

TORCHMARK CORPORATION

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/15	9/14		2015	2015	2015	2014	2014
		UNDERWRITING INCOME					
		Life:					
\$1,552,309	\$1,472,734	Premium	\$518,929	\$520,038	\$513,342	\$493,566	\$491,724
(616,997)	(568,710)	Net Policy Obligations	(203,547)	(209,934)	(203,516)	(194,482)	(189,727)
(465,651)	(443,087)	Non-deferred Commissions and Amortization	(156,097)	(155,858)	(153,696)	(147,807)	(148,195)
(44,781)	(40,349)	Non-deferred Acquisition Expense	(15,185)	(14,869)	(14,727)	(15,376)	(14,549)
<u>424,880</u>	<u>420,588</u>	Underwriting Margin	<u>144,100</u>	<u>139,377</u>	<u>141,403</u>	<u>135,901</u>	<u>139,253</u>
		Health:					
690,221	644,758	Premium	229,139	232,409	228,673	224,682	210,225
(397,089)	(366,589)	Net Policy Obligations	(131,896)	(134,047)	(131,146)	(128,827)	(118,207)
(124,766)	(115,800)	Non-deferred Commissions and Amortization	(42,050)	(41,488)	(41,228)	(39,979)	(37,623)
(14,970)	(13,898)	Non-deferred Acquisition Expense	(4,986)	(5,262)	(4,722)	(5,028)	(5,169)
<u>153,396</u>	<u>148,471</u>	Underwriting Margin	<u>50,207</u>	<u>51,612</u>	<u>51,577</u>	<u>50,848</u>	<u>49,226</u>
19,888	22,734	Health - Part D Underwriting Margin	9,211	5,203	5,474	4,532	4,523
<u>3,297</u>	<u>3,195</u>	Annuity Underwriting Margin	<u>1,101</u>	<u>1,103</u>	<u>1,093</u>	<u>1,117</u>	<u>1,085</u>
601,461	594,988	Total Underwriting Margin	204,619	197,295	199,547	192,398	194,087
2,201	1,990	Other Income	737	742	722	364	724
(142,829)	(134,918)	Admin. Expenses	(48,766)	(46,863)	(47,200)	(45,037)	(45,345)
460,833	462,060	Underwriting Income	156,590	151,174	153,069	147,725	149,466
		EXCESS INVESTMENT INCOME					
579,632	567,569	Net Investment Income	193,213	194,823	191,596	190,717	189,588
(355,843)	(340,954)	Required Interest on Net Policy Liabilities	(119,834)	(118,613)	(117,396)	(116,115)	(115,226)
(57,420)	(57,119)	Interest on Debt	(19,246)	(19,114)	(19,060)	(19,007)	(19,033)
166,369	169,496	Total Excess Investment Income	54,133	57,096	55,140	55,595	55,329
(6,662)	(6,284)	Parent Company Expenses	(2,177)	(2,312)	(2,173)	(1,875)	(2,239)
620,540	625,272	Pre-Tax Operating Income	208,546	205,958	206,036	201,445	202,556
(203,662)	(205,115)	Income Tax	(68,489)	(67,428)	(67,745)	(66,202)	(66,567)
\$416,878	\$420,157	Net Operating Income Before Stock Compensation Expense	\$140,057	\$138,530	\$138,291	\$135,243	\$135,989
(14,220)	(16,392)	Stock Compensation Expense, Net of Tax	(4,443)	(5,072)	(4,705)	(4,540)	(5,081)
\$402,658	\$403,765	Net Operating Income	\$135,614	\$133,458	\$133,586	\$130,703	\$130,908
\$3.16	\$3.03	Per Share	\$1.08	\$1.05	\$1.04	\$1.00	\$0.99
127,403	133,431	Average Diluted Shares Outstanding	126,140	127,440	128,587	130,229	131,877
		Reconciling items, net of tax:					
\$5,117	\$10,213	Capital Gain (Loss) - Investments	\$3,341	\$1,699	\$77	\$5,093	(\$964)
(13,631)	(10,952)	Part D Adjustment	6,431	(8,047)	(12,015)	10,952	5,797
0	(5,316)	Administrative Settlements	0	0	0	0	(3,329)
0	(1,519)	Legal Settlement Expense	0	0	0	0	0
