		\$61,475							
Net Policy Obligations	26,239	38	27,792	40	29,830	54	33,541	55						
Non Def Comm. & Amort.	19,661	29	20,734	30	11,701	21	12,523	20						
Non Def Acq. Expenses	<u>3,886</u>	6	<u>3,484</u>	5	<u>1,147</u>	2	<u>1,077</u>	2						
Underwriting Margin	18,484	27	17,423	25	13,007	23	14,334	23						
Direct Response														
Premium	176,838		169,191		13,199		13,273							
Net Policy Obligations	81,947	46	78,575	46	10,198	77	10,293	78						
Non Def Comm. & Amort.	47,160	27	45,630	27	712	5	739	6						
Non Def Acq. Expenses	<u>3,494</u>	2	<u>1,618</u>	1	<u>10</u>	0	<u>0</u>	0						
Underwriting Margin	44,237	25	43,368	26	2,279	17	2,241	17						
American Income Agency														
Premium	190,330		178,377		19,641		19,644							
Net Policy Obligations	61,308	32	57,222	32	5,813	30	5,565	28						
Non Def Comm. & Amort.	63,027	33	59,230	33	4,026	20	4,116	21						
Non Def Acq. Expenses	<u>5,813</u>	3	<u>5,252</u>	3	<u>312</u>	2	<u>273</u>	1						
Underwriting Margin	60,182	32	56,673	32	9,490	48	9,690	49						
Family Heritage Life														
Premium	396		246		50,794		47,517							
Net Policy Obligations	271	68	153	62	28,504	56	27,537	58						
Non Def Comm. & Amort.	65	16	53	22	10,556	21	9,663	20						
Non Def Acq. Expenses	<u>11</u>	3	<u>7</u>	3	<u>1,495</u>	3	<u>1,276</u>	3						
Underwriting Margin	49	12	33	13	10,239	20	9,041	19						
Part D														
Premium									\$84,957		\$73,089			
Net Policy Obligations									68,972	81	60,884	83		
Net Amortization of DAC									851	1	877	1		
Non Def Acq. Expenses									61	0	37	0		
Fees to PBM									<u>6,428</u>	8	<u>3,126</u>	4		
Underwriting Margin									8,645	10	8,165	11		
Other Distribution														
Premium	56,118		57,863		75,779		76,315						\$123	\$157
Net Policy Obligations	19,553	35	20,767	36	47,883	63	48,568	64					-3,364	-3,857
Non Def Comm. & Amort.	18,210	32	18,375	32	11,392	15	11,410	15					2,422	2,990
Non Def Acq. Expenses	<u>591</u>	1	<u>488</u>	1	<u>1,731</u>	2	<u>1,390</u>	2					<u>0</u>	<u>0</u>
Underwriting Margin	17,764	32	18,233	32	14,773	19	14,947	20					1,065	1,024
Totals:														
Premium	\$491,952		\$475,110		\$215,098		\$218,224		\$84,957		\$73,089		\$123	\$157
Net Policy Obligations	189,318	38	184,509	39	122,228	57	125,504	58	68,972	81	60,884	83	-3,364	-3,857
Non Def Comm. & Amort.	148,123	30	144,022	30	38,387	18	38,451	18	7,279	9	4,003	5	2,422	2,990
Non Def Acq. Expenses	<u>13,795</u>	3	<u>10,849</u>	2	<u>4,695</u>	2	<u>4,016</u>	2	<u>61</u>	0	<u>37</u>	0	<u>0</u>	<u>0</u>
Underwriting Margin	\$140,716	29	\$135,730	29	\$49,788	23	\$50,253	23	\$8,645	10	\$8,165	11	\$1,065	\$1,024
TOTAL UNDERWRITING MARGINS, ALL LINES					\$200,214		\$195,172							
Other Income					722		683							
Administrative & Other Expenses					<u>-45,362</u>		<u>-44,127</u>							
