

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/15	12/14		2015	2015	2015	2015	2014
		UNDERWRITING INCOME					
		Life:					
\$2,073,065	\$1,966,300	Premium	\$520,756	\$518,929	\$520,038	\$513,342	\$493,566
(822,310)	(763,192)	Net Policy Obligations	(205,313)	(203,547)	(209,934)	(203,516)	(194,482)
(621,583)	(590,894)	Non-deferred Commissions and Amortization	(155,932)	(156,097)	(155,858)	(153,696)	(147,807)
(59,770)	(55,725)	Non-deferred Acquisition Expenses	(14,989)	(15,185)	(14,869)	(14,727)	(15,376)
<u>569,402</u>	<u>556,489</u>	Underwriting Margin	<u>144,522</u>	<u>144,100</u>	<u>139,377</u>	<u>141,403</u>	<u>135,901</u>
		Health:					
925,520	869,440	Premium	235,299	229,139	232,409	228,673	224,682
(533,553)	(495,416)	Net Policy Obligations	(136,464)	(131,896)	(134,047)	(131,146)	(128,827)
(167,624)	(155,779)	Non-deferred Commissions and Amortization	(42,858)	(42,050)	(41,488)	(41,228)	(39,979)
(19,966)	(18,926)	Non-deferred Acquisition Expenses	(4,996)	(4,986)	(5,262)	(4,722)	(5,028)
<u>204,377</u>	<u>199,319</u>	Underwriting Margin	<u>50,981</u>	<u>50,207</u>	<u>51,612</u>	<u>51,577</u>	<u>50,848</u>
<u>4,568</u>	<u>4,312</u>	Annuity Underwriting Margin	<u>1,271</u>	<u>1,101</u>	<u>1,103</u>	<u>1,093</u>	<u>1,117</u>
778,347	760,120	Total Underwriting Margin	196,774	195,408	192,092	194,073	187,866
2,379	2,354	Other Income	178	737	742	722	364
(186,191)	(174,832)	Admin. Expenses	(47,597)	(47,169)	(45,474)	(45,951)	(43,600)
594,535	587,642	Underwriting Income	149,355	148,976	147,360	148,844	144,630
		EXCESS INVESTMENT INCOME					
773,951	758,286	Net Investment Income	194,319	193,213	194,823	191,596	190,717
(477,805)	(457,796)	Required Interest on Net Policy Liabilities	(121,289)	(120,061)	(118,845)	(117,610)	(116,308)
(76,642)	(76,126)	Interest on Debt	(19,222)	(19,246)	(19,114)	(19,060)	(19,007)
219,504	224,364	Total Excess Investment Income	53,808	53,906	56,864	54,926	55,402
(9,003)	(8,159)	Parent Company Expenses	(2,341)	(2,177)	(2,312)	(2,173)	(1,875)
805,036	803,847	Pre-Tax Operating Income	200,822	200,705	201,912	201,597	198,157
(263,491)	(263,312)	Income Tax	(65,543)	(65,745)	(66,012)	(66,191)	(65,051)
\$541,545	\$540,535	Net Operating Income Before Stock Compensation Expense	\$135,279	\$134,960	\$135,900	\$135,406	\$133,106
(18,632)	(20,932)	Stock Compensation Expense, Net of Tax	(4,412)	(4,443)	(5,072)	(4,705)	(4,540)
\$522,913	\$519,603	Net Operating Income from Continuing Operations	\$130,867	\$130,517	\$130,828	\$130,701	\$128,566
\$4.13	\$3.92	Per Share	\$1.05	\$1.03	\$1.03	\$1.02	\$0.99
10,807	14,865	Discontinued Operations - Part D	195	5,097	2,630	2,885	2,137
\$533,720	\$534,468	Net Operating Income from All Operations	\$131,062	\$135,614	\$133,458	\$133,586	\$130,703
\$4.21	\$4.03	Per Share	\$1.05	\$1.08	\$1.05	\$1.04	\$1.00
