

TORCHMARK CORPORATION

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/15	6/14		2015	2015	2014	2014	2014
		UNDERWRITING INCOME					
		Life:					
\$1,033,380	\$981,010	Premium	\$520,038	\$513,342	\$493,566	\$491,724	\$491,952
-413,450	-378,983	Net Policy Obligations	-209,934	-203,516	-194,482	-189,727	-189,318
-309,554	-294,892	Non-deferred Commissions and Amortization	-155,858	-153,696	-147,807	-148,195	-148,123
-29,596	-25,800	Non-deferred Acquisition Expense	-14,869	-14,727	-15,376	-14,549	-13,795
<u>280,780</u>	<u>281,335</u>	Underwriting Margin	<u>139,377</u>	<u>141,403</u>	<u>135,901</u>	<u>139,253</u>	<u>140,716</u>
		Health:					
461,082	434,533	Premium	232,409	228,673	224,682	210,225	215,098
-265,193	-248,382	Net Policy Obligations	-134,047	-131,146	-128,827	-118,207	-122,228
-82,716	-78,177	Non-deferred Commissions and Amortization	-41,488	-41,228	-39,979	-37,623	-38,387
-9,984	-8,729	Non-deferred Acquisition Expense	-5,262	-4,722	-5,028	-5,169	-4,695
<u>103,189</u>	<u>99,245</u>	Underwriting Margin	<u>51,612</u>	<u>51,577</u>	<u>50,848</u>	<u>49,226</u>	<u>49,788</u>
10,677	18,211	Health - Part D Underwriting Margin	5,203	5,474	4,532	4,523	8,645
<u>2,196</u>	<u>2,110</u>	Annuity Underwriting Margin	<u>1,103</u>	<u>1,093</u>	<u>1,117</u>	<u>1,085</u>	<u>1,065</u>
396,842	400,901	Total Underwriting Margin	197,295	199,547	192,398	194,087	200,214
1,464	1,266	Other Income	742	722	364	724	722
-94,063	-89,573	Admin. Expenses	-46,863	-47,200	-45,037	-45,345	-45,362
304,243	312,594	Underwriting Income	151,174	153,069	147,725	149,466	155,574
		EXCESS INVESTMENT INCOME					
386,419	377,981	Net Investment Income	194,823	191,596	190,717	189,588	189,930
-236,009	-225,728	Required Interest on Net Policy Liabilities	-118,613	-117,396	-116,115	-115,226	-113,646
-38,174	-38,086	Interest on Debt	-19,114	-19,060	-19,007	-19,033	-19,037
112,236	114,167	Total Excess Investment Income	57,096	55,140	55,595	55,329	57,247
-4,485	-4,045	Parent Company Expenses	-2,312	-2,173	-1,875	-2,239	-2,302
411,994	422,716	Pre-Tax Operating Income	205,958	206,036	201,445	202,556	210,519
-135,173	-138,548	Income Tax	-67,428	-67,745	-66,202	-66,567	-68,735
\$276,821	\$284,168	Net Operating Income Before Stock Compensation Expense	\$138,530	\$138,291	\$135,243	\$135,989	\$141,784
-9,777	-11,311	Stock Compensation Expense, Net of Tax	-5,072	-4,705	-4,540	-5,081	-5,780
\$267,044	\$272,857	Net Operating Income	\$133,458	\$133,586	\$130,703	\$130,908	\$136,004
\$2.09	\$2.03	Per Share	\$1.05	\$1.04	\$1.00	\$0.99	\$1.02
128,019	134,179	Average Diluted Shares Outstanding	127,440	128,587	130,229	131,877	133,315
		Reconciling items, net of tax:					
\$1,776	\$11,177	Capital Gain (Loss) - Investments	\$1,699	\$77	\$5,093	-\$964	\$375
-20,062	-16,749	Part D Adjustment	-8,047	-12,015	10,952	5,797	-3,570
0	-1,987	Administrative Settlements	0	0	0	-3,329	-1,987
0	-1,519	Legal Settlement Expense	0	0	0	0	101
<u>\$248,758</u>	<u>\$263,779</u>	Net Income	<u>\$127,110</u>	<u>\$121,648</u>	<u>\$146,748</u>	<u>\$132,412</u>	<u>\$130,923</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	2Q 2015	%	2Q 2014	%	2Q 2015	%	2Q 2014	%	2Q 2015	%	2Q 2014	%	2Q 2015	2Q 2014
