

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/16	12/15		2016	2016	2016	2016	2015
		UNDERWRITING INCOME					
		Life:					
\$2,189,333	\$2,073,065	Premium	\$550,177	\$546,415	\$548,590	\$544,151	\$520,756
(897,650)	(822,310)	Net Policy Obligations	(226,833)	(224,251)	(225,717)	(220,849)	(205,313)
(656,869)	(621,583)	Non-deferred Commissions and Amortization	(164,637)	(164,571)	(163,854)	(163,807)	(155,932)
(61,052)	(59,770)	Non-deferred Acquisition Expenses	(15,990)	(14,452)	(15,415)	(15,195)	(14,989)
<u>573,762</u>	<u>569,402</u>	Underwriting Margin	<u>142,717</u>	<u>143,141</u>	<u>143,604</u>	<u>144,300</u>	<u>144,522</u>
		Health:					
947,663	925,520	Premium	237,727	236,987	237,252	235,697	235,299
(539,343)	(533,553)	Net Policy Obligations	(134,759)	(134,875)	(135,010)	(134,699)	(136,464)
(176,785)	(167,624)	Non-deferred Commissions and Amortization	(44,713)	(44,051)	(43,978)	(44,043)	(42,858)
(21,479)	(19,966)	Non-deferred Acquisition Expenses	(5,411)	(4,985)	(5,643)	(5,440)	(4,996)
<u>210,056</u>	<u>204,377</u>	Underwriting Margin	<u>52,844</u>	<u>53,076</u>	<u>52,621</u>	<u>51,515</u>	<u>50,981</u>
<u>9,394</u>	<u>4,568</u>	Annuity Underwriting Margin	<u>3,192</u>	<u>2,630</u>	<u>1,941</u>	<u>1,631</u>	<u>1,271</u>
793,212	778,347	Total Underwriting Margin	198,753	198,847	198,166	197,446	196,774
1,534	2,379	Other Income	448	199	422	465	178
(196,598)	(186,191)	Admin. Expenses	(50,469)	(49,248)	(48,413)	(48,468)	(47,597)
598,148	594,535	Underwriting Income	148,732	149,798	150,175	149,443	149,355
		EXCESS INVESTMENT INCOME					
806,903	773,951	Net Investment Income	205,488	202,720	201,642	197,053	194,319
(499,527)	(477,805)	Required Interest on Net Policy Liabilities	(126,980)	(125,601)	(123,935)	(123,011)	(121,289)
(83,345)	(76,642)	Interest on Debt	(20,485)	(20,381)	(23,110)	(19,369)	(19,222)
224,031	219,504	Total Excess Investment Income	58,023	56,738	54,597	54,673	53,808
(8,587)	(9,003)	Parent Company Expenses	(2,227)	(1,955)	(2,379)	(2,026)	(2,341)
813,592	805,036	Pre-Tax Operating Income	204,528	204,581	202,393	202,090	200,822
(265,773)	(263,491)	Income Tax	(67,040)	(67,250)	(65,313)	(66,170)	(65,543)
\$547,819	\$541,545	Net Operating Income Before Stock Compensation Expense	\$137,488	\$137,331	\$137,080	\$135,920	\$135,279
1,541	(18,632)	Stock Compensation Expense, Net of Tax	1,984	2,483	(390)	(2,536)	(4,412)
\$549,360	\$522,913	Net Operating Income from Continuing Operations	\$139,472	\$139,814	\$136,690	\$133,384	\$130,867
\$4.49	\$4.13	Per Share	\$1.15	\$1.15	\$1.11	\$1.08	\$1.05
9,033	10,807	Discontinued Operations - Part D	793	4,206	2,058	1,976	195
\$558,393	\$533,720	Net Operating Income from All Operations	\$140,265	\$144,020	\$138,748	\$135,360	\$131,062
\$4.56	\$4.21	Per Share	\$1.16	\$1.18	\$1.13	\$1.10	\$1.05
122,368	126,757	Average Diluted Shares Outstanding	121,237	121,911	122,748	123,313	124,725
		Reconciling items, net of tax:					
(\$6,944)	(\$5,714)	Capital Gain (Loss) - Investments	(\$12,001)	\$2,263	\$2,604	\$190	(\$10,831)
0	0	Part D Adjustment - Discontinued Operations	9,086	5,354	(2,923)	(11,517)	13,631
1,156	0	Net Gain from Sale of Part D - Discontinued Operations	757	399	0	0	0
(2,467)	(906)	Administrative Settlements	(2,467)	0	0	0	(906)
(359)	0	Non Operating Legal Fees	(192)	(167)	0	0	0
<u>\$549,779</u>	<u>\$527,100</u>	Net Income	<u>\$135,448</u>	<u>\$151,869</u>	<u>\$138,429</u>	<u>\$124,033</u>	<u>\$132,956</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	4Q 2016	%	4Q 2015	%	4Q 2016	%	4Q 2015	%	4Q 2016	4Q 2015
LNL Exclusive Agency										
Premium	\$67,436		\$67,198		\$49,375		\$50,771			
Net Policy Obligations	24,608	36	24,021	36	26,360	53	26,675	53		
Non Def Comm. & Amort.	20,275	30	19,800	29	10,761	22	10,952	22		
Non Def Acq. Expenses	3,968	6	3,951	6	1,271	3	1,240	2		
Underwriting Margin	<u>18,585</u>	28	<u>19,426</u>	29	<u>10,983</u>	22	<u>11,904</u>	23		
Direct Response										
Premium	191,681		184,975		17,445		17,066			
Net Policy Obligations	110,127	57	97,069	52	13,649	78	13,287	78		
Non Def Comm. & Amort.	48,587	25	47,337	26	771	4	663	4		
Non Def Acq. Expenses	3,990	2	3,715	2	6	0	24	0		
Underwriting Margin	<u>28,977</u>	15	<u>36,854</u>	20	<u>3,019</u>	17	<u>3,092</u>	18		
American Income Agency										
Premium	235,653		212,525		21,664		20,385			
Net Policy Obligations	74,030	31	66,098	31	6,601	30	7,474	37		
