

# 2014





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### Part II

Audited Consolidated Financial Statements and  
Report of Independent Registered Public Accounting Firm

National Western Life (NASDAQ: NWLI) is a stock life insurance company offering a broad portfolio of individual universal life, whole life and term insurance plans, annuity products, and investment contracts meeting the financial needs of its customers in 49 states as well as residents of various countries in Central and South America, the Caribbean, Eastern Europe, Asia and the Pacific Rim.

[nationalwesternlife.com](http://nationalwesternlife.com)





# NATIONAL WESTERN AT A GLANCE

## COMPANY PROFILE

- Founded in 1956
- Headquartered in Austin, Texas
- 264 Home office employees
- \$11.4 billion in total assets
- Standard & Poors Rating of A (Strong) and stable outlook;  
A.M. Best Rating of A (Excellent) and stable outlook.

## DOMESTIC OPERATIONS

- Licensed in 49 states and several other U.S. Territories
- 19,200 appointed independent agents/brokers
- 139,100 annuity contracts and \$3.1 billion of life insurance in force
- Fixed-indexed annuities, traditional fixed annuities, immediate annuities, universal life, term insurance, equity-indexed universal life

## INTERNATIONAL OPERATIONS

- Policies in force with residents in over forty countries
- 2,300 contracted independent consultants
- \$20.0 billion of life insurance in force
- Universal life, term insurance, endowments, equity-indexed universal life, traditional fixed annuities

# FINANCIAL HIGHLIGHTS

## BOOK VALUE PER SHARE

2010	\$335.83
2011	\$351.27
2012	\$382.88
2013	\$398.36
2014	\$428.01

## TOTAL ASSETS IN \$ MILLIONS

2010	\$8,774
2011	\$9,728
2012	\$10,264
2013	\$10,830
2014	\$11,352

## STOCKHOLDERS' EQUITY IN \$ MILLIONS

2010	\$1,219
2011	\$1,277
2012	\$1,392
2013	\$1,448
2014	\$1,556

## SELECTED FINANCIAL INFORMATION

(\$'s in thousands, except per share data)	2014	2013	2012	2011	2010
Insurance revenues	\$628,559	\$625,715	\$624,315	\$600,019	\$553,905
Total revenues	708,780	860,267	664,662	572,747	575,992
Earnings from operations (a)	98,045	90,622	83,978	51,686	69,339
Net earnings	105,588	96,247	92,558	55,627	72,897
Earnings per Class A share from operations (a)					
Basic	\$27.74	\$25.64	\$23.76	\$14.62	\$19.66
Diluted	\$27.72	\$25.60	\$23.76	\$14.61	\$19.60
Earnings per Class A share					
Basic	\$29.87	\$27.23	\$26.19	\$15.74	\$20.67
Diluted	\$29.85	\$27.19	\$26.19	\$15.73	\$20.61
Total assets	11,351,892	10,830,416	10,263,858	9,727,999	8,773,948
Stockholders' equity	1,556,320	1,447,948	1,391,680	1,276,785	1,218,791
Book value per share	\$428.01	\$398.36	\$382.88	\$351.27	\$335.83

(a) Excluding net realized gains (losses) on investments.



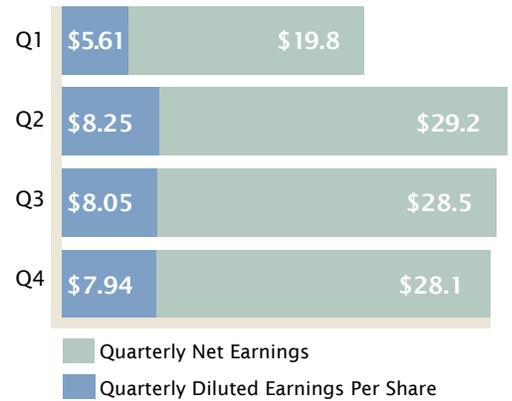
We are pleased to again report this year to you financial results eclipsing those achieved in preceding years. In our prior letters to you we identified National Western's goal of producing steady and profitable growth for the security of our policyholders and for the creation of value for you, our shareholders.