<u>\$394,144</u>	<u>\$396,191</u>	Net Income	<u>\$145,386</u>	<u>\$127,110</u>	<u>\$121,648</u>	<u>\$146,748</u>	<u>\$132,412</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	3Q 2015	%	3Q 2014	%	3Q 2015	%	3Q 2014	%	3Q 2015	%	3Q 2014	%	3Q 2015	3Q 2014
LNL Exclusive Agency														
Premium	\$67,857		\$67,884		\$51,709		\$53,587							
Net Policy Obligations	25,451	38	25,686	38	27,323	53	27,798	52						
Non Def Comm. & Amort.	20,175	30	19,841	29	11,246	22	11,411	21						
Non Def Acq. Expenses	4,007	6	4,165	6	1,304	3	1,269	2						
Underwriting Margin	18,224	27	18,192	27	11,836	23	13,109	24						
Direct Response														
Premium	185,827		173,791		17,191		14,175							
Net Policy Obligations	94,640	51	83,890	48	13,511	79	10,991	78						
Non Def Comm. & Amort.	47,692	26	45,883	26	903	5	739	5						
Non Def Acq. Expenses	3,887	2	3,403	2	10	0	8	0						
Underwriting Margin	39,608	21	40,615	23	2,767	16	2,437	17						
American Income Agency														
Premium	209,331		193,901		20,201		20,120							
Net Policy Obligations	66,048	32	62,379	32	6,563	32	6,614	33						
Non Def Comm. & Amort.	70,535	34	64,672	33	4,147	21	4,027	20						
Non Def Acq. Expenses	6,637	3	6,402	3	350	2	331	2						
Underwriting Margin	66,111	32	60,448	31	9,141	45	9,148	45						
Family Heritage Life														
Premium	609		424		55,870		51,620							
Net Policy Obligations	416	68	296	70	30,888	55	28,245	55						
Non Def Comm. & Amort.	103	17	63	15	12,492	22	10,792	21						
Non Def Acq. Expenses	14	2	12	3	1,321	2	1,513	3						
Underwriting Margin	76	12	53	13	11,169	20	11,070	21						
Part D														
Premium									\$77,397		\$90,253			
Net Policy Obligations									61,870	80	77,951	86		
Net Amortization of DAC									1,107	1	930	1		
Non Def Acq. Expenses									40	0	51	0		
Fees to PBM									5,169	7	6,798	8		
Underwriting Margin									9,211	12	4,523	5		
Other Distribution														
Premium	55,305		55,724		84,168		70,723						\$41	\$112
Net Policy Obligations	16,992	31	17,476	31	53,611	64	44,559	63					(3,680)	(3,445)
Non Def Comm. & Amort.	17,592	32	17,736	32	13,262	16	10,654	15					2,620	2,472
Non Def Acq. Expenses	640	1	567	1	2,001	2	2,048	3					0	0
Underwriting Margin	20,081	36	19,945	36	15,294	18	13,462	19					1,101	1,085
Totals:														
Premium	\$518,929		\$491,724		\$229,139		\$210,225		\$77,397		\$90,253		\$41	\$112
Net Policy Obligations	203,547	39	189,727	39	131,896	58	118,207	56	61,870	80	77,951	86	(3,680)	(3,445)
Non Def Comm. & Amort.	156,097	30	148,195	30	42,050	18	37,623	18	6,276	8	7,728	9	2,620	2,472
Non Def Acq. Expenses	15,185	3	14,549	3	4,986	2	5,169	2	40	0	51	0	0	0
Underwriting Margin	\$144,100	28	\$139,253	28	\$50,207	22	\$49,226	23	\$9,211	12	\$4,523	5	\$1,101	\$1,085
TOTAL UNDERWRITING MARGINS, ALL LINES					\$204,619		\$194,087							
Other Income					737		724							
Administrative & Other Expenses					<u>(48,766)</u>		<u>(45,345)</u>							
INSURANCE UNDERWRITING INCOME					<u>\$156,590</u>		<u>\$149,466</u>							