Non Def Comm. & Amort.	78,494	33	71,002	33	4,362	20	4,138	20		
Non Def Acq. Expenses	7,697	3	6,818	3	487	2	357	2		
Underwriting Margin	<u>75,432</u>	32	<u>68,607</u>	32	<u>10,214</u>	47	<u>8,416</u>	41		
Family Heritage Life										
Premium	755		641		60,537		56,792			
Net Policy Obligations	459	61	425	66	31,013	51	31,146	55		
Non Def Comm. & Amort.	161	21	115	18	14,096	23	12,696	22		
Non Def Acq. Expenses	18	2	16	2	1,493	2	1,862	3		
Underwriting Margin	<u>117</u>	15	<u>85</u>	13	<u>13,935</u>	23	<u>11,088</u>	20		
Other Distribution										
Premium	54,652		55,417		88,706		90,285		\$4	\$16
Net Policy Obligations	17,609	32	17,700	32	57,136	64	57,882	64	(3,496)	(3,664)
Non Def Comm. & Amort.	17,120	31	17,678	32	14,723	17	14,409	16	308	2,409
Non Def Acq. Expenses	317	1	489	1	2,154	2	1,513	2	0	0
Underwriting Margin	<u>19,606</u>	36	<u>19,550</u>	35	<u>14,693</u>	17	<u>16,481</u>	18	<u>3,192</u>	<u>1,271</u>
Totals:										
Premium	\$550,177		\$520,756		\$237,727		\$235,299		\$4	\$16
Net Policy Obligations	226,833	41	205,313	39	134,759	57	136,464	58	(3,496)	(3,664)
Non Def Comm. & Amort.	164,637	30	155,932	30	44,713	19	42,858	18	308	2,409
Non Def Acq. Expenses	15,990	3	14,989	3	5,411	2	4,996	2	0	0
Underwriting Margin	<u>\$142,717</u>	26	<u>\$144,522</u>	28	<u>\$52,844</u>	22	<u>\$50,981</u>	22	<u>\$3,192</u>	<u>\$1,271</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					\$198,753		\$196,774			
Other Income					448		178			
Administrative & Other Expenses					<u>(50,469)</u>		<u>(47,597)</u>			
INSURANCE UNDERWRITING INCOME					<u>\$148,732</u>		<u>\$149,355</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$1,220		\$263			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 12/16	%	YTD 12/15	%	YTD 12/16	%	YTD 12/15	%	YTD 12/16	YTD 12/15
LNL Exclusive Agency										
Premium	\$270,476		\$271,113		\$201,798		\$209,150			
Net Policy Obligations	98,646	36	102,601	38	107,349	53	110,076	53		
Non Def Comm. & Amort.	81,340	30	79,865	29	44,007	22	45,369	22		
Non Def Acq. Expenses	14,639	5	15,534	6	4,650	2	4,847	2		
Underwriting Margin	<u>75,851</u>	28	<u>73,113</u>	27	<u>45,792</u>	23	<u>48,858</u>	23		
Direct Response										
Premium	782,765		746,693		70,393		69,610			
Net Policy Obligations	437,533	56	381,886	51	54,892	78	54,666	79		
Non Def Comm. & Amort.	200,873	26	193,019	26	3,541	5	3,337	5		
Non Def Acq. Expenses	15,584	2	15,631	2	72	0	55	0		
Underwriting Margin	<u>128,775</u>	16	<u>156,157</u>	21	<u>11,888</u>	17	<u>11,552</u>	17		
American Income Agency										
Premium	913,355		830,903		84,382		80,339			
Net Policy Obligations	290,248	32	265,861	32	26,006	31	26,501	33		
Non Def Comm. & Amort.	303,522	33	277,829	33	17,309	21	16,560	21		
Non Def Acq. Expenses	29,223	3	26,418	3	1,863	2	1,377	2		
Underwriting Margin	<u>290,362</u>	32	<u>260,795</u>	31	<u>39,204</u>	46	<u>35,901</u>	45		
Family Heritage Life										
Premium	2,866		2,334		236,075		221,091			
Net Policy Obligations	1,807	63	1,616	69	123,241	52	122,161	55		
Non Def Comm. & Amort.	549	19	359	15	54,079	23	48,458	22		
Non Def Acq. Expenses	85	3	61	3	7,019	3	6,267	3		
Underwriting Margin	<u>425</u>	15	<u>298</u>	13	<u>51,736</u>	22	<u>44,205</u>	20		
Other Distribution										
Premium	219,871		222,022		355,015		345,330		\$38	\$135
Net Policy Obligations	69,416	32	70,346	32	227,855	64	220,149	64	(14,380)	(14,301)
Non Def Comm. & Amort.	70,585	32	70,511	32	57,849	16	53,900	16	5,024	9,868
Non Def Acq. Expenses	1,521	1	2,126	1	7,875	2	7,420	2	0	0
Underwriting Margin	<u>78,349</u>	36	<u>79,039</u>	36	<u>61,436</u>	17	<u>63,861</u>	18	<u>9,394</u>	<u>4,568</u>
Totals:										
Premium	\$2,189,333		\$2,073,065		\$947,663		\$925,520		\$38	\$135
Net Policy Obligations	897,650	41	822,310	40	539,343	57	533,553	58	(14,380)	(14,301)
Non Def Comm. & Amort.	656,869	30	621,583	30	176,785	19	167,624	18	5,024	9,868
Non Def Acq. Expenses	61,052	3	59,770	3	21,479	2	19,966	2	0	0
Underwriting Margin	<u>\$573,762</u>	26	<u>\$569,402</u>	27	<u>\$210,056</u>	22	<u>\$204,377</u>	22	<u>\$9,394</u>	<u>\$4,568</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					\$793,212		\$778,347			
Other Income					1,534		2,379			
Administrative & Other Expenses					<u>(196,598)</u>		<u>(186,191)</u>			
INSURANCE UNDERWRITING INCOME					<u>\$598,148</u>		<u>\$594,535</u>			
Insurance Underwriting Income - Discontinued Operations - Part D					\$13,162		\$15,916			

