

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/14	12/13		2014	2014	2014	2014	2013
		UNDERWRITING INCOME					
		Life:					
\$1,966,300	\$1,885,332	Premium	\$493,566	\$491,724	\$491,952	\$489,058	\$468,473
-763,192	-719,621	Net Policy Obligations	-194,482	-189,727	-189,318	-189,665	-176,863
-590,894	-573,546	Non-deferred Commissions and Amortization	-147,807	-148,195	-148,123	-146,769	-143,767
-55,725	-47,106	Non-deferred Acquisition Expense	-15,376	-14,549	-13,795	-12,005	-10,629
<u>556,489</u>	<u>545,059</u>	Underwriting Margin	<u>135,901</u>	<u>139,253</u>	<u>140,716</u>	<u>140,619</u>	<u>137,214</u>
		Health:					
869,440	863,818	Premium	224,682	210,225	215,098	219,435	214,900
-495,416	-499,124	Net Policy Obligations	-128,827	-118,207	-122,228	-126,154	-123,475
-155,779	-152,182	Non-deferred Commissions and Amortization	-39,979	-37,623	-38,387	-39,790	-37,981
-18,926	-16,005	Non-deferred Acquisition Expense	-5,028	-5,169	-4,695	-4,034	-4,036
<u>199,319</u>	<u>196,507</u>	Underwriting Margin	<u>50,848</u>	<u>49,226</u>	<u>49,788</u>	<u>49,457</u>	<u>49,408</u>
27,266	35,300	Health - Part D Underwriting Margin	4,532	4,523	8,645	9,566	9,980
<u>4,312</u>	<u>3,939</u>	Annuity Underwriting Margin	<u>1,117</u>	<u>1,085</u>	<u>1,065</u>	<u>1,045</u>	<u>933</u>
787,386	780,805	Total Underwriting Margin	192,398	194,087	200,214	200,687	197,535
2,354	2,208	Other Income	364	724	722	544	238
<u>-179,955</u>	<u>-178,898</u>	Admin. Expenses	<u>-45,037</u>	<u>-45,345</u>	<u>-45,362</u>	<u>-44,211</u>	<u>-45,818</u>
609,785	604,115	Underwriting Income	147,725	149,466	155,574	157,020	151,955
		EXCESS INVESTMENT INCOME					
758,286	734,650	Net Investment Income	190,717	189,588	189,930	188,051	184,635
-457,069	-435,363	Required Interest on Net Policy Liabilities	-116,115	-115,226	-113,646	-112,082	-110,801
<u>-76,126</u>	<u>-80,461</u>	Interest on Debt	<u>-19,007</u>	<u>-19,033</u>	<u>-19,037</u>	<u>-19,049</u>	<u>-19,080</u>
225,091	218,826	Total Excess Investment Income	55,595	55,329	57,247	56,920	54,754
<u>-8,159</u>	<u>-8,495</u>	Parent Company Expenses	<u>-1,875</u>	<u>-2,239</u>	<u>-2,302</u>	<u>-1,743</u>	<u>-1,761</u>
826,717	814,446	Pre-Tax Operating Income	201,445	202,556	210,519	212,197	204,948
<u>-271,317</u>	<u>-267,112</u>	Income Tax	<u>-66,202</u>	<u>-66,567</u>	<u>-68,735</u>	<u>-69,813</u>	<u>-67,221</u>
\$555,400	\$547,334	Net Operating Income Before Stock Compensation Expense	\$135,243	\$135,989	\$141,784	\$142,384	\$137,727
<u>-20,932</u>	<u>-16,667</u>	Stock Compensation Expense, Net of Tax	<u>-4,540</u>	<u>-5,081</u>	<u>-5,780</u>	<u>-5,531</u>	<u>-4,073</u>
\$534,468	\$530,667	Net Operating Income	\$130,703	\$130,908	\$136,004	\$136,853	\$133,654
\$4.03	\$3.80	Per Share	\$1.00	\$0.99	\$1.02	\$1.01	\$0.97
132,640	139,564	Average Diluted Shares Outstanding	130,229	131,877	133,315	135,036	137,344
		Reconciling items, net of tax:					
\$15,306	\$3,965	Capital Gain (Loss) - Investments	\$5,093	-\$964	\$375	\$10,802	\$991
0	0	Part D Adjustment	10,952	5,797	-3,570	-13,179	8,172
0	-751	New York Guaranty Fund Assessment	0	0	0	0	0