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				HEALTH - PART D				ANNUITY	
	YTD 9/15	%	YTD 9/14	%	YTD 9/15	%	YTD 9/14	%	YTD 9/15	%	YTD 9/14	%	YTD 9/15	YTD 9/14
LNL Exclusive Agency														
Premium	\$203,915		\$204,932		\$158,379		\$167,889							
Net Policy Obligations	78,580	39	79,170	39	83,401	53	89,717	53						
Non Def Comm. & Amort.	60,065	29	59,980	29	34,417	22	35,689	21						
Non Def Acq. Expenses	11,583	6	11,701	6	3,607	2	3,575	2						
Underwriting Margin	53,687	26	54,081	26	36,954	23	38,908	23						
Direct Response														
Premium	561,718		528,501		52,544		41,281							
Net Policy Obligations	284,817	51	249,252	47	41,379	79	31,995	78						
Non Def Comm. & Amort.	145,682	26	140,265	27	2,674	5	2,190	5						
Non Def Acq. Expenses	11,916	2	9,519	2	31	0	18	0						
Underwriting Margin	119,303	21	129,465	24	8,460	16	7,078	17						
American Income Agency														
Premium	618,378		570,122		59,954		59,048							
Net Policy Obligations	199,763	32	182,998	32	19,027	32	18,879	32						
Non Def Comm. & Amort.	206,827	33	188,851	33	12,422	21	12,081	20						
Non Def Acq. Expenses	19,600	3	17,590	3	1,020	2	902	2						
Underwriting Margin	192,188	31	180,683	32	27,485	46	27,186	46						
Family Heritage Life														
Premium	1,693		1,123		164,299		151,882							
Net Policy Obligations	1,191	70	765	68	91,015	55	83,874	55						
Non Def Comm. & Amort.	244	14	187	17	35,762	22	31,904	21						
Non Def Acq. Expenses	45	3	31	3	4,405	3	4,222	3						
Underwriting Margin	213	13	140	12	33,117	20	31,882	21						
Part D														
Premium								\$232,102		\$258,243				
Net Policy Obligations								192,634	83	213,184	83			
Net Amortization of DAC								3,322	1	2,661	1			
Non Def Acq. Expenses								244	0	211	0			
Fees to PBM								16,014	7	19,453	8			
Underwriting Margin								19,888	9	22,734	9			
Other Distribution														
Premium	166,605		168,056		255,045		224,658					\$119	\$334	
Net Policy Obligations	52,646	32	56,525	34	162,267	64	142,124	63				(10,637)	(9,977)	
Non Def Comm. & Amort.	52,833	32	53,804	32	39,491	15	33,936	15				7,459	7,116	
Non Def Acq. Expenses	1,637	1	1,508	1	5,907	2	5,181	2				0	0	
Underwriting Margin	59,489	36	56,219	33	47,380	19	43,417	19				3,297	3,195	
Totals:														
Premium	\$1,552,309		\$1,472,734		\$690,221		\$644,758		\$232,102		\$258,243		\$119	\$334
Net Policy Obligations	616,997	40	568,710	39	397,089	58	366,589	57	192,634	83	213,184	83	(10,637)	(9,977)
Non Def Comm. & Amort.	465,651	30	443,087	30	124,766	18	115,800	18	19,336	8	22,114	9	7,459	7,116
Non Def Acq. Expenses	44,781	3	40,349	3	14,970	2	13,898	2	244	0	211	0	0	0
Underwriting Margin	\$424,880	27	\$420,588	29	\$153,396	22	\$148,471	23	\$19,888	9	\$22,734	9	\$3,297	\$3,195
TOTAL UNDERWRITING MARGINS, ALL LINES					\$601,461		\$594,988							
Other Income					2,201		1,990							
Administrative & Other Expenses					(142,829)		(134,918)							
INSURANCE UNDERWRITING INCOME					<u>\$460,833</u>		<u>\$462,060</u>							

