

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

9 Months Ended			3Q	2Q	1Q	4Q	3Q
9/16	9/15		2016	2016	2016	2015	2015
		UNDERWRITING INCOME					
		Life:					
\$1,639,156	\$1,552,309	Premium	\$546,415	\$548,590	\$544,151	\$520,756	\$518,929
(670,817)	(616,997)	Net Policy Obligations	(224,251)	(225,717)	(220,849)	(205,313)	(203,547)
(492,232)	(465,651)	Non-deferred Commissions and Amortization	(164,571)	(163,854)	(163,807)	(155,932)	(156,097)
(45,062)	(44,781)	Non-deferred Acquisition Expenses	(14,452)	(15,415)	(15,195)	(14,989)	(15,185)
<u>431,045</u>	<u>424,880</u>	Underwriting Margin	<u>143,141</u>	<u>143,604</u>	<u>144,300</u>	<u>144,522</u>	<u>144,100</u>
		Health:					
709,936	690,221	Premium	236,987	237,252	235,697	235,299	229,139
(404,584)	(397,089)	Net Policy Obligations	(134,875)	(135,010)	(134,699)	(136,464)	(131,896)
(132,072)	(124,766)	Non-deferred Commissions and Amortization	(44,051)	(43,978)	(44,043)	(42,858)	(42,050)
(16,068)	(14,970)	Non-deferred Acquisition Expenses	(4,985)	(5,643)	(5,440)	(4,996)	(4,986)
<u>157,212</u>	<u>153,396</u>	Underwriting Margin	<u>53,076</u>	<u>52,621</u>	<u>51,515</u>	<u>50,981</u>	<u>50,207</u>
<u>6,202</u>	<u>3,297</u>	Annuity Underwriting Margin	<u>2,630</u>	<u>1,941</u>	<u>1,631</u>	<u>1,271</u>	<u>1,101</u>
594,459	581,573	Total Underwriting Margin	198,847	198,166	197,446	196,774	195,408
1,086	2,201	Other Income	199	422	465	178	737
(146,129)	(138,594)	Admin. Expenses	(49,248)	(48,413)	(48,468)	(47,597)	(47,169)
<u>449,416</u>	<u>445,180</u>	Underwriting Income	<u>149,798</u>	<u>150,175</u>	<u>149,443</u>	<u>149,355</u>	<u>148,976</u>
		EXCESS INVESTMENT INCOME					
601,415	579,632	Net Investment Income	202,720	201,642	197,053	194,319	193,213
(372,547)	(356,516)	Required Interest on Net Policy Liabilities	(125,601)	(123,935)	(123,011)	(121,289)	(120,061)
(62,860)	(57,420)	Interest on Debt	(20,381)	(23,110)	(19,369)	(19,222)	(19,246)
<u>166,008</u>	<u>165,696</u>	Total Excess Investment Income	<u>56,738</u>	<u>54,597</u>	<u>54,673</u>	<u>53,808</u>	<u>53,906</u>
(6,360)	(6,662)	Parent Company Expenses	(1,955)	(2,379)	(2,026)	(2,341)	(2,177)
609,064	604,214	Pre-Tax Operating Income	204,581	202,393	202,090	200,822	200,705
(198,733)	(197,948)	Income Tax	(67,250)	(65,313)	(66,170)	(65,543)	(65,745)
\$410,331	\$406,266	Net Operating Income Before Stock Compensation Expense	\$137,331	\$137,080	\$135,920	\$135,279	\$134,960
(443)	(14,220)	Stock Compensation Expense, Net of Tax	2,483	(390)	(2,536)	(4,412)	(4,443)
\$409,888	\$392,046	Net Operating Income from Continuing Operations	\$139,814	\$136,690	\$133,384	\$130,867	\$130,517
\$3.34	\$3.08	Per Share	\$1.15	\$1.11	\$1.08	\$1.05	\$1.03
8,240	10,612	Discontinued Operations - Part D	4,206	2,058	1,976	195	5,097
\$418,128	\$402,658	Net Operating Income from All Operations	\$144,020	\$138,748	\$135,360	\$131,062	\$135,614
\$3.41	\$3.16	Per Share	\$1.18	\$1.13	\$1.10	\$1.05	\$1.08