126,757	132,640	Average Diluted Shares Outstanding	124,725	126,140	127,440	128,587	130,229
		Reconciling items, net of tax:					
(\$5,714)	\$15,306	Capital Gain (Loss) - Investments	(\$10,831)	\$3,341	\$1,699	\$77	\$5,093
0	0	Part D Adjustment - Discontinued Operations	13,631	6,431	(8,047)	(12,015)	10,952
(906)	(5,316)	Administrative Settlements	(906)	0	0	0	0
0	(1,519)	Legal Settlement Expense	0	0	0	0	0
<u>\$527,100</u>	<u>\$542,939</u>	Net Income	<u>\$132,956</u>	<u>\$145,386</u>	<u>\$127,110</u>	<u>\$121,648</u>	<u>\$146,748</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	4Q 2015	%	4Q 2014	%	4Q 2015	%	4Q 2014	%	4Q 2015	4Q 2014
LNL Exclusive Agency										
Premium	\$67,198		\$67,333		\$50,771		\$54,128			
Net Policy Obligations	24,021	36	27,168	40	26,675	53	29,466	54		
Non Def Comm. & Amort.	19,800	29	20,286	30	10,952	22	11,630	21		
Non Def Acq. Expenses	3,951	6	4,154	6	1,240	2	1,299	2		
Underwriting Margin	<u>19,426</u>	29	<u>15,725</u>	23	<u>11,904</u>	23	<u>11,733</u>	22		
Direct Response										
Premium	184,975		173,522		17,066		17,385			
Net Policy Obligations	97,069	52	88,656	51	13,287	78	13,476	78		
Non Def Comm. & Amort.	47,337	26	43,668	25	663	4	912	5		
Non Def Acq. Expenses	3,715	2	3,753	2	24	0	6	0		
Underwriting Margin	<u>36,854</u>	20	<u>37,445</u>	22	<u>3,092</u>	18	<u>2,991</u>	17		
American Income Agency										
Premium	212,525		196,336		20,385		19,674			
Net Policy Obligations	66,098	31	61,411	31	7,474	37	5,801	29		
Non Def Comm. & Amort.	71,002	33	65,662	33	4,138	20	4,142	21		
Non Def Acq. Expenses	6,818	3	6,983	4	357	2	354	2		
Underwriting Margin	<u>68,607</u>	32	<u>62,280</u>	32	<u>8,416</u>	41	<u>9,377</u>	48		
Family Heritage Life										
Premium	641		472		56,792		52,785			
Net Policy Obligations	425	66	325	69	31,146	55	29,268	55		
Non Def Comm. & Amort.	115	18	74	16	12,696	22	11,166	21		
Non Def Acq. Expenses	16	2	14	3	1,862	3	1,531	3		
Underwriting Margin	<u>85</u>	13	<u>59</u>	13	<u>11,088</u>	20	<u>10,820</u>	20		
Other Distribution										
Premium	55,417		55,903		90,285		80,710		\$16	\$66
Net Policy Obligations	17,700	32	16,922	30	57,882	64	50,816	63	(3,664)	(3,273)
Non Def Comm. & Amort.	17,678	32	18,117	32	14,409	16	12,129	15	2,409	2,222
Non Def Acq. Expenses	489	1	472	1	1,513	2	1,838	2	0	0
Underwriting Margin	<u>19,550</u>	35	<u>20,392</u>	36	<u>16,481</u>	18	<u>15,927</u>	20	<u>1,271</u>	<u>1,117</u>
Totals:										
Premium	\$520,756		\$493,566		\$235,299		\$224,682		\$16	\$66
Net Policy Obligations	205,313	39	194,482	39	136,464	58	128,827	57	(3,664)	(3,273)
Non Def Comm. & Amort.	155,932	30	147,807	30	42,858	18	39,979	18	2,409	2,222
Non Def Acq. Expenses	14,989	3	15,376	3	4,996	2	5,028	2	0	0
Underwriting Margin	<u>\$144,522</u>	28	<u>\$135,901</u>	28	<u>\$50,981</u>	22	<u>\$50,848</u>	23	<u>\$1,271</u>	<u>\$1,117</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					\$196,774		\$187,866			