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

NET SALES *

	<u>YTD</u> <u>9/15</u>	<u>YTD</u> <u>9/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2015</u>	<u>3rd Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$127,641	\$120,321	6	\$38,198	\$35,464	8
American Income Agency	147,781	126,115	17	50,425	43,362	16
LNL Exclusive Agency	26,827	24,988	7	9,006	8,876	1
Other Distribution	10,285	9,821	5	3,106	3,251	(4)
Total Life	<u>312,534</u>	<u>281,245</u>	<u>11</u>	<u>100,735</u>	<u>90,953</u>	<u>11</u>
<u>HEALTH</u>						
Direct Response	3,601	21,929	(84)	968	19,018	(95)
American Income Agency	8,492	6,445	32	3,002	2,448	23
LNL Exclusive Agency	13,198	12,323	7	4,684	4,274	10
UA Independent	33,528	32,933	2	11,485	9,863	16
Family Heritage	38,005	35,134	8	12,928	12,390	4
Total Health	<u>96,824</u>	<u>108,764</u>	<u>(11)</u>	<u>33,067</u>	<u>47,993</u>	<u>(31)</u>
Part D	41,492	76,955	(46)	9,031	25,343	(64)
TOTAL NET SALES	\$450,850	\$466,964	(3)	\$142,833	\$164,289	(13)

* 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>9/15</u>	<u>YTD</u> <u>9/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2015</u>	<u>3rd Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$80,540	\$75,738	6	\$26,274	\$24,916	5
American Income Agency	115,642	98,868	17	39,614	34,198	16
LNL Exclusive Agency	20,613	19,156	8	6,917	6,387	8
Other Distribution	8,973	7,580	18	2,980	2,676	11
Total Life	<u>225,768</u>	<u>201,342</u>	<u>12</u>	<u>75,785</u>	<u>68,177</u>	<u>11</u>
<u>HEALTH</u>						
Direct Response	12,702	4,084	211	2,378	2,081	14
American Income Agency	8,869	6,895	29	3,432	2,752	25
LNL Exclusive Agency	10,974	9,902	11	3,520	3,395	4
UA Independent	54,232	33,192	63	18,590	12,082	54
Family Heritage	29,314	26,987	9	10,028	9,264	8
Total Health	<u>116,091</u>	<u>81,060</u>	<u>43</u>	<u>37,948</u>	<u>29,574</u>	<u>28</u>
Part D	104,270	67,423	55	35,090	26,089	35
TOTAL FIRST YEAR COLLECTED PREMIUM	\$446,129	\$349,825	28	\$148,823	\$123,840	20

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

	At September 30,	
	2015	2014
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$14,080,199	\$14,153,044
Equity securities available for sale	1,582	1,417
Real estate	203	203
Policy loans	486,042	464,999
Other long-term investments	8,459	11,410
Short-term investments	63,663	79,097
Total investments	<u>14,640,148</u>	<u>14,710,170</u>
Cash	59,485	66,998
Accrued investment income	215,919	211,250
Other receivables	676,155	499,876
Deferred acquisition costs **	3,585,302	3,433,890
Property and equipment	79,694	60,509
Goodwill	441,591	441,591
Other assets	420,946	446,223
Total assets	<u><u>\$20,119,240</u></u>	<u><u>\$19,870,507</u></u>
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$12,117,926	\$11,638,992
Unearned and advance premium	70,334	74,202
Policy claims and other benefits payable	245,706	227,421
Other policy liabilities	95,798	96,558
Current and deferred income taxes	1,588,992	1,695,854
Short-term debt	618,236	290,422
Long-term debt	743,518	991,808
Other liabilities	355,428	325,458
Total liabilities	<u>15,835,938</u>	<u>15,340,715</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	134,218	139,218
Additional paid-in-capital	488,318	460,022
Unrealized investment gains (losses), net of tax	499,829	882,827
Retained earnings	3,686,375	3,443,803
Treasury stock, at cost	(525,438)	(396,078)
Total shareholders' equity	<u>4,283,302</u>	<u>4,529,792</u>
Total liabilities and shareholders' equity	<u><u>\$20,119,240</u></u>	<u><u>\$19,870,507</u></u>
Diluted Basis:		
Shares outstanding	125,202	131,106
Book value per common share	\$34.21	\$34.55
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$29.53	\$27.57