122,687	127,403	Average Diluted Shares Outstanding	121,911	122,748	123,313	124,725	126,140
		Reconciling items, net of tax:					
\$5,057	\$5,117	Capital Gain (Loss) - Investments	\$2,263	\$2,604	\$190	(\$10,831)	\$3,341
(9,086)	(13,631)	Part D Adjustment - Discontinued Operations	5,354	(2,923)	(11,517)	13,631	6,431
399	0	Net Gain from Sale of Part D - Discontinued Operations	399	0	0	0	0
0	0	Administrative Settlements	0	0	0	(906)	0
(167)	0	Non Operating Legal Fees	(167)	0	0	0	0
<u>\$414,331</u>	<u>\$394,144</u>	Net Income	<u>\$151,869</u>	<u>\$138,429</u>	<u>\$124,033</u>	<u>\$132,956</u>	<u>\$145,386</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	3Q 2016	%	3Q 2015	%	3Q 2016	%	3Q 2015	%	3Q 2016	3Q 2015
LNL Exclusive Agency										
Premium	\$67,440		\$67,857		\$50,015		\$51,709			
Net Policy Obligations	23,680	35	25,451	38	26,699	53	27,323	53		
Non Def Comm. & Amort.	20,768	31	20,175	30	10,912	22	11,246	22		
Non Def Acq. Expenses	3,191	5	4,007	6	1,021	2	1,304	3		
Underwriting Margin	<u>19,801</u>	29	<u>18,224</u>	27	<u>11,383</u>	23	<u>11,836</u>	23		
Direct Response										
Premium	192,476		185,827		17,364		17,191			
Net Policy Obligations	110,140	57	94,640	51	13,542	78	13,511	79		
Non Def Comm. & Amort.	49,425	26	47,692	26	796	5	903	5		
Non Def Acq. Expenses	3,745	2	3,887	2	10	0	10	0		
Underwriting Margin	<u>29,166</u>	15	<u>39,608</u>	21	<u>3,016</u>	17	<u>2,767</u>	16		
American Income Agency										
Premium	231,059		209,331		21,533		20,201			
Net Policy Obligations	73,626	32	66,048	32	6,757	31	6,563	32		
Non Def Comm. & Amort.	76,620	33	70,535	34	4,337	20	4,147	21		
Non Def Acq. Expenses	7,101	3	6,637	3	453	2	350	2		
Underwriting Margin	<u>73,712</u>	32	<u>66,111</u>	32	<u>9,986</u>	46	<u>9,141</u>	45		
Family Heritage Life										
Premium	745		609		59,610		55,870			
Net Policy Obligations	477	64	416	68	31,094	52	30,888	55		
Non Def Comm. & Amort.	134	18	103	17	13,474	23	12,492	22		
Non Def Acq. Expenses	23	3	14	2	1,776	3	1,321	2		
Underwriting Margin	<u>111</u>	15	<u>76</u>	12	<u>13,266</u>	22	<u>11,169</u>	20		
Other Distribution										
Premium	54,695		55,305		88,465		84,168		\$9	\$41
Net Policy Obligations	16,328	30	16,992	31	56,783	64	53,611	64	(3,506)	(3,680)
Non Def Comm. & Amort.	17,624	32	17,592	32	14,532	16	13,262	16	885	2,620
Non Def Acq. Expenses	392	1	640	1	1,725	2	2,001	2	0	0
Underwriting Margin	<u>20,351</u>	37	<u>20,081</u>	36	<u>15,425</u>	17	<u>15,294</u>	18	<u>2,630</u>	<u>1,101</u>
Totals:										
Premium	\$546,415		\$518,929		\$236,987		\$229,139		\$9	\$41
Net Policy Obligations	224,251	41	203,547	39	134,875	57	131,896	58	(3,506)	(3,680)
Non Def Comm. & Amort.	164,571	30	156,097	30	44,051	19	42,050	18	885	2,620
Non Def Acq. Expenses	14,452	3	15,185	3	4,985	2	4,986	2	0	0
Underwriting Margin	<u>\$143,141</u>	26	<u>\$144,100</u>	28	<u>\$53,076</u>	22	<u>\$50,207</u>	22	<u>\$2,630</u>	<u>\$1,101</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					\$198,847		\$195,408			