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

NET SALES *

	<u>YTD</u> <u>12/16</u>	<u>YTD</u> <u>12/15</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2016</u>	<u>4th Qtr.</u> <u>2015</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$150,267	\$164,348	(9)	\$34,043	\$36,707	(7)
American Income Agency	209,856	198,046	6	51,907	50,265	3
LNL Exclusive Agency	40,159	35,782	12	10,303	8,955	15
Other Distribution	11,673	13,705	(15)	2,610	3,420	(24)
Total Life	<u>411,955</u>	<u>411,881</u>	<u>0</u>	<u>98,863</u>	<u>99,347</u>	<u>0</u>
<u>HEALTH</u>						
Direct Response	5,560	5,003	11	1,953	1,402	39
American Income Agency	12,666	11,501	10	3,203	3,009	6
LNL Exclusive Agency	19,522	18,062	8	4,849	4,864	0
UA Independent	56,009	71,625	(22)	23,782	38,097	(38)
Family Heritage	51,349	50,266	2	13,205	12,261	8
Total Health	<u>145,106</u>	<u>156,457</u>	<u>(7)</u>	<u>46,992</u>	<u>59,633</u>	<u>(21)</u>
TOTAL NET SALES	\$557,061	\$568,338	(2)	\$145,855	\$158,980	(8)
Discontinued Operations - Part D	12,160	42,501		849	1,009	

