

TORCHMARK CORPORATION

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/16	3/15		2016	2015	2015	2015	2015
		UNDERWRITING INCOME					
		Life:					
\$544,151	\$513,342	Premium	\$544,151	\$520,756	\$518,929	\$520,038	\$513,342
(220,849)	(203,516)	Net Policy Obligations	(220,849)	(205,313)	(203,547)	(209,934)	(203,516)
(163,807)	(153,696)	Non-deferred Commissions and Amortization	(163,807)	(155,932)	(156,097)	(155,858)	(153,696)
(15,195)	(14,727)	Non-deferred Acquisition Expenses	(15,195)	(14,989)	(15,185)	(14,869)	(14,727)
<u>144,300</u>	<u>141,403</u>	Underwriting Margin	<u>144,300</u>	<u>144,522</u>	<u>144,100</u>	<u>139,377</u>	<u>141,403</u>
		Health:					
235,697	228,673	Premium	235,697	235,299	229,139	232,409	228,673
(134,699)	(131,146)	Net Policy Obligations	(134,699)	(136,464)	(131,896)	(134,047)	(131,146)
(44,043)	(41,228)	Non-deferred Commissions and Amortization	(44,043)	(42,858)	(42,050)	(41,488)	(41,228)
(5,440)	(4,722)	Non-deferred Acquisition Expenses	(5,440)	(4,996)	(4,986)	(5,262)	(4,722)
<u>51,515</u>	<u>51,577</u>	Underwriting Margin	<u>51,515</u>	<u>50,981</u>	<u>50,207</u>	<u>51,612</u>	<u>51,577</u>
<u>1,631</u>	<u>1,093</u>	Annuity Underwriting Margin	<u>1,631</u>	<u>1,271</u>	<u>1,101</u>	<u>1,103</u>	<u>1,093</u>
197,446	194,073	Total Underwriting Margin	197,446	196,774	195,408	192,092	194,073
465	722	Other Income	465	178	737	742	722
(48,468)	(45,951)	Admin. Expenses	(48,468)	(47,597)	(47,169)	(45,474)	(45,951)
149,443	148,844	Underwriting Income	149,443	149,355	148,976	147,360	148,844
		EXCESS INVESTMENT INCOME					
197,053	191,596	Net Investment Income	197,053	194,319	193,213	194,823	191,596
(123,011)	(117,610)	Required Interest on Net Policy Liabilities	(123,011)	(121,289)	(120,061)	(118,845)	(117,610)
(19,369)	(19,060)	Interest on Debt	(19,369)	(19,222)	(19,246)	(19,114)	(19,060)
54,673	54,926	Total Excess Investment Income	54,673	53,808	53,906	56,864	54,926
(2,026)	(2,173)	Parent Company Expenses	(2,026)	(2,341)	(2,177)	(2,312)	(2,173)
202,090	201,597	Pre-Tax Operating Income	202,090	200,822	200,705	201,912	201,597
(66,170)	(66,191)	Income Tax	(66,170)	(65,543)	(65,745)	(66,012)	(66,191)
\$135,920	\$135,406	Net Operating Income Before Stock Compensation Expense	\$135,920	\$135,279	\$134,960	\$135,900	\$135,406
(2,536)	(4,705)	Stock Compensation Expense, Net of Tax	(2,536)	(4,412)	(4,443)	(5,072)	(4,705)
\$133,384	\$130,701	Net Operating Income from Continuing Operations	\$133,384	\$130,867	\$130,517	\$130,828	\$130,701
\$1.08	\$1.02	Per Share	\$1.08	\$1.05	\$1.03	\$1.03	\$1.02
1,976	2,885	Discontinued Operations - Part D	1,976	195	5,097	2,630	2,885
\$135,360	\$133,586	Net Operating Income from All Operations	\$135,360	\$131,062	\$135,614	\$133,458	\$133,586
\$1.10	\$1.04	Per Share	\$1.10	\$1.05	\$1.08	\$1.05	\$1.04