Other Income					178		364			
Administrative & Other Expenses					<u>(47,597)</u>		<u>(43,600)</u>			
INSURANCE UNDERWRITING INCOME					<u>\$149,355</u>		<u>\$144,630</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$263		\$3,095			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 12/15	%	YTD 12/14	%	YTD 12/15	%	YTD 12/14	%	YTD 12/15	YTD 12/14
LNL Exclusive Agency										
Premium	\$271,113		\$272,265		\$209,150		\$222,017			
Net Policy Obligations	102,601	38	106,338	39	110,076	53	119,183	54		
Non Def Comm. & Amort.	79,865	29	80,266	29	45,369	22	47,319	21		
Non Def Acq. Expenses	15,534	6	15,855	6	4,847	2	4,874	2		
Underwriting Margin	73,113	27	69,806	26	48,858	23	50,641	23		
Direct Response										
Premium	746,693		702,023		69,610		58,666			
Net Policy Obligations	381,886	51	337,908	48	54,666	79	45,471	78		
Non Def Comm. & Amort.	193,019	26	183,933	26	3,337	5	3,102	5		
Non Def Acq. Expenses	15,631	2	13,272	2	55	0	24	0		
Underwriting Margin	156,157	21	166,910	24	11,552	17	10,069	17		
American Income Agency										
Premium	830,903		766,458		80,339		78,722			
Net Policy Obligations	265,861	32	244,409	32	26,501	33	24,680	31		
Non Def Comm. & Amort.	277,829	33	254,513	33	16,560	21	16,223	21		
Non Def Acq. Expenses	26,418	3	24,573	3	1,377	2	1,256	2		
Underwriting Margin	260,795	31	242,963	32	35,901	45	36,563	46		
Family Heritage Life										
Premium	2,334		1,595		221,091		204,667			
Net Policy Obligations	1,616	69	1,090	68	122,161	55	113,142	55		
Non Def Comm. & Amort.	359	15	261	16	48,458	22	43,070	21		
Non Def Acq. Expenses	61	3	45	3	6,267	3	5,753	3		
Underwriting Margin	298	13	199	12	44,205	20	42,702	21		
Other Distribution										
Premium	222,022		223,959		345,330		305,368		\$135	\$400
Net Policy Obligations	70,346	32	73,447	33	220,149	64	192,940	63	(14,301)	(13,250)
Non Def Comm. & Amort.	70,511	32	71,921	32	53,900	16	46,065	15	9,868	9,338
Non Def Acq. Expenses	2,126	1	1,980	1	7,420	2	7,019	2	0	0
Underwriting Margin	79,039	36	76,611	34	63,861	18	59,344	19	4,568	4,312
Totals:										
Premium	\$2,073,065		\$1,966,300		\$925,520		\$869,440		\$135	\$400
Net Policy Obligations	822,310	40	763,192	39	533,553	58	495,416	57	(14,301)	(13,250)
Non Def Comm. & Amort.	621,583	30	590,894	30	167,624	18	155,779	18	9,868	9,338
Non Def Acq. Expenses	59,770	3	55,725	3	19,966	2	18,926	2	0	0
Underwriting Margin	\$569,402	27	\$556,489	28	\$204,377	22	\$199,319	23	\$4,568	\$4,312
TOTAL UNDERWRITING MARGINS, ALL LINES					\$778,347		\$760,120			
Other Income					2,379		2,354			
Administrative & Other Expenses					(186,191)		(174,832)			
INSURANCE UNDERWRITING INCOME					<u>\$594,535</u>		<u>\$587,642</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$15,916		\$22,143			