* Amortized cost of fixed maturities \$13,166,248 \$12,728,196

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

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

September 30, 2015

Investment Portfolio at 9/30/15

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$13,166	96%	78%
Equities	1	0%	2%
Mortgage loans	0	0%	9%
Policy loans	486	4%	4%
Other long-term investments	8	0%	4%
Short-term investments	64	0%	3%
Total	\$13,725	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 9/30/15

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$12,598	\$13,573	\$974	A-	96%
Below Investment Grade	568	508	(60)	B+	4%
Total	\$13,166	\$14,080	\$914	A-	

By Type

Corporates	\$10,980	\$11,705	\$725	BBB+	83%
Redeemable preferred stock:					
U.S.	356	398	41	BBB-	3%
Foreign	55	59	4	BBB-	0%
Municipals	1,297	1,434	137	AA	10%
Government-sponsored enterprises	298	293	(4)	AAA	2%
Government & Agencies	95	97	2	AAA	1%
Residential mortgage-backed securities	5	5	0	AAA	0%
CDO's	64	72	8	CC	0%
Other asset-backed securities	16	17	1	A-	0%
Total	\$13,166	\$14,080	\$914	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 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	\$1,892	\$2,118	\$226	BBB+	14%
Financial - Bank	574	639	64	A-	4%
Financial - Financial Guarantor	16	16	0	BBB+	0%
Financial - Insurance Brokers	67	76	9	BBB	1%
Financial - Other	529	569	41	BBB+	4%
Utilities	2,134	2,388	254	A-	16%
Energy	1,538	1,515	(23)	BBB	12%
Consumer, Non-cyclical	1,032	1,109	77	BBB+	8%
Consumer, Cyclical	450	483	32	BBB	3%
Communications	524	560	36	BBB+	4%
Basic Materials	1,041	1,008	(34)	BBB	8%
Transportation	599	631	31	BBB+	5%
Technology	64	73	8	A-	0%
Other Industrials	946	994	48	BBB+	7%
ABS - CDO	64	72	8	CC	0%
MBS	5	5	0	AAA	0%
Government	1,690	1,824	134	AA+	13%
Total	\$13,166	\$14,080	\$914	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		\$211	\$489	\$1,133	\$59	\$1,892
Financial - Bank		116	227	189	42	574
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	63		67
Financial - Other		113	88	253	75	529
Utilities		35	1,282	807	10	2,134
Energy		44	255	1,177	62	1,538
Consumer, Non-cyclical	11	30	447	530	14	1,032
Consumer, Cyclical			96	292	63	450
Communications			68	412	45	524
Basic Materials		17	231	715	79	1,041
Transportation		5	134	451	10	599
Technology			39	25		64
Other Industrials			385	514	48	946
ABS - CDO					64	64
MBS	5					5
Government	671	804	214		1	1,690
Total \$	\$687	\$1,375	\$3,959	\$6,578	\$568	\$13,166
% of Total	5%	10%	30%	50%	4%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2015

<u>Below Investment Grade Bonds by Sector</u>	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	42	83	(42)
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	14	33	(20)
Consumer, Cyclical	63	63	0
Communications	45	45	0
Basic Materials	79	29	50
Transportation	10	10	0
Technology	0	0	0
Other Industrials	48	48	0
ABS - CDO	64	65	(1)
MBS	0	0	0
Government	1	1	0
	<hr/>	<hr/>	<hr/>
Total	\$568	\$580	(\$12)

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$548	\$435	\$113
Asset Class 4	135	194	(60)
Asset Class 5	105	68	37
Asset Class 6 (at market value)	61	61	0
	<hr/>	<hr/>	<hr/>
	\$848	\$758	\$90

Fixed Maturity Acquisitions:

	<u>3Q'15</u>	<u>3Q'14</u>
Amount	\$188	\$174
Yield	5.1%	4.2%
Ratings	BBB+	A-
Average Life To:		
Next Call	25.8	17.6
Maturity	26.0	17.7