123,313	128,587	Average Diluted Shares Outstanding	123,313	124,725	126,140	127,440	128,587
		Reconciling items, net of tax:					
\$190	\$77	Capital Gain (Loss) - Investments	\$190	(\$10,831)	\$3,341	\$1,699	\$77
(11,517)	(12,015)	Part D Adjustment - Discontinued Operations	(11,517)	13,631	6,431	(8,047)	(12,015)
0	0	Administrative Settlements	0	(906)	0	0	0
<u>\$124,033</u>	<u>\$121,648</u>	Net Income	<u>\$124,033</u>	<u>\$132,956</u>	<u>\$145,386</u>	<u>\$127,110</u>	<u>\$121,648</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	1Q 2016	%	1Q 2015	%	1Q 2016	%	1Q 2015	%	1Q 2016	1Q 2015
LNL Exclusive Agency										
Premium	\$67,892		\$67,803		\$51,872		\$53,980			
Net Policy Obligations	25,575	38	26,546	39	27,829	54	28,766	53		
Non Def Comm. & Amort.	20,123	30	20,074	30	11,370	22	11,841	22		
Non Def Acq. Expenses	3,721	5	3,700	5	1,157	2	1,151	2		
Underwriting Margin	18,473	27	17,483	26	11,516	22	12,222	23		
Direct Response										
Premium	200,001		187,407		18,224		18,060			
Net Policy Obligations	106,690	53	92,079	49	14,192	78	14,251	79		
Non Def Comm. & Amort.	52,118	26	48,910	26	914	5	839	5		
Non Def Acq. Expenses	3,988	2	3,891	2	52	0	11	0		
Underwriting Margin	37,205	19	42,527	23	3,066	17	2,959	16		
American Income Agency										
Premium	220,402		202,041		20,234		19,912			
Net Policy Obligations	70,572	32	66,145	33	6,117	30	6,069	30		
Non Def Comm. & Amort.	73,584	33	67,006	33	4,339	21	4,119	21		
Non Def Acq. Expenses	7,067	3	6,617	3	453	2	341	2		
Underwriting Margin	69,179	31	62,273	31	9,325	46	9,383	47		
Family Heritage Life										
Premium	657		512		57,317		53,549			
Net Policy Obligations	411	63	370	72	30,154	53	29,381	55		
Non Def Comm. & Amort.	131	20	64	13	13,257	23	11,548	22		
Non Def Acq. Expenses	21	3	13	3	1,850	3	1,406	3		
Underwriting Margin	94	14	65	13	12,056	21	11,214	21		
Other Distribution										
Premium	55,199		55,579		88,050		83,172		\$12	\$41
Net Policy Obligations	17,601	32	18,376	33	56,407	64	52,679	63	(3,754)	(3,324)
Non Def Comm. & Amort.	17,851	32	17,642	32	14,163	16	12,881	15	2,135	2,272
Non Def Acq. Expenses	398	1	506	1	1,928	2	1,813	2	0	0
Underwriting Margin	19,349	35	19,055	34	15,552	18	15,799	19	1,631	1,093
Totals:										
Premium	\$544,151		\$513,342		\$235,697		\$228,673		\$12	\$41
Net Policy Obligations	220,849	41	203,516	40	134,699	57	131,146	57	(3,754)	(3,324)
Non Def Comm. & Amort.	163,807	30	153,696	30	44,043	19	41,228	18	2,135	2,272
Non Def Acq. Expenses	15,195	3	14,727	3	5,440	2	4,722	2	0	0
Underwriting Margin	\$144,300	27	\$141,403	28	\$51,515	22	\$51,577	23	\$1,631	\$1,093
TOTAL UNDERWRITING MARGINS, ALL LINES					\$197,446		\$194,073			
Other Income					465		722			
Administrative & Other Expenses					(48,468)		(45,951)			
INSURANCE UNDERWRITING INCOME					<u>\$149,443</u>		<u>\$148,844</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$2,792		\$4,225			