INSURANCE UNDERWRITING INCOME					<u>\$155,574</u>		<u>\$151,728</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 6/14	%	YTD 6/13	%	YTD 6/14	%	YTD 6/13	%	YTD 6/14	%	YTD 6/13	%	YTD 6/14	YTD 6/13
LNL Exclusive Agency														
Premium	\$137,048		\$139,436		\$114,302		\$124,927							
Net Policy Obligations	53,484	39	54,233	39	61,919	54	68,721	55						
Non Def Comm. & Amort.	40,139	29	41,529	30	24,278	21	25,164	20						
Non Def Acq. Expenses	7,536	5	6,935	5	2,306	2	2,271	2						
Underwriting Margin	35,889	26	36,739	26	25,799	23	28,771	23						
Direct Response														
Premium	354,710		337,328		27,106		27,679							
Net Policy Obligations	165,362	47	156,166	46	21,004	77	21,464	78						
Non Def Comm. & Amort.	94,382	27	91,442	27	1,451	5	1,463	5						
Non Def Acq. Expenses	6,116	2	7,466	2	10	0	3	0						
Underwriting Margin	88,850	25	82,254	24	4,641	17	4,749	17						
American Income Agency														
Premium	376,221		352,634		38,928		39,610							
Net Policy Obligations	120,619	32	112,519	32	12,265	32	12,516	32						
Non Def Comm. & Amort.	124,179	33	117,072	33	8,054	21	8,275	21						
Non Def Acq. Expenses	11,188	3	10,352	3	571	1	536	1						
Underwriting Margin	120,235	32	112,691	32	18,038	46	18,283	46						
Family Heritage Life														
Premium	699		468		100,262		93,680							
Net Policy Obligations	469	67	279	60	55,629	55	53,570	57						
Non Def Comm. & Amort.	124	18	114	24	21,112	21	19,401	21						
Non Def Acq. Expenses	19	3	13	3	2,709	3	2,517	3						
Underwriting Margin	87	12	62	13	20,812	21	18,192	19						
Part D														
Premium									\$167,990		\$149,809			
Net Policy Obligations									135,233	81	125,191	84		
Net Amortization of DAC									1,731	1	1,592	1		
Non Def Acq. Expenses									160	0	266	0		
Fees to PBM									12,655	8	6,524	4		
Underwriting Margin									18,211	11	16,236	11		
Other Distribution														
Premium	112,332		116,057		153,935		153,855						\$222	\$287
Net Policy Obligations	39,049	35	41,437	36	97,565	63	98,209	64					-6,532	-7,581
Non Def Comm. & Amort.	36,068	32	36,629	32	23,282	15	22,743	15					4,644	5,872
Non Def Acq. Expenses	941	1	897	1	3,133	2	2,774	2					0	0
Underwriting Margin	36,274	32	37,094	32	29,955	19	30,129	20					2,110	1,996
Totals:														
Premium	\$981,010		\$945,923		\$434,533		\$439,751		\$167,990		\$149,809		\$222	\$287
Net Policy Obligations	378,983	39	364,634	39	248,382	57	254,480	58	135,233	81	125,191	84	-6,532	-7,581
Non Def Comm. & Amort.	294,892	30	286,786	30	78,177	18	77,046	18	14,386	9	8,116	5	4,644	5,872
Non Def Acq. Expenses	25,800	3	25,663	3	8,729	2	8,101	2	160	0	266	0	0	0
Underwriting Margin	\$281,335	29	\$268,840	28	\$99,245	23	\$100,124	23	\$18,211	11	\$16,236	11	\$2,110	\$1,996
TOTAL UNDERWRITING MARGINS, ALL LINES					\$400,901		\$387,196							
Other Income					1,266		1,227							
Administrative & Other Expenses					-89,573		-88,062							
INSURANCE UNDERWRITING INCOME					<u>\$312,594</u>		<u>\$300,361</u>							