LNL Exclusive Agency														
Premium	\$68,255		\$68,270		\$52,690		\$55,685							
Net Policy Obligations	26,583	39	26,239	38	27,312	52	29,830	54						
Non Def Comm. & Amort.	19,816	29	19,661	29	11,330	22	11,701	21						
Non Def Acq. Expenses	<u>3,876</u>	6	<u>3,886</u>	6	<u>1,152</u>	2	<u>1,147</u>	2						
Underwriting Margin	17,980	26	18,484	27	12,896	24	13,007	23						
Direct Response														
Premium	188,484		176,838		17,293		13,199							
Net Policy Obligations	98,098	52	81,947	46	13,617	79	10,198	77						
Non Def Comm. & Amort.	49,080	26	47,160	27	932	5	712	5						
Non Def Acq. Expenses	<u>4,138</u>	2	<u>3,494</u>	2	<u>10</u>	0	<u>10</u>	0						
Underwriting Margin	37,168	20	44,237	25	2,734	16	2,279	17						
American Income Agency														
Premium	207,006		190,330		19,841		19,641							
Net Policy Obligations	67,570	33	61,308	32	6,395	32	5,813	30						
Non Def Comm. & Amort.	69,286	33	63,027	33	4,156	21	4,026	20						
Non Def Acq. Expenses	<u>6,346</u>	3	<u>5,813</u>	3	<u>329</u>	2	<u>312</u>	2						
Underwriting Margin	63,804	31	60,182	32	8,961	45	9,490	48						
Family Heritage Life														
Premium	572		396		54,880		50,794							
Net Policy Obligations	405	71	271	68	30,746	56	28,504	56						
Non Def Comm. & Amort.	77	13	65	16	11,722	21	10,556	21						
Non Def Acq. Expenses	<u>18</u>	3	<u>11</u>	3	<u>1,678</u>	3	<u>1,495</u>	3						
Underwriting Margin	72	13	49	12	10,734	20	10,239	20						
Part D														
Premium								\$75,358		\$84,957				
Net Policy Obligations								63,871	85	68,972	81			
Net Amortization of DAC								1,398	2	851	1			
Non Def Acq. Expenses								83	0	61	0			
Fees to PBM								<u>4,803</u>	6	<u>6,428</u>	8			
Underwriting Margin								5,203	7	8,645	10			
Other Distribution														
Premium	55,721		56,118		87,705		75,779					\$37	\$123	
Net Policy Obligations	17,278	31	19,553	35	55,977	64	47,883	63				-3,633	-3,364	
Non Def Comm. & Amort.	17,599	32	18,210	32	13,348	15	11,392	15				2,567	2,422	
Non Def Acq. Expenses	<u>491</u>	1	<u>591</u>	1	<u>2,093</u>	2	<u>1,731</u>	2				<u>0</u>	<u>0</u>	
Underwriting Margin	20,353	37	17,764	32	16,287	19	14,773	19				1,103	1,065	
Totals:														
Premium	\$520,038		\$491,952		\$232,409		\$215,098		\$75,358		\$84,957		\$37	\$123
Net Policy Obligations	209,934	40	189,318	38	134,047	58	122,228	57	63,871	85	68,972	81	-3,633	-3,364
Non Def Comm. & Amort.	155,858	30	148,123	30	41,488	18	38,387	18	6,201	8	7,279	9	2,567	2,422
Non Def Acq. Expenses	<u>14,869</u>	3	<u>13,795</u>	3	<u>5,262</u>	2	<u>4,695</u>	2	<u>83</u>	0	<u>61</u>	0	<u>0</u>	<u>0</u>
Underwriting Margin	\$139,377	27	\$140,716	29	\$51,612	22	\$49,788	23	\$5,203	7	\$8,645	10	\$1,103	\$1,065
TOTAL UNDERWRITING MARGINS, ALL LINES					\$197,295		\$200,214							
Other Income					742		722							
Administrative & Other Expenses					<u>-46,863</u>		<u>-45,362</u>							
INSURANCE UNDERWRITING INCOME					<u>\$151,174</u>		<u>\$155,574</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 6/15	%	YTD 6/14	%	YTD 6/15	%	YTD 6/14	%	YTD 6/15	%	YTD 6/14	%	YTD 6/15	YTD 6/14