The outcomes of the past several years reflect a modest level of success in pursuing this endeavor. Certainly, looking back over the past decade of financial results, as depicted on pages 12 and 13 of this Annual Report, provides a panoramic, retrospective summary of our quest in this regard. The years shown on these pages include multiple periods of economic turmoil which, in particular, challenged organizations like National Western who operate in the financial services arena. We are unsurprisingly biased, but believe the results contained herein reflect a commitment to doing things the "right way," which is a theme we wish to expand upon in this year's letter.

This past year exhibited, to a certain degree, a more stabilized U.S. economy characterized by improvement in job creation while remaining in the midst of a lingering low interest rate environment. The global economy was much more of a mixed bag as regions across the globe dealt with a litany of issues including deflation, low or negative real interest rates, currency devaluations, economic contraction, and a variety of experimentation with monetary policy. Our domestic business generally demonstrates greater efficiencies in environments that are distinguished by stability and positively trending growth patterns. The business submitted to us in our Texas home office from residents outside the U.S. reacts differently, almost contrarian, to economic environments primarily due to the U.S. dollar-denominated feature of our products. Regional

or national environments or situations which create uncertainty often serve to increase the appeal of U.S. currency and thus the demand for our life insurance products which our Austin employees capably process.

#### QUARTERLY EARNINGS (\$ MILLIONS)



Provided with this general backdrop to the business climate in 2014, our results for the year were extremely satisfying, particularly in a period where the U.S. life insurance industry new business growth was again negative. Our bottom line net earnings of \$105.6 million represented National Western's first push through the \$100 million level (readers will note, as in previous years, that the Company's net earnings in 2004 were boosted \$54.7 million from implementation of a required accounting change). This outcome represented nearly a 10% increase over last year's figure and was the third consecutive year of record earnings for the Company.

#### EARNINGS FROM OPERATIONS (\$ MILLIONS)



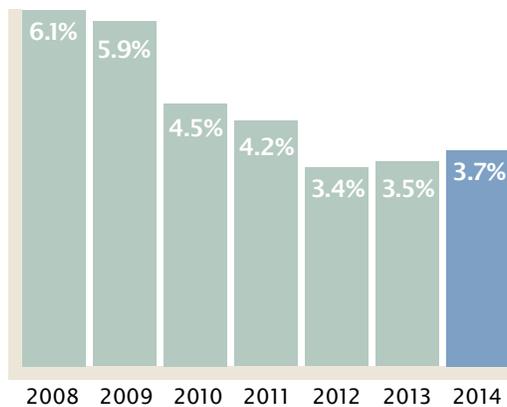
Earnings from operations (excluding realized gains and losses on investments) fell just shy of piercing the \$100 million mark finishing the

year at \$98.0 million. Earnings from operations is often viewed as a more meaningful metric for life insurance companies as it incorporates the financial pillars of the business: the underwriting of mortality risks, the quality of the in force book of business as measured in terms of persistency, spread management or the difference between what the Company earns on its invested assets versus the interest it credits to policyholders, and administration of general operating expenses. When three or four of these pillars are performing at or above expectations, profitability generally follows quickly behind.