TORCHMARK CORPORATION

Net Sales and First Year Collected Premium (Unaudited)

(In thousands)

NET SALES *

	YTD <u>6/14</u>	YTD <u>6/13</u>	% Incr <u>(Decr)</u>	2nd Qtr. <u>2014</u>	2nd Qtr. <u>2013</u>	% Incr <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$84,857	\$76,781	11	\$44,418	\$39,527	12
American Income Agency	82,753	78,380	6	44,628	40,773	9
LNL Exclusive Agency	16,112	15,314	5	8,732	8,187	7
Other Distribution	6,570	5,596	17	3,735	2,659	40
Total Life	<u>190,292</u>	<u>176,071</u>	<u>8</u>	<u>101,513</u>	<u>91,146</u>	<u>11</u>
<u>HEALTH</u>						
Direct Response	2,911	2,513	16	893	998	-11
American Income Agency	3,997	3,463	15	2,233	1,749	28
LNL Exclusive Agency	8,049	6,515	24	4,264	3,495	22
UA Independent	23,070	13,180	75	8,759	6,545	34
Family Heritage	22,744	21,939	4	12,879	11,216	15
Total Health	<u>60,771</u>	<u>47,610</u>	<u>28</u>	<u>29,028</u>	<u>24,003</u>	<u>21</u>
Part D	51,612	16,940	205	20,468	8,137	152
TOTAL NET SALES	\$302,675	\$240,621	26	\$151,009	\$123,286	22

* 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 <u>6/14</u>	YTD <u>6/13</u>	% Incr <u>(Decr)</u>	2nd Qtr. <u>2014</u>	2nd Qtr. <u>2013</u>	% Incr <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$50,822	\$47,892	6	\$25,519	\$23,994	6
American Income Agency	64,670	64,654	0	33,142	32,622	2
LNL Exclusive Agency	12,769	13,134	-3	6,416	6,515	-2
Other Distribution	4,904	5,258	-7	2,574	2,621	-2
Total Life	<u>133,165</u>	<u>130,938</u>	<u>2</u>	<u>67,651</u>	<u>65,752</u>	<u>3</u>
<u>HEALTH</u>						
Direct Response	2,003	1,966	2	1,021	948	8
American Income Agency	4,143	4,371	-5	2,216	2,157	3
LNL Exclusive Agency	6,507	6,526	0	3,322	3,170	5
UA Independent	21,110	18,258	16	11,154	10,083	11
Family Heritage	17,723	18,384	-4	9,094	9,227	-1
Total Health	<u>51,486</u>	<u>49,505</u>	<u>4</u>	<u>26,807</u>	<u>25,585</u>	<u>5</u>
Part D	41,334	38,178	8	22,388	17,498	28
TOTAL FIRST YEAR COLLECTED PREMIUM	\$225,985	\$218,621	3	\$116,846	\$108,835	7

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

	At June 30,	
	2014	2013
Assets		
Investments:		
Fixed maturities available for sale *	\$14,128,324	\$12,862,567
Equity securities available for sale	1,427	1,587
Mortgage loans	0	495
Real estate	203	403
Policy loans	457,824	433,331
Other long-term investments	11,931	14,413
Short-term investments	48,561	103,012
Total investments	14,648,270	13,415,808
Cash	45,803	44,937
Accrued investment income	202,465	196,521
Other receivables	425,425	388,745
Deferred acquisition costs **	3,398,379	3,262,943
Property and equipment	57,915	45,794
Goodwill	441,591	441,591
Other assets	431,953	344,934
Total assets	\$19,651,801	\$18,141,273
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$11,521,630	\$10,967,788
Unearned and advance premium	74,973	79,333
Policy claims and other benefits payable	213,553	228,545
Other policy liabilities	96,542	94,269
Current and deferred income taxes	1,647,571	1,300,023
Short-term debt	274,944	348,910
Long-term debt	991,491	990,270
Other liabilities	322,149	309,849
Total liabilities	15,142,853	14,318,987
Shareholders' equity:		
Preferred stock	0	0
Common stock	151,218	158,718
Additional paid-in-capital	489,585	460,235
Unrealized investment gains (losses), net of tax	887,974	333,900
Retained earnings	3,715,953	3,560,409
Treasury stock, at cost	-735,782	-690,976
Total shareholders' equity	4,508,948	3,822,286
Total liabilities and shareholders' equity	\$19,651,801	\$18,141,273
Diluted Basis:		
Shares outstanding	132,897	139,201
Book value per common share	\$33.93	\$27.46
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$27.02	\$24.48