LNL Exclusive Agency														
Premium	\$136,058		\$137,048		\$106,670		\$114,302							
Net Policy Obligations	53,129	39	53,484	39	56,078	53	61,919	54						
Non Def Comm. & Amort.	39,890	29	40,139	29	23,171	22	24,278	21						
Non Def Acq. Expenses	<u>7,576</u>	6	<u>7,536</u>	5	<u>2,303</u>	2	<u>2,306</u>	2						
Underwriting Margin	35,463	26	35,889	26	25,118	24	25,799	23						
Direct Response														
Premium	375,891		354,710		35,353		27,106							
Net Policy Obligations	190,177	51	165,362	47	27,868	79	21,004	77						
Non Def Comm. & Amort.	97,990	26	94,382	27	1,771	5	1,451	5						
Non Def Acq. Expenses	<u>8,029</u>	2	<u>6,116</u>	2	<u>21</u>	0	<u>10</u>	0						
Underwriting Margin	79,695	21	88,850	25	5,693	16	4,641	17						
American Income Agency														
Premium	409,047		376,221		39,753		38,928							
Net Policy Obligations	133,715	33	120,619	32	12,464	31	12,265	32						
Non Def Comm. & Amort.	136,292	33	124,179	33	8,275	21	8,054	21						
Non Def Acq. Expenses	<u>12,963</u>	3	<u>11,188</u>	3	<u>670</u>	2	<u>571</u>	1						
Underwriting Margin	126,077	31	120,235	32	18,344	46	18,038	46						
Family Heritage Life														
Premium	1,084		699		108,429		100,262							
Net Policy Obligations	775	71	469	67	60,127	55	55,629	55						
Non Def Comm. & Amort.	141	13	124	18	23,270	21	21,112	21						
Non Def Acq. Expenses	<u>31</u>	3	<u>19</u>	3	<u>3,084</u>	3	<u>2,709</u>	3						
Underwriting Margin	137	13	87	12	21,948	20	20,812	21						
Part D														
Premium									\$154,705		\$167,990			
Net Policy Obligations									130,764	85	135,233	81		
Net Amortization of DAC									2,215	1	1,731	1		
Non Def Acq. Expenses									204	0	160	0		
Fees to PBM									<u>10,845</u>	7	<u>12,655</u>	8		
Underwriting Margin									10,677	7	18,211	11		
Other Distribution														
Premium	111,300		112,332		170,877		153,935						\$78	\$222
Net Policy Obligations	35,654	32	39,049	35	108,656	64	97,565	63					-6,957	-6,532
Non Def Comm. & Amort.	35,241	32	36,068	32	26,229	15	23,282	15					4,839	4,644
Non Def Acq. Expenses	<u>997</u>	1	<u>941</u>	1	<u>3,906</u>	2	<u>3,133</u>	2					<u>0</u>	<u>0</u>
Underwriting Margin	39,408	35	36,274	32	32,086	19	29,955	19					2,196	2,110
Totals:														
Premium	\$1,033,380		\$981,010		\$461,082		\$434,533		\$154,705		\$167,990		\$78	\$222
Net Policy Obligations	413,450	40	378,983	39	265,193	58	248,382	57	130,764	85	135,233	81	-6,957	-6,532
Non Def Comm. & Amort.	309,554	30	294,892	30	82,716	18	78,177	18	13,060	8	14,386	9	4,839	4,644
Non Def Acq. Expenses	<u>29,596</u>	3	<u>25,800</u>	3	<u>9,984</u>	2	<u>8,729</u>	2	<u>204</u>	0	<u>160</u>	0	<u>0</u>	<u>0</u>
Underwriting Margin	\$280,780	27	\$281,335	29	\$103,189	22	\$99,245	23	\$10,677	7	\$18,211	11	\$2,196	\$2,110
TOTAL UNDERWRITING MARGINS, ALL LINES					\$396,842		\$400,901							
Other Income					1,464		1,266							
Administrative & Other Expenses					<u>-94,063</u>		<u>-89,573</u>							
INSURANCE UNDERWRITING INCOME					<u>\$304,243</u>		<u>\$312,594</u>							