### Addressing Challenges

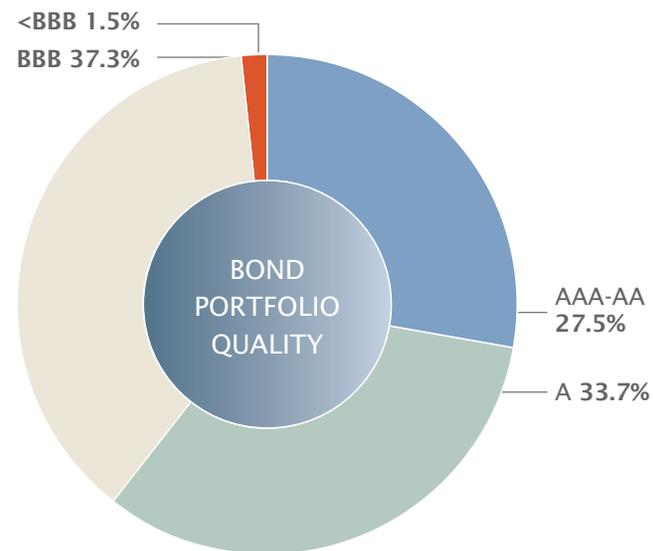
Unquestionably, the most challenging of these four pillars the past several years has been achieving spread margins that are targeted in the pricing of our products. The stubborn doggedness of the low interest rate environment is increasingly identified by insurance executives, along with escalating regulation, as the top two concerns facing life insurers. For some time, insurers have been questioning the sustainability of a historically low rate environment. Today, the questioning has gradually evolved into a viewpoint that sustained low interest rates may be the new reality. This clearly presents a challenging paradigm for financial service companies as low rates induce spread compression which in turn puts pressure on earnings.

### INSURANCE OPERATIONS NEW BOND YIELDS



As shown in the accompanying graphic, new bond yields from our investments were in a steady decline from 2008 into the latter half of 2012 and the early parts of 2013 when it

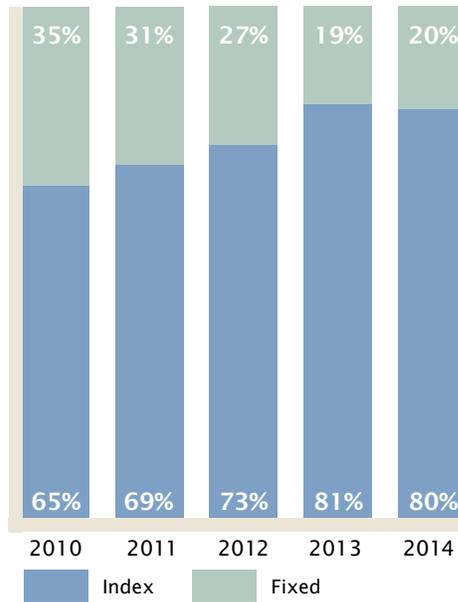
appeared to trough. In fact, in our report last year, we highlighted how interest rates had turned in the second half of 2013 and that the Company's yields during this period returned to the 4% level. Given that the Ten-Year Treasury yield (an important benchmark for bond investments) closed the year around 3%, a bevy of financial market prognosticators signaled that the march was on to a 3.5% or 4% yield by the end of 2014. Unfortunately, the 3% Ten-Year Treasury yield held for roughly one week before beginning a steady downward descent. By the middle of the year, the Ten-Year Treasury yield had fallen to approximately 2.5%, and from there it continued its tumble into the end of 2014 finishing below 2.2%.



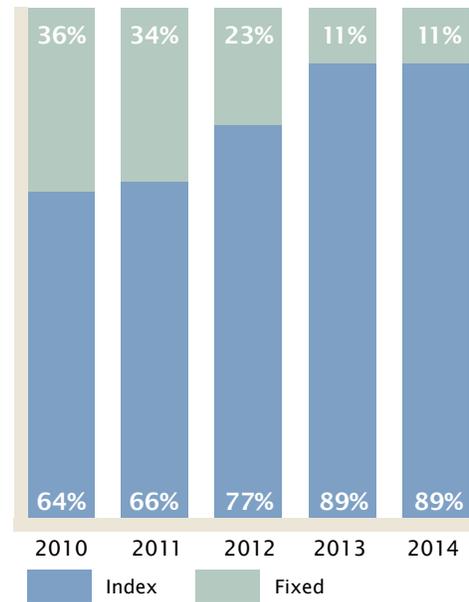
While our new money bond yields in 2014 crept up nearly 20 basis points over the 2013 annual figure, the underlying pattern reversed from that of the previous year. Bond yields in the first half of 2014 gravitated to an average of 3.85%. The average in the latter half of the year dropped to 3.55%. Confounding matters was increasing chatter and speculation as the year progressed that the Federal Reserve was moving closer to stepping on the monetary easing brake and transitioning toward a period of increasing interest rate levels. The lesson from the past year is clearly that life insurers will not become disentangled from a low interest rate environment any time soon and need to develop strategies for maintaining the profitability it sources from spread margins.