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

NET SALES *

	<u>YTD</u> <u>3/16</u>	<u>YTD</u> <u>3/15</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Globe Life Direct Response	\$41,155	\$44,813	(8)
American Income Agency	50,240	47,144	7
LNL Exclusive Agency	9,451	8,546	11
Other Distribution	3,000	3,392	(12)
Total Life	<u>103,846</u>	<u>103,895</u>	<u>0</u>
<u>HEALTH</u>			
Direct Response	1,572	1,809	(13)
American Income Agency	2,821	2,567	10
LNL Exclusive Agency	4,847	4,076	19
UA Independent	12,059	12,270	(2)
Family Heritage	10,629	11,675	(9)
Total Health	<u>31,928</u>	<u>32,397</u>	<u>(1)</u>
TOTAL NET SALES	\$135,774	\$136,292	0
Discontinued Operations - Part D	1,445	21,344	

* 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>3/16</u>	<u>YTD</u> <u>3/15</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>			
Globe Life Direct Response	\$26,959	\$27,080	0
American Income Agency	41,955	37,049	13
LNL Exclusive Agency	7,050	6,550	8
Other Distribution	2,967	2,933	1
Total Life	<u>78,931</u>	<u>73,612</u>	<u>7</u>
<u>HEALTH</u>			
Direct Response	1,074	5,168	(79)
American Income Agency	3,100	2,616	19
LNL Exclusive Agency	3,832	3,502	9
UA Independent	15,720	15,167	4
Family Heritage	9,873	9,507	4
Total Health	<u>33,599</u>	<u>35,960</u>	<u>(7)</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$112,530	\$109,572	3
Discontinued Operations - Part D	5,400	34,014	

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

	At March 31,	
	2016	2015
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$14,459,605	\$14,894,514
Equity securities available for sale	1,610	1,474
Real estate	828	203
Policy loans	496,840	474,717
Other long-term investments	36,409	9,803
Short-term investments	144,671	91,888
Total investments	15,139,963	15,472,599
Cash	12,758	3,086
Accrued investment income	221,186	213,864
Other receivables	349,652	321,459
Deferred acquisition costs **	3,656,449	3,495,287
Property and equipment	85,150	59,180
Goodwill	441,591	441,591
Other assets	426,506	429,658
Assets held for sale	287,766	318,938
Total assets	\$20,621,021	\$20,755,662
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$12,394,378	\$11,871,991
Unearned and advance premium	71,537	71,744
Policy claims and other benefits payable	269,198	256,909
Other policy liabilities	95,532	95,418
Current and deferred income taxes	1,665,136	1,919,370
Short-term debt	557,163	258,921
Long-term debt	743,953	992,463
Other liabilities	382,821	364,274
Liabilities held for sale	49,560	40,944
Total liabilities	16,229,278	15,872,034
Shareholders' equity:		
Preferred stock	0	0
Common stock	130,218	134,218
Additional paid-in-capital	482,672	462,953
Unrealized investment gains (losses), net of tax	535,475	1,165,641
Retained earnings	3,715,179	3,472,042
Treasury stock, at cost	(471,801)	(351,226)
Total shareholders' equity	4,391,743	4,883,628
Total liabilities and shareholders' equity	\$20,621,021	\$20,755,662
Diluted Basis:		
Shares outstanding	122,954	127,935
Book value per common share	\$35.72	\$38.17
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$30.65	\$28.44
 * Amortized cost of fixed maturities	 \$13,489,492	 \$12,962,830

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

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
March 31, 2016

Investment Portfolio at 3/31/16

	Amort. Cost	% of Total	Industry *
Fixed maturities	\$13,489	95%	74%
Equities	1	0%	3%
Mortgage loans	0	0%	10%
Investment real estate	1	0%	1%
Policy loans	497	4%	4%
Other long-term investments	36	0%	5%
Short-term investments	145	1%	3%
Total	\$14,169	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 3/31/16