TORCHMARK CORPORATION

Net Sales and First Year Collected Premium (Unaudited)

(In thousands)

NET SALES *

	<u>YTD</u> <u>6/15</u>	<u>YTD</u> <u>6/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>2nd Qtr.</u> <u>2015</u>	<u>2nd Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$89,443	\$84,857	5	\$44,630	\$44,418	0
American Income Agency	97,356	82,753	18	50,212	44,628	13
LNL Exclusive Agency	17,821	16,112	11	9,275	8,732	6
Other Distribution	7,179	6,570	9	3,787	3,735	1
Total Life	<u>211,799</u>	<u>190,292</u>	<u>11</u>	<u>107,904</u>	<u>101,513</u>	<u>6</u>
<u>HEALTH</u>						
Direct Response	2,633	2,911	-10	824	893	-8
American Income Agency	5,490	3,997	37	2,923	2,233	31
LNL Exclusive Agency	8,514	8,049	6	4,438	4,264	4
UA Independent	22,043	23,070	-4	9,773	8,759	12
Family Heritage	25,077	22,744	10	13,402	12,879	4
Total Health	<u>63,757</u>	<u>60,771</u>	<u>5</u>	<u>31,360</u>	<u>29,028</u>	<u>8</u>
Part D	32,461	51,612	-37	11,117	20,468	-46
TOTAL NET SALES	\$308,017	\$302,675	2	\$150,381	\$151,009	0

* 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>6/15</u>	<u>YTD</u> <u>6/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>2nd Qtr.</u> <u>2015</u>	<u>2nd Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$54,266	\$50,822	7	\$27,186	\$25,519	7
American Income Agency	76,028	64,670	18	38,979	33,142	18
LNL Exclusive Agency	13,696	12,769	7	7,146	6,416	11
Other Distribution	5,993	4,904	22	3,060	2,574	19
Total Life	<u>149,983</u>	<u>133,165</u>	<u>13</u>	<u>76,371</u>	<u>67,651</u>	<u>13</u>
<u>HEALTH</u>						
Direct Response	10,324	2,003	415	5,156	1,021	405
American Income Agency	5,437	4,143	31	2,821	2,216	27
LNL Exclusive Agency	7,454	6,507	15	3,952	3,322	19
UA Independent	35,642	21,110	69	20,475	11,154	84
Family Heritage	19,286	17,723	9	9,779	9,094	8
Total Health	<u>78,143</u>	<u>51,486</u>	<u>52</u>	<u>42,183</u>	<u>26,807</u>	<u>57</u>
Part D	69,180	41,334	67	35,166	22,388	57
TOTAL FIRST YEAR COLLECTED PREMIUM	\$297,306	\$225,985	32	\$153,720	\$116,846	32

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

	At June 30,	
	2015	2014
Assets		
Investments:		
Fixed maturities available for sale *	\$14,121,462	\$14,128,324
Equity securities available for sale	1,545	1,427
Real estate	203	203
Policy loans	479,953	457,824
Other long-term investments	10,836	11,931
Short-term investments	28,695	48,561
Total investments	14,642,694	14,648,270
Cash	62,849	45,803
Accrued investment income	206,653	202,465
Other receivables	627,660	425,425
Deferred acquisition costs **	3,550,836	3,398,379
Property and equipment	65,181	57,915
Goodwill	441,591	441,591
Other assets	423,446	431,953
Total assets	\$20,020,910	\$19,651,801
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$12,004,366	\$11,521,630
Unearned and advance premium	76,978	74,973
Policy claims and other benefits payable	232,352	213,553
Other policy liabilities	95,468	96,542
Current and deferred income taxes	1,564,951	1,647,571
Short-term debt	636,862	274,944
Long-term debt	743,306	991,491
Other liabilities	360,571	322,149
Total liabilities	15,714,854	15,142,853
Shareholders' equity:		
Preferred stock	0	0
Common stock	134,218	139,218
Additional paid-in-capital	476,791	450,734
Unrealized investment gains (losses), net of tax	555,319	887,974
Retained earnings	3,568,715	3,329,397
Treasury stock, at cost	-428,987	-298,375
Total shareholders' equity	4,306,056	4,508,948
Total liabilities and shareholders' equity	\$20,020,910	\$19,651,801
Diluted Basis:		
Shares outstanding	126,878	132,897
Book value per common share	\$33.94	\$33.93
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$28.91	\$27.02
* Amortized cost of fixed maturities	\$13,126,918	\$12,699,242