## INDEX VS. FIXED LIFE SALES



## INDEX VS. FIXED ANNUITY SALES



We mentioned earlier the emphasis of doing things the “right way.” The concern about interest rate levels by life insurers is not in the least bit a surprise. However, this concern has been intensified as a consequence of many insurers taking action late in the game to shield themselves from the ramifications of low interest rates. National Western was ahead of the curve in preparing for a potential low interest rate environment. We did this years ago by incorporating into new product designs lower minimum guaranteed interest rate levels and market value adjustment (MVA) mechanisms on policy surrender values (MVAs serve to increase or decrease the amount paid on surrender benefits as interest rates change). While these types of product features typically cause a certain level of angst with our marketing professionals tasked with generating new sales and business for the Company, our risk management disciplines dictated that we make these changes in exercising judicious management over the business.

Readers of our letters over the years are aware of National Western’s particular expertise with fixed index products (often referred to as “equity-indexed” products). These types of products offer diversification from our core portfolio of fixed interest rate policies by providing policyholders the ability to elect

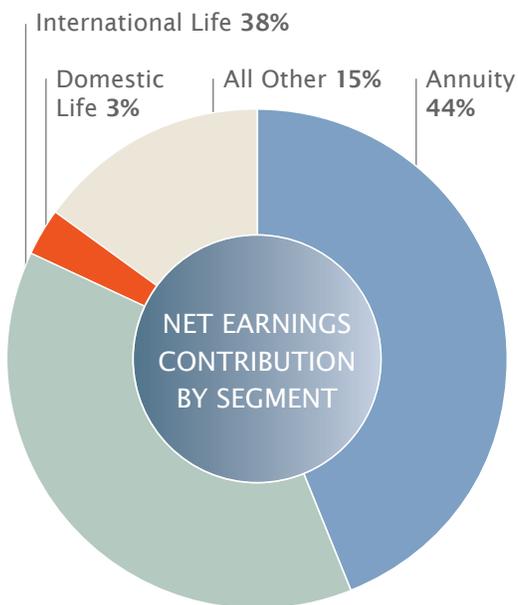
interest credits linked, in part, to a specified market index, typically the S&P 500 Index®. We were one of the first life insurance companies in the 1990’s to begin offering equity-indexed annuity products and we were one of the pioneers in the development of equity-indexed universal life insurance products earlier in the current millennium. While these products have great appeal, particularly during periods of bull equity markets, they are particularly important in the context of discussing the spread compression challenge presented by low interest rates. Since policyholders of these products elect to have their interest credits based upon the performance of an outside market index, the task of spread management transitions from matching bond investment yields with fixed interest rates credited on policies to managing the purchase of over-the-counter index call options to fund potential interest credit obligations associated with the policies.

Given the considerable attention devoted to the potential adverse consequences of a protracted low interest rate environment, the mix of our business being heavily skewed toward fixed index annuity and life products is an important item to take note of as these products lessen the burden invoked by low rates. The encumbrance of low interest rates is reduced by entering

into arrangements whereby the interest credit funding requirement is essentially transferred to counterparties through call option agreements. Again in doing things the “right way,” we purchase call option contracts from highly rated counterparties for staggered one-year terms coinciding with the initial issuance of contracts and each subsequent annual renewal period thereafter in order to match closely with the Company’s funding requirements for the underlying policies. The Company does not speculate with its hedging of its purchased option contracts with its policy obligations. The call options are utilized in a financial capacity as an effective hedge for the policyholder credits. Indeed, the hedge effectiveness of our call option purchases over the years has approximated 100%. Tying this important point together, the structure of our option purchases allows us to hedge the risk of providing interest credits while maintaining the cost of doing so within the option pricing cost parameters embedded in our products. Accordingly, we are better positioned to navigate our way around the spread management obstacle.

is not unexpected as we have been reporting for several years now on the Company’s efforts to build up its domestic life segment from practically a green shoot operation. We have been fortunate to be able to report to you that our energies in this regard have been recently producing results. Growth in new domestic life sales has emerged to new (record) levels such that the Company’s overall mix in sales between domestic and international life is much more proportional. Earnings are generated from blocks of business as they stay in force. As the domestic life block of policies continues to grow through successful new sales efforts, we would expect that its contribution to overall operating earnings will become more meaningful.