Summary

	Amort. Cost	Market Value	Net Unreal. Gain (Loss)	Average Rating	% of Total Amort. Cost
Investment Grade	\$12,718	\$13,837	\$1,119	A-	94%
Below Investment Grade	771	622	(149)	B+	6%
Total	\$13,489	\$14,460	\$970	A-	

By Type

Corporates	\$11,323	\$12,072	\$749	BBB+	84%
Redeemable preferred stock:					
U.S.	356	398	42	BBB-	3%
Foreign	55	59	4	BBB-	0%
Municipals	1,282	1,437	156	AA	10%
Government-sponsored enterprises	298	310	12	AAA	2%
Government & Agencies	93	96	3	AAA	1%
Residential mortgage-backed securities	5	5	0	AAA	0%
CDO's	62	65	3	CC	0%
Other asset-backed securities	16	16	1	A-	0%
Total	\$13,489	\$14,460	\$970	A-	

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2016

<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	\$1,960	\$2,164	\$204	BBB+	15%
Financial - Bank	642	714	72	A-	5%
Financial - Financial Guarantor	16	17	0	BBB+	0%
Financial - Insurance Brokers	67	76	8	BBB	0%
Financial - Other	436	438	2	BBB+	3%
Utilities	2,010	2,284	274	A-	15%
Energy	1,569	1,441	(128)	BBB	12%
Consumer, Non-cyclical	1,236	1,365	129	BBB+	9%
Consumer, Cyclical	491	530	39	BBB	4%
Communications	529	580	50	BBB+	4%
Basic Materials	1,041	1,023	(18)	BBB	8%
Transportation	569	621	52	BBB+	4%
Technology	73	79	6	A-	1%
Other Industrials	1,109	1,216	107	BBB+	8%
ABS - CDO	62	65	3	CC	0%
MBS	5	5	0	AAA	0%
Government	1,673	1,843	170	AA+	12%
Total	\$13,489	\$14,460	\$970	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		\$224	\$506	\$1,172	\$59	\$1,960
Financial - Bank		107	278	216	42	642
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	62		67
Financial - Other		4	88	269	75	436
Utilities		25	1,201	775	10	2,010
Energy		5	319	1,073	172	1,569
Consumer, Non-cyclical	11	49	515	648	13	1,236
Consumer, Cyclical			95	316	79	491
Communications			68	417	45	529
Basic Materials		17	221	696	107	1,041
Transportation			175	367	27	569
Technology			25	48		73
Other Industrials		109	339	580	81	1,109
ABS - CDO					62	62
MBS	5					5
Government	652	806	215		1	1,673
Total \$	\$667	\$1,345	\$4,049	\$6,657	\$771	\$13,489
% of Total	5%	10%	30%	49%	6%	100%

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

March 31, 2016

<u>Below Investment Grade Bonds by Sector</u>	<u>3/31/2016</u>	<u>12/31/2015</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	172	101	71
Consumer, Non-cyclical	13	13	0
Consumer, Cyclical	79	79	0
Communications	45	45	0
Basic Materials	107	50	57
Transportation	27	27	0
Technology	0	0	0
Other Industrials	81	76	5
ABS - CDO	62	64	(2)
MBS	0	0	0
Government	1	1	0
	<u>1</u>	<u>1</u>	<u>0</u>
Total	\$771	\$640	\$131

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$672	\$562	\$110
Asset Class 4	218	158	60
Asset Class 5	115	116	(1)
Asset Class 6 (at market value)	57	60	(3)
	<u>57</u>	<u>60</u>	<u>(3)</u>
	\$1,062	\$895	\$167

Fixed Maturity Acquisitions:

	<u>1Q'16</u>	<u>1Q'15</u>
Amount	\$287	\$292
Yield	5.0%	4.5%
Ratings	BBB+	BBB+
Average Life To:		
Next Call	25.6	28.0
Maturity	25.9	28.8