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

NET SALES *

	<u>YTD</u> <u>12/15</u>	<u>YTD</u> <u>12/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2015</u>	<u>4th Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$164,348	\$158,089	4	\$36,707	\$37,768	(3)
American Income Agency	198,046	172,271	15	50,265	46,156	9
LNL Exclusive Agency	35,782	34,402	4	8,955	9,414	(5)
Other Distribution	13,705	13,492	2	3,420	3,671	(7)
Total Life	<u>411,881</u>	<u>378,254</u>	<u>9</u>	<u>99,347</u>	<u>97,009</u>	<u>2</u>
<u>HEALTH</u>						
Direct Response	5,003	23,105	(78)	1,402	1,176	19
American Income Agency	11,501	9,162	26	3,009	2,717	11
LNL Exclusive Agency	18,062	17,383	4	4,864	5,060	(4)
UA Independent	71,625	83,844	(15)	38,097	50,911	(25)
Family Heritage	50,266	47,102	7	12,261	11,968	2
Total Health	<u>156,457</u>	<u>180,596</u>	<u>(13)</u>	<u>59,633</u>	<u>71,832</u>	<u>(17)</u>
TOTAL NET SALES	\$568,338	\$558,850	2	\$158,980	\$168,841	(6)
Discontinued Operations - Part D	42,501	186,170		1,009	109,215	

* 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>12/15</u>	<u>YTD</u> <u>12/14</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2015</u>	<u>4th Qtr.</u> <u>2014</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$106,417	\$100,287	6	\$25,877	\$24,549	5
American Income Agency	156,206	134,202	16	40,564	35,334	15
LNL Exclusive Agency	27,554	25,777	7	6,941	6,621	5
Other Distribution	12,036	10,473	15	3,063	2,893	6
Total Life	<u>302,213</u>	<u>270,739</u>	<u>12</u>	<u>76,445</u>	<u>69,397</u>	<u>10</u>
<u>HEALTH</u>						
Direct Response	13,841	9,339	48	1,139	5,255	(78)
American Income Agency	12,041	9,500	27	3,172	2,605	22
LNL Exclusive Agency	14,858	13,438	11	3,884	3,536	10
UA Independent	77,235	50,229	54	23,003	17,037	35
Family Heritage	39,196	36,392	8	9,882	9,405	5
Total Health	<u>157,171</u>	<u>118,898</u>	<u>32</u>	<u>41,080</u>	<u>37,838</u>	<u>9</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$459,384	\$389,637	18	\$117,525	\$107,235	10
Discontinued Operations - Part D	135,032	94,982		30,762	27,559	

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

	At December 31,	
	2015	2014
Assets		
Investments:		
Fixed maturities available for sale *	\$13,758,024	\$14,493,060
Equity securities available for sale	1,635	1,477
Real estate	203	203
Policy loans	492,462	472,109
Other long-term investments	36,600	10,246
Short-term investments	54,766	15,882
Total investments	14,343,690	14,992,977
Cash	61,383	66,019
Accrued investment income	209,915	204,879
Other receivables	344,552	327,856
Deferred acquisition costs **	3,617,135	3,457,397
Property and equipment	83,518	54,607
Goodwill	441,591	441,591
Other assets	438,586	438,888
Assets held for sale	312,843	288,045
Total assets	\$19,853,213	\$20,272,259
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$12,245,811	\$11,750,495
Unearned and advance premium	67,021	71,703
Policy claims and other benefits payable	272,898	254,149
Other policy liabilities	95,988	95,446
Current and deferred income taxes	1,450,888	1,786,070
Short-term debt	490,129	238,398
Long-term debt	743,733	992,130
Other liabilities	380,158	347,526
Liabilities held for sale	51,035	38,876
Total liabilities	15,797,661	15,574,793
Shareholders' equity:		
Preferred stock	0	0
Common stock	130,218	134,218
Additional paid-in-capital	482,284	457,613
Unrealized investment gains (losses), net of tax	231,947	997,452
Retained earnings	3,614,369	3,376,846
Treasury stock, at cost	(403,266)	(268,663)
Total shareholders' equity	4,055,552	4,697,466
Total liabilities and shareholders' equity	\$19,853,213	\$20,272,259
Diluted Basis:		
Shares outstanding	123,996	129,812
Book value per common share	\$32.71	\$36.19
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$30.09	\$27.91