We are fortunate to have established a presence in the U.S. annuity marketplace such that we are able to work with our independent distributors toward targeted sales levels. In keeping with the doing things the “right way” theme, we have managed annuity sales levels the past three years to a range of \$800 million to \$850 million in response to the low interest rate environment and our desire to not add assets to the balance sheet at such low yield levels. It may sound counterintuitive to hear a life insurer describe deliberately capping new business levels, but our execution of enterprise risk management principles prompted this self-imposition in line with it being the right thing to do. Industry observers collectively agree that a sudden jump in interest rates (i.e. hundreds of basis points) is the worst case scenario for insurers offering interest-sensitive products. A significant leap in interest rates could prompt the flight of policyholder funds to other “new money” opportunities in search of higher yields. While our product designs have features which discourage the withdrawal or movement of funds from the Company’s policies, and although a sudden leap in interest rates doesn’t seem to be a probable case scenario currently, we opted to not even put ourselves in a position of potential vulnerability. Certainly the economic incidents of the past decade have shown us that previously unthinkable scenarios are not guaranteed of remaining unthinkable. Those not as familiar or acquainted with the back office logistics of annuity processing may



## Managing Risks

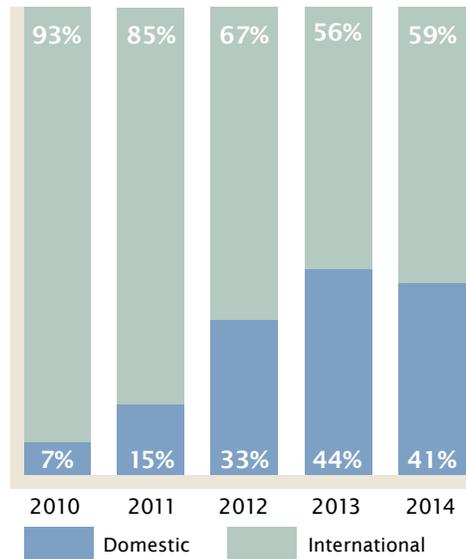
The preponderance of the Company’s earnings from operations emanates from its annuity and international life segments of business. These two segments have consistently accounted for 80% or more of total operating earnings. This



be surprised to learn that National Western does not routinely accept every annuity application it receives. On the surface, this sounds puzzling given that annuity contracts essentially function like savings products. With our emphasis on doing things the right way, years ago we established a “suitability” function within our annuity new business processing department. Our processing workflows were re-engineered to incorporate reviews of annuity applications to evaluate whether the particular annuity product that the customer applied for was appropriate or “suitable” for that particular individual’s fact situation. Consideration is given to the applicant’s age, financial net worth, liquid cash needs, medical or health insurance situation, and understanding of the product (i.e. complexity of the product being applied for and execution of specific company forms indicating the applicant’s awareness and understanding of product features). If our suitability specialists have concerns in any of these areas, the application is referred back to the submitting agent. In order to minimize the number of rejected applications, we implemented National Western product specific suitability training materials and set up procedures for monitoring licensed agent compliance with satisfactory completion of state insurance department required continuing education training. Without proper evidence, applications are immediately rejected.

Our international life segment not only has been a sizable contributor to the Company’s operating earnings, but the diversification of risk that follows this business is a significant factor in lowering our overall risk profile and in enhancing the quality of our earnings. The business model we utilize does not involve operations outside of the U.S. but instead consists of accepting applications from foreign nationals in our central home office location in Austin, Texas. Personalized service is provided by our employees serving this segment who are bilingual in Spanish, Portuguese, Mandarin Chinese and Russian and through our custom-built website which supports these languages at the election of the user. As mentioned earlier, our products are U.S. Dollar denominated

### MIX OF LIFE SALES



and all transactions (premiums, commissions, loans, policy benefits) are processed in dollars so that there is no foreign currency risk to the Company. National Western does not maintain any facilities, personnel or financial assets outside of the United States and is not subject to jurisdiction by foreign entities.