Other Income					199		737			
Administrative & Other Expenses					<u>(49,248)</u>		<u>(47,169)</u>			
INSURANCE UNDERWRITING INCOME					<u>\$149,798</u>		<u>\$148,976</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$6,227		\$7,614			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 9/16	%	YTD 9/15	%	YTD 9/16	%	YTD 9/15	%	YTD 9/16	YTD 9/15
LNL Exclusive Agency										
Premium	\$203,040		\$203,915		\$152,423		\$158,379			
Net Policy Obligations	74,038	36	78,580	39	80,989	53	83,401	53		
Non Def Comm. & Amort.	61,065	30	60,065	29	33,246	22	34,417	22		
Non Def Acq. Expenses	10,671	5	11,583	6	3,379	2	3,607	2		
Underwriting Margin	<u>57,266</u>	28	<u>53,687</u>	26	<u>34,809</u>	23	<u>36,954</u>	23		
Direct Response										
Premium	591,084		561,718		52,948		52,544			
Net Policy Obligations	327,406	55	284,817	51	41,243	78	41,379	79		
Non Def Comm. & Amort.	152,286	26	145,682	26	2,770	5	2,674	5		
Non Def Acq. Expenses	11,594	2	11,916	2	66	0	31	0		
Underwriting Margin	<u>99,798</u>	17	<u>119,303</u>	21	<u>8,869</u>	17	<u>8,460</u>	16		
American Income Agency										
Premium	677,702		618,378		62,718		59,954			
Net Policy Obligations	216,218	32	199,763	32	19,405	31	19,027	32		
Non Def Comm. & Amort.	225,028	33	206,827	33	12,947	21	12,422	21		
Non Def Acq. Expenses	21,526	3	19,600	3	1,376	2	1,020	2		
Underwriting Margin	<u>214,930</u>	32	<u>192,188</u>	31	<u>28,990</u>	46	<u>27,485</u>	46		
Family Heritage Life										
Premium	2,111		1,693		175,538		164,299			
Net Policy Obligations	1,348	64	1,191	70	92,228	53	91,015	55		
Non Def Comm. & Amort.	388	18	244	14	39,983	23	35,762	22		
Non Def Acq. Expenses	67	3	45	3	5,526	3	4,405	3		
Underwriting Margin	<u>308</u>	15	<u>213</u>	13	<u>37,801</u>	22	<u>33,117</u>	20		
Other Distribution										
Premium	165,219		166,605		266,309		255,045		\$34	\$119
Net Policy Obligations	51,807	31	52,646	32	170,719	64	162,267	64	(10,884)	(10,637)
Non Def Comm. & Amort.	53,465	32	52,833	32	43,126	16	39,491	15	4,716	7,459
Non Def Acq. Expenses	1,204	1	1,637	1	5,721	2	5,907	2	0	0
Underwriting Margin	<u>58,743</u>	36	<u>59,489</u>	36	<u>46,743</u>	18	<u>47,380</u>	19	6,202	3,297
Totals:										
Premium	\$1,639,156		\$1,552,309		\$709,936		\$690,221		\$34	\$119
Net Policy Obligations	670,817	41	616,997	40	404,584	57	397,089	58	(10,884)	(10,637)
Non Def Comm. & Amort.	492,232	30	465,651	30	132,072	19	124,766	18	4,716	7,459
Non Def Acq. Expenses	45,062	3	44,781	3	16,068	2	14,970	2	0	0
Underwriting Margin	<u>\$431,045</u>	26	<u>\$424,880</u>	27	<u>\$157,212</u>	22	<u>\$153,396</u>	22	\$6,202	\$3,297
TOTAL UNDERWRITING MARGINS, ALL LINES					\$594,459		\$581,573			
Other Income					1,086		2,201			
Administrative & Other Expenses					<u>(146,129)</u>		<u>(138,594)</u>			
INSURANCE UNDERWRITING INCOME					<u>\$449,416</u>		<u>\$445,180</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$11,942		\$15,653			