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

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2015

Investment Portfolio at 6/30/15

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$ 13,127	96%	78%
Equities	1	0%	2%
Mortgage loans	0	0%	9%
Policy loans	480	4%	4%
Other long-term investments	11	0%	4%
Short-term investments	29	0%	3%
Total	\$ 13,647	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 6/30/15

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$12,547	\$13,560	\$1,013	A-	96%
Below Investment Grade	580	562	-18	B+	4%
Total	\$13,127	\$14,121	\$995	A-	

By Type

Corporates	\$10,870	\$11,698	\$828	BBB+	83%
Redeemable preferred stock:					
U.S.	424	462	38	BBB-	3%
Foreign	55	59	4	BBB-	0%
Municipals	1,299	1,429	131	AA	10%
Government-sponsored enterprises	295	279	-16	AAA	2%
Government & Agencies	97	97	0	AAA	1%
Residential mortgage-backed securities	5	5	0	AAA	0%
CDO's	65	74	9	CC	0%
Other asset-backed securities	17	18	1	A-	0%
Total	\$13,127	\$14,121	\$995	A-	

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2015

<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	\$1,882	\$2,087	\$205	BBB+	14%
Financial - Bank	638	700	62	BBB+	5%
Financial - Financial Guarantor	16	16	0	BBB+	0%
Financial - Insurance Brokers	67	75	8	BBB	1%
Financial - Other	531	574	43	BBB+	4%
Utilities	2,167	2,399	232	A-	17%
Energy	1,541	1,611	69	BBB	12%
Consumer, Non-cyclical	994	1,055	61	BBB+	8%
Consumer, Cyclical	430	463	33	BBB	3%
Communications	544	581	37	BBB+	4%
Basic Materials	1,042	1,069	27	BBB	8%
Transportation	555	592	37	BBB+	4%
Technology	64	72	7	A-	0%
Other Industrials	894	942	48	BBB+	7%
ABS - CDO	65	74	9	CC	0%
MBS	5	5	0	AAA	0%
Government	1,691	1,806	115	AA+	13%
Total	\$13,127	\$14,121	\$995	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		\$196	\$503	\$1,124	\$59	\$1,882
Financial - Bank		117	247	191	83	638
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	63		67
Financial - Other		113	88	256	75	531
Utilities		25	1,344	788	10	2,167
Energy		44	256	1,179	62	1,541
Consumer, Non-cyclical	11	30	443	477	33	994
Consumer, Cyclical			75	292	63	430
Communications			88	411	45	544
Basic Materials		17	232	765	29	1,042
Transportation		5	134	406	10	555
Technology			39	25		64
Other Industrials			342	505	48	894
ABS - CDO					65	65
MBS	5					5
Government	670	812	209	0	1	1,691
Total \$	\$686	\$1,359	\$4,004	\$6,498	\$580	\$13,127
% of Total	5%	10%	31%	49%	4%	100%

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

June 30, 2015

Below Investment Grade Bonds by Sector

	<u>6/30/15</u>	<u>3/31/15</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	83	103	(19)
Financial - Financial Guarantor	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	75	75	0
Utilities	10	10	0
Energy	62	62	0
Consumer, Non-cyclical	33	33	0
Consumer, Cyclical	63	67	(4)
Communications	45	45	0
Basic Materials	29	29	0
Transportation	10	10	0
Technology	0	0	0
Other Industrials	48	48	0
ABS - CDO	65	66	(1)
MBS	0	0	0
Government	1	1	0
Total	\$580	\$604	(\$24)

Below Investment Grade Bonds By SVO Class (Statutory)

	<u>6/30/15</u>	<u>3/31/15</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$435	\$451	(\$16)
Asset Class 4	194	160	34
Asset Class 5	68	102	(34)
Asset Class 6 (at market value)	61	62	(1)
	\$758	\$775	(\$17)

Fixed Maturity Acquisitions:

	<u>2Q'15</u>	<u>2Q'14</u>
Amount	\$250	\$167
Yield	4.7%	4.7%
Ratings	A-	BBB
Average Life To:		
Next Call	28.8	20.9
Maturity	30.5	21.2