-5,316	0	Administrative Settlements	0	-3,329	-1,987	0	0
0	522	FHL Acquisition Adjustments	0	0	0	0	0
<u>-1,519</u>	<u>-5,931</u>	Legal Settlement Expense	<u>0</u>	<u>0</u>	<u>101</u>	<u>-1,620</u>	<u>0</u>
<u>\$542,939</u>	<u>\$528,472</u>	Net Income	<u>\$146,748</u>	<u>\$132,412</u>	<u>\$130,923</u>	<u>\$132,856</u>	<u>\$142,817</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	4Q 2014	%	4Q 2013	%	4Q 2014	%	4Q 2013	%	4Q 2014	%	4Q 2013	%	4Q 2014	4Q 2013
LNL Exclusive Agency														
Premium	\$67,333		\$67,611		\$54,128		\$58,300							
Net Policy Obligations	27,168	40	25,087	37	29,466	54	32,534	56						
Non Def Comm. & Amort.	20,286	30	20,423	30	11,630	21	11,834	20						
Non Def Acq. Expenses	4,154	6	3,321	5	1,299	2	1,107	2						
Underwriting Margin	15,725	23	18,780	28	11,733	22	12,825	22						
Direct Response														
Premium	173,522		162,211		17,385		13,032							
Net Policy Obligations	88,656	51	75,016	46	13,476	78	10,192	78						
Non Def Comm. & Amort.	43,668	25	44,405	27	912	5	704	5						
Non Def Acq. Expenses	3,753	2	1,629	1	6	0	3	0						
Underwriting Margin	37,445	22	41,161	25	2,991	17	2,133	16						
American Income Agency														
Premium	196,336		182,018		19,674		19,642							
Net Policy Obligations	61,411	31	57,117	31	5,801	29	5,399	27						
Non Def Comm. & Amort.	65,662	33	60,652	33	4,142	21	4,072	21						
Non Def Acq. Expenses	6,983	4	5,364	3	354	2	268	1						
Underwriting Margin	62,280	32	58,885	32	9,377	48	9,903	50						
Family Heritage Life														
Premium	472		281		52,785		49,115							
Net Policy Obligations	325	69	189	67	29,268	55	27,849	57						
Non Def Comm. & Amort.	74	16	53	19	11,166	21	10,457	21						
Non Def Acq. Expenses	14	3	7	2	1,531	3	1,178	2						
Underwriting Margin	59	13	32	11	10,820	20	9,631	20						
Part D														
Premium									\$89,562		\$73,229			
Net Policy Obligations									77,157	86	58,680	80		
Net Amortization of DAC									924	1	776	1		
Non Def Acq. Expenses									185	0	192	0		
Fees to PBM									6,764	8	3,601	5		
Underwriting Margin									4,532	5	9,980	14		
Other Distribution														
Premium	55,903		56,352		80,710		74,811						\$66	\$131
Net Policy Obligations	16,922	30	19,454	35	50,816	63	47,501	63					-3,273	-3,087
Non Def Comm. & Amort.	18,117	32	18,234	32	12,129	15	10,914	15					2,222	2,285
Non Def Acq. Expenses	472	1	308	1	1,838	2	1,480	2					0	0
Underwriting Margin	20,392	36	18,356	33	15,927	20	14,916	20					1,117	933
Totals:														
Premium	\$493,566		\$468,473		\$224,682		\$214,900		\$89,562		\$73,229		\$66	\$131
Net Policy Obligations	194,482	39	176,863	38	128,827	57	123,475	57	77,157	86	58,680	80	-3,273	-3,087
Non Def Comm. & Amort.	147,807	30	143,767	31	39,979	18	37,981	18	7,688	9	4,377	6	2,222	2,285
Non Def Acq. Expenses	15,376	3	10,629	2	5,028	2	4,036	2	185	0	192	0	0	0
Underwriting Margin	\$135,901	28	\$137,214	29	\$50,848	23	\$49,408	23	\$4,532	5	\$9,980	14	\$1,117	\$933
TOTAL UNDERWRITING MARGINS, ALL LINES					\$192,398		\$197,535							
Other Income					364		238							