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

NET SALES *

	<u>YTD</u> <u>9/16</u>	<u>YTD</u> <u>9/15</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2016</u>	<u>3rd Qtr.</u> <u>2015</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$116,224	\$127,641	(9)	\$34,613	\$38,198	(9)
American Income Agency	157,949	147,781	7	52,348	50,425	4
LNL Exclusive Agency	29,856	26,827	11	9,984	9,006	11
Other Distribution	9,063	10,285	(12)	2,648	3,106	(15)
Total Life	<u>313,092</u>	<u>312,534</u>	<u>0</u>	<u>99,593</u>	<u>100,735</u>	<u>(1)</u>
<u>HEALTH</u>						
Direct Response	3,607	3,601	0	1,151	968	19
American Income Agency	9,463	8,492	11	3,276	3,002	9
LNL Exclusive Agency	14,673	13,198	11	4,828	4,684	3
UA Independent	32,227	33,528	(4)	9,834	11,485	(14)
Family Heritage	38,144	38,005	0	13,968	12,928	8
Total Health	<u>98,114</u>	<u>96,824</u>	<u>1</u>	<u>33,057</u>	<u>33,067</u>	<u>0</u>
TOTAL NET SALES	\$411,206	\$409,358	0	\$132,650	\$133,802	(1)
Discontinued Operations - Part D	11,311	41,492		5,799	9,031	

* 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>9/16</u>	<u>YTD</u> <u>9/15</u>	<u>% Incr</u> <u>(Decr)</u>	<u>3rd Qtr.</u> <u>2016</u>	<u>3rd Qtr.</u> <u>2015</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$75,784	\$80,540	(6)	\$23,439	\$26,274	(11)
American Income Agency	129,878	115,642	12	44,012	39,614	11
LNL Exclusive Agency	21,707	20,613	5	7,357	6,917	6
Other Distribution	8,801	8,973	(2)	2,845	2,980	(5)
Total Life	<u>236,170</u>	<u>225,768</u>	<u>5</u>	<u>77,653</u>	<u>75,785</u>	<u>2</u>
<u>HEALTH</u>						
Direct Response	3,161	12,702	(75)	1,062	2,378	(55)
American Income Agency	10,188	8,869	15	3,772	3,432	10
LNL Exclusive Agency	11,948	10,974	9	4,097	3,520	16
UA Independent	48,086	54,232	(11)	15,771	18,590	(15)
Family Heritage	30,311	29,314	3	10,220	10,028	2
Total Health	<u>103,694</u>	<u>116,091</u>	<u>(11)</u>	<u>34,922</u>	<u>37,948</u>	<u>(8)</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$339,864	\$341,859	(1)	\$112,575	\$113,733	(1)
Discontinued Operations - Part D	10,828	104,270		2,479	35,090	

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

	At September 30,	
	2016	2015
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$15,837,700	\$14,080,199
Equity securities available for sale	931	1,582
Real estate	203	203
Policy loans	499,085	486,042
Other long-term investments	55,952	8,459
Short-term investments	65,904	63,663
Total investments	16,459,775	14,640,148
Cash	104,900	59,485
Accrued investment income	224,155	215,919
Other receivables	361,283	335,770
Deferred acquisition costs **	3,739,526	3,569,669
Property and equipment	86,507	79,694
Goodwill	441,591	441,591
Other assets	418,080	420,946
Assets related to discontinued operations	241,214	393,606
Total assets	\$22,077,031	\$20,156,828
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$12,678,227	\$12,117,926
Unearned and advance premium	63,204	66,313
Policy claims and other benefits payable	281,047	258,672
Other policy liabilities	96,617	95,798
Current and deferred income taxes	2,023,856	1,595,887
Short-term debt	266,892	618,236
Long-term debt	1,133,544	743,518
Other liabilities	384,843	349,309
Liabilities related to discontinued operations	62,418	27,867
Total liabilities	16,990,648	15,873,526
Shareholders' equity:		
Preferred stock	0	0
Common stock	130,218	134,218
Additional paid-in-capital	496,071	488,318
Unrealized investment gains (losses), net of tax	1,142,826	499,829
Retained earnings	3,934,026	3,686,375
Treasury stock, at cost	(616,758)	(525,438)
Total shareholders' equity	5,086,383	4,283,302
Total liabilities and shareholders' equity	\$22,077,031	\$20,156,828
Diluted Basis:		
Shares outstanding	121,271	125,202
Book value per common share	\$41.94	\$34.21
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$31.86	\$29.53
 * Amortized cost of fixed maturities	 \$13,944,467	 \$13,166,248