* Amortized cost of fixed maturities \$12,699,242 \$12,210,939

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

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2014

Investment Portfolio at 6/30/14

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$12,699	96%	77%
Equities	1	0%	2%
Mortgage loans	0	0%	10%
Policy loans	458	3%	4%
Other long-term investments	12	0%	4%
Short-term investments	49	0%	3%
Total	\$13,219	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 6/30/14

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$12,136	\$13,568	\$1,432	A-	96%
Below Investment Grade	563	561	-3	B+	4%
Total	\$12,699	\$14,128	\$1,429	A-	

By Type

Corporates	\$10,359	\$11,638	\$1,279	BBB+	82%
Redeemable preferred stock:					
U.S.	442	483	41	BBB-	3%
Foreign	55	60	5	BBB-	0%
Municipals	1,278	1,409	132	AA	10%
Government-sponsored enterprises	350	320	-30	AAA	3%
Government & Agencies	116	115	-2	AAA	1%
Residential mortgage-backed securities	6	6	0	AAA	0%
CDO's	65	66	1	CC-	1%
Other asset-backed securities	28	31	3	A-	0%
Total	\$12,699	\$14,128	\$1,429	A-	

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2014

<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	\$1,745	\$1,994	\$249	BBB+	14%
Financial - Bank	706	778	72	A-	6%
Financial - Financial Guarantor	16	17	1	BBB+	0%
Financial - Insurance Brokers	61	69	8	BBB-	0%
Financial - Other	524	586	62	BBB+	4%
Utilities	2,250	2,546	295	A-	18%
Energy	1,446	1,664	218	BBB+	11%
Consumer, Non-cyclical	813	903	89	BBB+	6%
Consumer, Cyclical	404	449	45	BBB	3%
Communications	547	612	65	BBB+	4%
Basic Materials	1,003	1,099	96	BBB+	8%
Transportation	560	613	54	BBB+	4%
Technology	41	51	10	A-	0%
Other Industrials	767	829	62	BBB+	6%
ABS - CDO	65	66	1	CC-	1%
MBS	6	6	0	AAA	0%
Government	1,744	1,844	100	AA+	14%
Total	\$12,699	\$14,128	\$1,429	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	\$447	\$1,117	\$59	\$1,745
Financial - Bank		131	286	176	113	706
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers				61		61
Financial - Other		113	81	252	78	524
Utilities		25	1,246	970	10	2,250
Energy		45	198	1,188	16	1,446
Consumer, Non-cyclical	11	32	322	415	33	813
Consumer, Cyclical			70	268	67	404
Communications			208	294	45	547
Basic Materials		17	257	701	29	1,003
Transportation		6	134	419		560
Technology			35	6		41
Other Industrials			285	432	49	767
ABS - CDO					65	65
MBS	6					6
Government	742	816	186	0		1,744
Total \$	\$759	\$1,306	\$3,755	\$6,316	\$563	\$12,699
% of Total	6%	10%	30%	50%	4%	100%

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2014

<u>Below Investment Grade Bonds by Sector</u>	<u>6/30/14</u>	<u>3/31/14</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	10	10	0
Energy	16	5	11
Consumer, Non-cyclical	33	33	0
Consumer, Cyclical	67	67	0
Communications	45	45	0
Basic Materials	29	0	29
Transportation	0	0	0
Technology	0	0	0
Other Industrials	49	78	-29
ABS - CDO	65	65	0
MBS	0	0	0
Government	0	0	0
	<hr/>	<hr/>	<hr/>
Total	\$563	\$552	\$11

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>6/30/14</u>	<u>3/31/14</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$425	\$397	\$28
Asset Class 4	193	209	-16
Asset Class 5	92	103	-11
Asset Class 6 (at market value)	53	50	3
	<hr/>	<hr/>	<hr/>
	\$763	\$759	\$4

Fixed Maturity Acquisitions:

	<u>2Q'14</u>	<u>2Q'13</u>
Amount	\$167	\$305
Yield	4.7%	4.1%
Ratings	BBB	A-
Average Life To:		
First Call	20.9	26.1
Maturity	21.2	26.3