Administrative & Other Expenses					-45,037		-45,818							
INSURANCE UNDERWRITING INCOME					<u>\$147,725</u>		<u>\$151,955</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 12/14	%	YTD 12/13	%	YTD 12/14	%	YTD 12/13	%	YTD 12/14	%	YTD 12/13	%	YTD 12/14	YTD 12/13
LNL Exclusive Agency														
Premium	\$272,265		\$275,980		\$222,017		\$241,264							
Net Policy Obligations	106,338	39	104,428	38	119,183	54	134,177	56						
Non Def Comm. & Amort.	80,266	29	82,835	30	47,319	21	48,833	20						
Non Def Acq. Expenses	15,855	6	13,717	5	4,874	2	4,448	2						
Underwriting Margin	69,806	26	75,000	27	50,641	23	53,806	22						
Direct Response														
Premium	702,023		663,544		58,666		53,898							
Net Policy Obligations	337,908	48	307,879	46	45,471	78	41,801	78						
Non Def Comm. & Amort.	183,933	26	180,003	27	3,102	5	2,906	5						
Non Def Acq. Expenses	13,272	2	10,653	2	24	0	9	0						
Underwriting Margin	166,910	24	165,009	25	10,069	17	9,182	17						
American Income Agency														
Premium	766,458		715,366		78,722		79,435							
Net Policy Obligations	244,409	32	226,902	32	24,680	31	24,337	31						
Non Def Comm. & Amort.	254,513	33	237,266	33	16,223	21	16,429	21						
Non Def Acq. Expenses	24,573	3	20,884	3	1,256	2	1,068	1						
Underwriting Margin	242,963	32	230,314	32	36,563	46	37,601	47						
Family Heritage Life														
Premium	1,595		1,006		204,667		190,923							
Net Policy Obligations	1,090	68	640	64	113,142	55	109,259	57						
Non Def Comm. & Amort.	261	16	212	21	43,070	21	39,816	21						
Non Def Acq. Expenses	45	3	26	3	5,753	3	4,831	3						
Underwriting Margin	199	12	128	13	42,702	21	37,017	19						
Part D														
Premium									\$347,805		\$300,008			
Net Policy Obligations									290,341	83	247,496	82		
Net Amortization of DAC									3,585	1	3,185	1		
Non Def Acq. Expenses									396	0	504	0		
Fees to PBM									26,217	8	13,523	5		
Underwriting Margin									27,266	8	35,300	12		
Other Distribution														
Premium	223,959		229,436		305,368		298,298						\$400	\$532
Net Policy Obligations	73,447	33	79,772	35	192,940	63	189,550	64					-13,250	-13,992
Non Def Comm. & Amort.	71,921	32	73,230	32	46,065	15	44,198	15					9,338	10,585
Non Def Acq. Expenses	1,980	1	1,826	1	7,019	2	5,649	2					0	0
Underwriting Margin	76,611	34	74,608	33	59,344	19	58,901	20					4,312	3,939
Totals:														
Premium	\$1,966,300		\$1,885,332		\$869,440		\$863,818		\$347,805		\$300,008		\$400	\$532
Net Policy Obligations	763,192	39	719,621	38	495,416	57	499,124	58	290,341	83	247,496	82	-13,250	-13,992
Non Def Comm. & Amort.	590,894	30	573,546	30	155,779	18	152,182	18	29,802	9	16,708	6	9,338	10,585
Non Def Acq. Expenses	55,725	3	47,106	2	18,926	2	16,005	2	396	0	504	0	0	0
Underwriting Margin	\$556,489	28	\$545,059	29	\$199,319	23	\$196,507	23	\$27,266	8	\$35,300	12	\$4,312	\$3,939
TOTAL UNDERWRITING MARGINS, ALL LINES					\$787,386		\$780,805							
Other Income					2,354		2,208							
Administrative & Other Expenses					-179,955		-178,898							
INSURANCE UNDERWRITING INCOME					<u>\$609,785</u>		<u>\$604,115</u>							