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

TORCHMARK CORPORATION

Invested Assets

(Millions of \$)

September 30, 2016

Investment Portfolio at 9/30/16

	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$13,944	96%	74%
Equities	0	0%	3%
Mortgage loans	0	0%	10%
Investment real estate	0	0%	1%
Policy loans	499	3%	4%
Other long-term investments	56	0%	5%
Short-term investments	66	0%	3%
Total	\$14,566	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 9/30/16

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	\$13,191	\$15,140	\$1,948	A-	95%
Below Investment Grade	753	698	(55)	B+	5%
Total	\$13,944	\$15,838	\$1,893	A-	

By Type

Corporates	\$11,748	\$13,368	\$1,619	BBB+	84%
Redeemable preferred stock:					
U.S.	346	396	50	BBB-	2%
Foreign	55	59	4	BBB-	0%
Municipals	1,273	1,451	178	AA	9%
Government-sponsored enterprises	302	334	32	AAA	2%
Government & Agencies	102	106	4	AAA	1%
Residential mortgage-backed securities	4	4	0	AAA	0%
CDO's	61	63	2	CC	0%
Other asset-backed securities	54	56	2	BBB	0%
Total	\$13,944	\$15,838	\$1,893	A-	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 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	\$2,000	\$2,296	\$297	BBB+	14%
Financial - Bank	667	762	95	A-	5%
Financial - Financial Guarantor	16	18	1	BBB+	0%
Financial - Insurance Brokers	67	79	12	BBB	0%
Financial - Other	501	540	39	BBB	4%
Utilities	1,981	2,375	393	A-	14%
Energy	1,566	1,656	90	BBB	11%
Consumer, Non-cyclical	1,424	1,630	206	BBB+	10%
Consumer, Cyclical	582	657	75	BBB	4%
Communications	570	654	83	BBB+	4%
Basic Materials	1,010	1,105	95	BBB	7%
Transportation	577	669	92	BBB+	4%
Technology	79	88	10	A-	1%
Other Industrials	1,162	1,349	187	BBB+	8%
ABS - CDO	61	63	2	CC	0%
MBS	4	4	0	AAA	0%
Government	1,677	1,891	215	AA+	12%
Total	\$13,944	\$15,838	\$1,893	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		\$229	\$501	\$1,211	\$58	\$2,000
Financial - Bank		108	279	238	42	667
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	62		67
Financial - Other		4	120	303	75	501
Utilities		25	1,152	795	10	1,981
Energy		5	212	1,186	163	1,566
Consumer, Non-cyclical	11	49	489	862	13	1,424
Consumer, Cyclical			72	443	67	582
Communications			68	453	49	570
Basic Materials		17	168	718	107	1,010
Transportation			177	373	27	577
Technology			30	48		79
Other Industrials		109	304	669	80	1,162
ABS - CDO					61	61
MBS	4					4
Government	661	801	214		1	1,677
Total \$	\$676	\$1,347	\$3,791	\$7,377	\$753	\$13,944
% of Total	5%	10%	27%	53%	5%	100%

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
September 30, 2016

<u>Below Investment Grade Bonds by Sector</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>Increase / (Decrease)</u>
Financial - Life/Health/PC Insurance	\$58	\$58	\$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	163	159	4
Consumer, Non-cyclical	13	13	0
Consumer, Cyclical	67	79	(12)
Communications	49	49	0
Basic Materials	107	107	0
Transportation	27	27	0
Technology	0	0	0
Other Industrials	80	80	0
ABS - CDO	61	62	(1)
MBS	0	0	0
Government	1	1	0
	<hr/>	<hr/>	<hr/>
Total	\$753	\$763	(\$10)

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$652	\$627	\$25
Asset Class 4	284	252	32
Asset Class 5	98	115	(17)
Asset Class 6 (at market value)	55	56	(1)
	<hr/>	<hr/>	<hr/>
	\$1,089	\$1,050	\$39

Fixed Maturity Acquisitions:

	<u>3Q'16</u>	<u>3Q'15</u>
Amount	\$275	\$188
Yield	4.4%	5.1%
Ratings	BBB	BBB+
Average Life To:		
Next Call	23.4	25.8
Maturity	25.3	26.0