* 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>12/16</u>	<u>YTD</u> <u>12/15</u>	<u>% Incr</u> <u>(Decr)</u>	<u>4th Qtr.</u> <u>2016</u>	<u>4th Qtr.</u> <u>2015</u>	<u>% Incr</u> <u>(Decr)</u>
<u>LIFE</u>						
Globe Life Direct Response	\$98,496	\$106,417	(7)	\$22,712	\$25,877	(12)
American Income Agency	173,573	156,206	11	43,695	40,564	8
LNL Exclusive Agency	29,103	27,554	6	7,396	6,941	7
Other Distribution	11,458	12,036	(5)	2,657	3,063	(13)
Total Life	<u>312,630</u>	<u>302,213</u>	<u>3</u>	<u>76,460</u>	<u>76,445</u>	<u>0</u>
<u>HEALTH</u>						
Direct Response	4,457	13,841	(68)	1,296	1,139	14
American Income Agency	13,710	12,041	14	3,522	3,172	11
LNL Exclusive Agency	16,109	14,858	8	4,161	3,884	7
UA Independent	65,395	77,235	(15)	17,309	23,003	(25)
Family Heritage	40,822	39,196	4	10,511	9,882	6
Total Health	<u>140,493</u>	<u>157,171</u>	<u>(11)</u>	<u>36,799</u>	<u>41,080</u>	<u>(10)</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$453,123	\$459,384	(1)	\$113,259	\$117,525	(4)
Discontinued Operations - Part D	13,638	135,032		2,810	30,762	

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

	At December 31,	
	2016	2015
<u>Assets</u>		
Investments:		
Fixed maturities available for sale *	\$15,245,861	\$13,758,024
Equity securities available for sale	923	1,635
Real estate	203	203
Policy loans	507,975	492,462
Other long-term investments	52,726	36,600
Short-term investments	72,040	54,766
Total investments	15,879,728	14,343,690
Cash	76,163	61,383
Accrued investment income	223,148	209,915
Other receivables	384,454	344,552
Deferred acquisition costs **	3,783,158	3,617,135
Property and equipment	97,349	83,518
Goodwill	441,591	441,591
Other assets	422,964	438,586
Assets related to discontinued operations	127,532	312,843
Total assets	\$21,436,087	\$19,853,213
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Future policy benefits	\$12,825,837	\$12,245,811
Unearned and advance premium	64,017	67,021
Policy claims and other benefits payable	299,565	272,898
Other policy liabilities	96,993	95,988
Current and deferred income taxes	1,743,990	1,450,888
Short-term debt	264,475	490,129
Long-term debt	1,133,165	743,733
Other liabilities	413,760	380,158
Liabilities related to discontinued operations	27,424	51,035
Total liabilities	16,869,226	15,797,661
Shareholders' equity:		
Preferred stock	0	0
Common stock	127,218	130,218
Additional paid-in-capital	490,421	482,284
Unrealized investment gains (losses), net of tax	577,574	231,947
Retained earnings	3,890,798	3,614,369
Treasury stock, at cost	(519,150)	(403,266)
Total shareholders' equity	4,566,861	4,055,552
Total liabilities and shareholders' equity	\$21,436,087	\$19,853,213
Diluted Basis:		
Shares outstanding	120,958	123,996
Book value per common share	\$37.76	\$32.71
Book value per common share excluding the revaluation of fixed maturities available for sale to fair value required by accounting rule	\$32.13	\$30.09
* Amortized cost of fixed maturities	\$14,188,050	\$13,251,871