TORCHMARK CORPORATION

Net Sales and First Year Collected Premium (Unaudited)

(In thousands)

NET SALES *

	<u>YTD</u> <u>12/14</u>	<u>YTD</u> <u>12/13</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2014</u>	<u>4th Qtr.</u> <u>2013</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$158,089	\$144,363	10	\$37,768	\$34,373	10
American Income Agency	172,271	152,646	13	46,156	37,624	23
LNL Exclusive Agency	34,402	31,050	11	9,414	8,194	15
Other Distribution	13,492	11,000	23	3,671	2,909	26
Total Life	<u>378,254</u>	<u>339,059</u>	<u>12</u>	<u>97,009</u>	<u>83,100</u>	<u>17</u>
<u>HEALTH</u>						
Direct Response	23,105	4,276	440	1,176	746	58
American Income Agency	9,162	6,985	31	2,717	1,928	41
LNL Exclusive Agency	17,383	14,300	22	5,060	4,270	19
UA Independent	83,844	41,428	102	50,911	21,966	132
Family Heritage	47,102	43,520	8	11,968	11,044	8
Total Health	<u>180,596</u>	<u>110,509</u>	<u>63</u>	<u>71,832</u>	<u>39,954</u>	<u>80</u>
Part D	186,170	78,698	137	109,215	52,583	108
TOTAL NET SALES	\$745,020	\$528,266	41	\$278,056	\$175,637	58

* 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>12/14</u>	<u>YTD</u> <u>12/13</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2014</u>	<u>4th Qtr.</u> <u>2013</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Direct Response	\$100,287	\$93,089	8	\$24,549	\$22,558	9
American Income Agency	134,202	127,978	5	35,334	31,449	12
LNL Exclusive Agency	25,777	25,580	1	6,621	6,095	9
Other Distribution	10,473	9,962	5	2,893	2,354	23
Total Life	<u>270,739</u>	<u>256,609</u>	<u>6</u>	<u>69,397</u>	<u>62,456</u>	<u>11</u>
<u>HEALTH</u>						
Direct Response	9,339	3,854	142	5,255	954	451
American Income Agency	9,500	8,957	6	2,605	2,029	28
LNL Exclusive Agency	13,438	12,568	7	3,536	2,981	19
UA Independent	50,229	39,194	28	17,037	10,872	57
Family Heritage	36,392	36,340	0	9,405	8,931	5
Total Health	<u>118,898</u>	<u>100,913</u>	<u>18</u>	<u>37,838</u>	<u>25,767</u>	<u>47</u>
Part D	94,982	66,209	43	27,559	12,159	127
TOTAL FIRST YEAR COLLECTED PREMIUM	\$484,619	\$423,731	14	\$134,794	\$100,382	34

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

	At December 31,	
	2014	2013
Assets		
Investments:		
Fixed maturities available for sale *	\$14,493,060	\$12,879,133
Equity securities available for sale	1,477	1,884
Real estate	203	203
Policy loans	472,109	448,887
Other long-term investments	10,246	13,004
Short-term investments	15,882	76,890
Total investments	14,992,977	13,420,001
Cash	66,019	36,943
Accrued investment income	204,879	200,038
Other receivables	543,988	331,103
Deferred acquisition costs **	3,471,781	3,337,649
Property and equipment	54,607	51,318
Goodwill	441,591	441,591
Other assets	438,888	373,101
Total assets	\$20,214,730	\$18,191,744
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$11,750,495	\$11,256,155
Unearned and advance premium	72,275	74,174
Policy claims and other benefits payable	212,137	223,380
Other policy liabilities	95,446	94,286
Current and deferred income taxes	1,797,265	1,285,574
Short-term debt	238,398	229,070
Long-term debt	992,130	990,865
Other liabilities	359,118	261,898
Total liabilities	15,517,264	14,415,402
Shareholders' equity:		
Preferred stock	0	0
Common stock	134,218	151,218
Additional paid-in-capital	457,613	462,058
Unrealized investment gains (losses), net of tax	997,452	210,981
Retained earnings	3,376,846	3,495,533
Treasury stock, at cost	-268,663	-543,448
Total shareholders' equity	4,697,466	3,776,342
Total liabilities and shareholders' equity	\$20,214,730	\$18,191,744
Diluted Basis:		
Shares outstanding	129,812	136,537
Book value per common share	\$36.19	\$27.66
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$27.91	\$25.85
* Amortized cost of fixed maturities	\$12,823,612	\$12,488,875