* Amortized cost of fixed maturities \$13,251,871 \$12,823,612

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

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2015

Investment Portfolio at 12/31/15	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$13,252	96%	78%
Equities	1	0%	2%
Mortgage loans	0	0%	9%
Policy loans	492	4%	4%
Other long-term investments	37	0%	4%
Short-term investments	55	0%	3%
Total	\$13,837	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 12/31/15

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	\$12,612	\$13,225	\$613	A-	95%
Below Investment Grade	640	533	(107)	B+	5%
Total	\$13,252	\$13,758	\$506	A-	

By Type

Corporates	\$11,071	\$11,411	\$340	BBB+	84%
Redeemable preferred stock:					
U.S.	356	394	38	BBB-	3%
Foreign	55	59	4	BBB-	0%
Municipals	1,296	1,426	130	AA	10%
Government-sponsored enterprises	296	283	(13)	AAA	2%
Government & Agencies	93	93	0	AAA	1%
Residential mortgage-backed securities	5	5	0	AAA	0%
CDO's	64	70	7	CC	0%
Other asset-backed securities	16	17	1	A-	0%
Total	\$13,252	\$13,758	\$506	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 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	\$1,913	\$2,104	\$191	BBB+	14%
Financial - Bank	613	674	60	A-	5%
Financial - Financial Guarantor	16	16	0	BBB+	0%
Financial - Insurance Brokers	67	74	7	BBB	1%
Financial - Other	541	571	30	BBB+	4%
Utilities	2,010	2,206	196	A-	15%
Energy	1,568	1,403	(165)	BBB	12%
Consumer, Non-cyclical	1,159	1,218	59	BBB+	9%
Consumer, Cyclical	471	486	14	BBB	4%
Communications	522	547	24	BBB+	4%
Basic Materials	1,000	914	(85)	BBB	8%
Transportation	574	592	18	BBB+	4%
Technology	64	69	4	BBB+	0%
Other Industrials	979	1,007	28	BBB+	7%
ABS - CDO	64	70	7	CC	0%
MBS	5	5	0	AAA	0%
Government	1,685	1,802	117	AA+	13%
Total	\$13,252	\$13,758	\$506	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		\$212	\$508	\$1,134	\$59	\$1,913
Financial - Bank		107	266	199	42	613
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	62		67
Financial - Other		112	88	266	75	541
Utilities		25	1,169	807	10	2,010
Energy		44	279	1,144	101	1,568
Consumer, Non-cyclical	11	49	515	570	13	1,159
Consumer, Cyclical			95	297	79	471
Communications			68	410	45	522
Basic Materials		17	219	715	50	1,000
Transportation		5	108	434	27	574
Technology			9	56		64
Other Industrials			338	565	76	979
ABS - CDO					64	64
MBS	5					5
Government	664	806	214		1	1,685
Total \$	\$680	\$1,377	\$3,880	\$6,675	\$640	\$13,252
% of Total	5%	10%	29%	50%	5%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 31, 2015

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$59	\$59	\$0
Financial - Bank	42	42	0
Financial - Financial Guarantor	0	0	0
Financial - Insurance Brokers	0	0	0
Financial - Other	75	75	0
Utilities	10	10	0
Energy	101	62	39
Consumer, Non-cyclical	13	14	0
Consumer, Cyclical	79	63	16
Communications	45	45	0
Basic Materials	50	79	(29)
Transportation	27	10	17
Technology	0	0	0
Other Industrials	76	48	29
ABS - CDO	64	64	0
MBS	0	0	0
Government	1	1	0
	<u> </u>	<u> </u>	<u> </u>
Total	\$640	\$568	\$72

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$562	\$548	\$14
Asset Class 4	158	135	23
Asset Class 5	116	105	11
Asset Class 6 (at market value)	60	61	(1)
	<u> </u>	<u> </u>	<u> </u>
	\$895	\$848	\$47

Fixed Maturity Acquisitions:

	<u>4Q'15</u>	<u>4Q'14</u>
Amount	\$341	\$205
Yield	5.0%	4.8%
Ratings	A-	BBB+
Average Life To:		
Next Call	26.1	27.2
Maturity	26.3	28.7