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

TORCHMARK CORPORATION

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

Investment Portfolio at 12/31/16

	<u>Amort. Cost</u>	<u>% of Total</u>	<u>Industry *</u>
Fixed maturities	\$14,188	96%	74%
Equities	0	0%	3%
Mortgage loans	0	0%	10%
Investment real estate	0	0%	1%
Policy loans	508	3%	4%
Other long-term investments	53	0%	5%
Short-term investments	72	0%	3%
Total	\$14,821	100%	

* Data available from the American Council of Life Insurance

Fixed Maturities at 12/31/16

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	\$13,437	\$14,551	\$1,114	A-	95%
Below Investment Grade	751	695	(56)	B+	5%
Total	\$14,188	\$15,246	\$1,058	BBB+	

By Type

Corporates	\$11,983	\$12,882	\$899	BBB+	84%
Redeemable preferred stock:					
U.S.	345	380	35	BBB-	2%
Foreign	55	57	2	BBB-	0%
Municipals	1,285	1,410	126	AA	9%
Government-sponsored enterprises	305	297	(7)	AAA	2%
Government & Agencies	97	97	0	AAA	1%
Residential mortgage-backed securities	4	4	0	AAA	0%
CDO's	61	64	3	CC	0%
Other asset-backed securities	54	54	0	BBB	0%
Total	\$14,188	\$15,246	\$1,058	BBB+	

TORCHMARK CORPORATION

Invested Assets
(Millions of \$)
December 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	\$2,030	\$2,231	\$201	BBB+	14%
Financial - Bank	689	749	61	A-	5%
Financial - Financial Guarantor	16	16	0	BBB+	0%
Financial - Insurance Brokers	67	76	9	BBB	0%
Financial - Other	540	546	6	BBB	4%
Utilities	1,905	2,142	238	A-	13%
Energy	1,542	1,626	84	BBB	11%
Consumer, Non-cyclical	1,630	1,699	69	BBB+	11%
Consumer, Cyclical	525	550	25	BBB	4%
Communications	651	691	40	BBB+	5%
Basic Materials	984	1,028	44	BBB	7%
Transportation	496	550	54	BBB+	3%
Technology	81	86	5	A-	1%
Other Industrials	1,282	1,383	101	BBB+	9%
ABS - CDO	61	64	3	CC	0%
MBS	4	4	0	AAA	0%
Government	1,686	1,805	119	AA+	12%
Total	\$14,188	\$15,246	\$1,058	BBB+	

<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	\$504	\$1,238	\$58	\$2,030
Financial - Bank		108	257	282	42	689
Financial - Financial Guarantor				16		16
Financial - Insurance Brokers			5	62		67
Financial - Other		4	133	328	75	540
Utilities		25	1,135	724	21	1,905
Energy		5	211	1,163	163	1,542
Consumer, Non-cyclical	11	49	412	1,158		1,630
Consumer, Cyclical			90	367	67	525
Communications			109	492	49	651
Basic Materials		17	142	718	107	984
Transportation			178	291	27	496
Technology			33	48		81
Other Industrials		109	305	787	80	1,282
ABS - CDO					61	61
MBS	4					4
Government	659	811	215		1	1,686
Total \$	\$674	\$1,357	\$3,730	\$7,676	\$751	\$14,188
% of Total	5%	10%	26%	54%	5%	100%

TORCHMARK CORPORATION

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

<u>Below Investment Grade Bonds by Sector</u>	<u>12/31/2016</u>	<u>9/30/2016</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	21	10	11
Energy	163	163	0
Consumer, Non-cyclical	0	13	(13)
Consumer, Cyclical	67	67	0
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	61	0
MBS	0	0	0
Government	1	1	0
	<hr/>	<hr/>	<hr/>
Total	\$751	\$753	(\$2)

<u>Below Investment Grade Bonds By SVO Class (Statutory)</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>Increase / (Decrease)</u>
Asset Class 3	\$601	\$652	(\$51)
Asset Class 4	252	284	(32)
Asset Class 5	135	98	37
Asset Class 6 (at market value)	54	55	(1)
	<hr/>	<hr/>	<hr/>
	\$1,042	\$1,089	(\$47)

Fixed Maturity Acquisitions:

	<u>4Q'16</u>	<u>4Q'15</u>
Amount	\$607	\$341
Yield	4.6%	5.0%
Ratings	BBB+	A-
Average Life To:		
Next Call	25.3	26.1
Maturity	26.1	26.3