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

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2014

Investment Portfolio at 12/31/14

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$12,824	96%	77%
Equities	1	0%	2%
Mortgage loans	0	0%	10%
Policy loans	472	4%	4%
Other long-term investments	10	0%	4%
Short-term investments	16	0%	3%
Total	\$13,323	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 12/31/14

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$12,263	\$13,943	\$1,680	A-	96%
Below Investment Grade	561	550	-11	B+	4%
Total	\$12,824	\$14,493	\$1,669	A-	

By Type

Corporates	\$10,566	\$12,006	\$1,440	BBB+	82%
Redeemable preferred stock:					
U.S.	442	489	47	BBB-	3%
Foreign	55	61	6	BBB-	0%
Municipals	1,278	1,455	176	AA	10%
Government-sponsored enterprises	291	294	3	AAA	2%
Government & Agencies	100	100	0	AAA	1%
Residential mortgage-backed securities	6	6	0	AAA	0%
CDO's	68	63	-5	CC-	1%
Other asset-backed securities	18	19	1	BBB+	0%
Total	\$12,824	\$14,493	\$1,669	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 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	\$1,819	\$2,107	\$288	BBB+	14%
Financial - Bank	684	773	89	BBB+	5%
Financial - Financial Guarantor	16	17	1	BBB+	0%
Financial - Insurance Brokers	64	74	10	BBB	0%
Financial - Other	552	624	72	BBB+	4%
Utilities	2,183	2,559	376	A-	17%
Energy	1,512	1,664	152	BBB	12%
Consumer, Non-cyclical	848	970	122	A-	7%
Consumer, Cyclical	403	456	53	BBB	3%
Communications	533	604	71	BBB+	4%
Basic Materials	997	1,076	78	BBB+	8%
Transportation	559	636	77	BBB+	4%
Technology	64	73	8	BBB+	1%
Other Industrials	845	942	97	BBB+	7%
ABS - CDO	68	63	-5	CC-	1%
MBS	6	6	0	AAA	0%
Government	1,669	1,849	180	AA+	13%
Total	\$12,824	\$14,493	\$1,669	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		\$160	\$459	\$1,141	\$59	\$1,819
Financial - Bank		128	267	186	103	684
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers				64		64
Financial - Other		113	83	282	75	552
Utilities		25	1,273	875	10	2,183
Energy		44	265	1,186	16	1,512
Consumer, Non-cyclical	11	32	434	338	33	848
Consumer, Cyclical			70	267	67	403
Communications			158	330	45	533
Basic Materials		17	232	720	29	997
Transportation		6	134	410	10	559
Technology			39	25		64
Other Industrials			311	486	48	845
ABS - CDO					68	68
MBS	6					6
Government	672	809	188	0	1	1,669
Total \$	\$688	\$1,333	\$3,914	\$6,328	\$561	\$12,824
% of Total	5%	10%	31%	49%	4%	100%

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

December 31, 2014

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/14</u>	<u>9/30/14</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	103	113	-10
Financial - Financial Guarantor	0	0	0
Financial - Mortgage Insurer	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	75	75	0
Utilities	10	10	0
Energy	16	16	0
Consumer, Non-cyclical	33	33	0
Consumer, Cyclical	67	67	0
Communications	45	45	0
Basic Materials	29	29	0
Transportation	10	10	0
Technology	0	0	0
Other Industrials	48	48	0
ABS - CDO	68	67	1
MBS	0	0	0
Government	<u>1</u>	<u>1</u>	<u>0</u>
 Total	 \$561	 \$570	 -\$9

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>12/31/14</u>	<u>9/30/14</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$410	\$461	-\$51
Asset Class 4	159	177	-18
Asset Class 5	102	102	0
Asset Class 6 (at market value)	<u>52</u>	<u>51</u>	<u>1</u>
	\$723	\$791	-\$68

Fixed Maturity Acquisitions:

	<u>4Q'14</u>	<u>4Q'13</u>
Amount	\$205	\$319
Yield	4.8%	5.4%
Ratings	BBB+	BBB+
Average Life To:		
First Call	27.2	24.9
Maturity	28.7	25.2