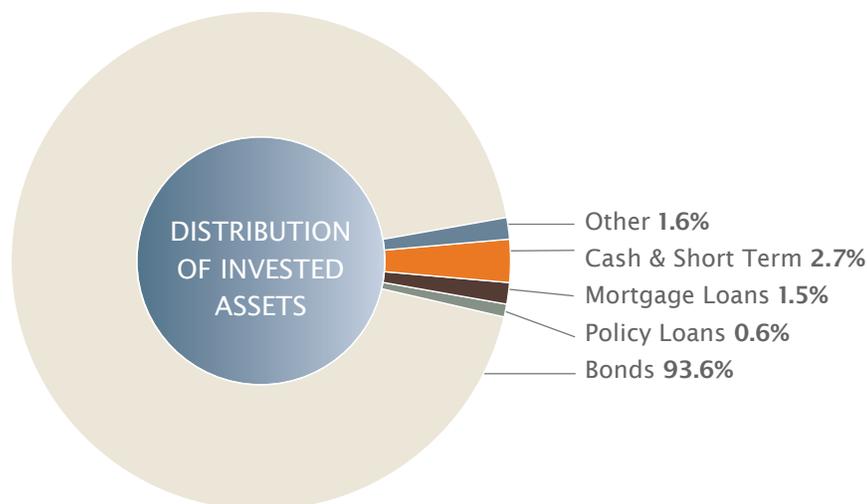
There are inherent risks in accepting international applications for which the Company has developed procedures which mitigate incorporating its fifty plus years of segment experience and competitive understanding. When currency moves from outside of the U.S. into the country there are particular concerns and compliance matters that come into play. Over a dozen years ago, we formalized an anti-money laundering (AML) compliance program in response to the USA Patriot Act. This program establishes a framework for policies, procedures, and guidelines which meet or exceed applicable requirements of the USA Patriot Act, Bank Secrecy Act, Treasury regulations, and the Internal Revenue Code. Under the realm again of doing things the right way, the Company’s current procedures require mandatory AML training of home office employees and independent agents with failure to do so being grounds for dismissal or having the distributor contract terminated, respectively. Our Board of

Director members are required to receive AML training annually and receive periodic reports from management regarding transaction activity and findings associated with compliance efforts and investigations. In order to ensure our compliance with applicable economic and trade sanctions administered by the Office of Foreign Assets Control (OFAC), we subscribe to screening software through which we run our policy and agent master records as a routine procedure searching for name matches on OFAC's list of Specially Designated Nationals (SDNs). SDNs are individuals and entities identified as having ties to terrorists, drug dealers, indicted war criminals, political figures, and those dealing in weapons of mass destruction. The Company files suspicious activity reports with the Financial Crimes Enforcement Network (FinCEN) in the regular course of business.

The U.S. life insurance industry is one of the more heavily regulated businesses. We are regulated by the insurance department of each state that we are licensed to do business in (all states except for New York) and are subject to examination at any time by any state. Our state of domicile is Colorado and the Colorado Insurance Division conducts financial examinations of the Company every five years. During 2014, the Colorado examiners concluded their examination of National Western for the five year period 2008 through 2012. The examination is extensive and conducted over a period of five to six months. At the conclusion of the financial examination, the Colorado Insurance Division's examination report did not contain a single discrepancy in the Company's statutory financial reporting for the period examined. The Company's external audit firm of BKD, LLP similarly audited our GAAP (generally accepted accounting principles) financial statements for the 2014 calendar year and provided an unqualified opinion on the Company's financial statements and its internal controls surrounding financial reporting. We are committed to timely, accurate, and compliant financial reporting as a core competency of our organization and are diligent in making our financial and business disclosures to the public audience uniformly.

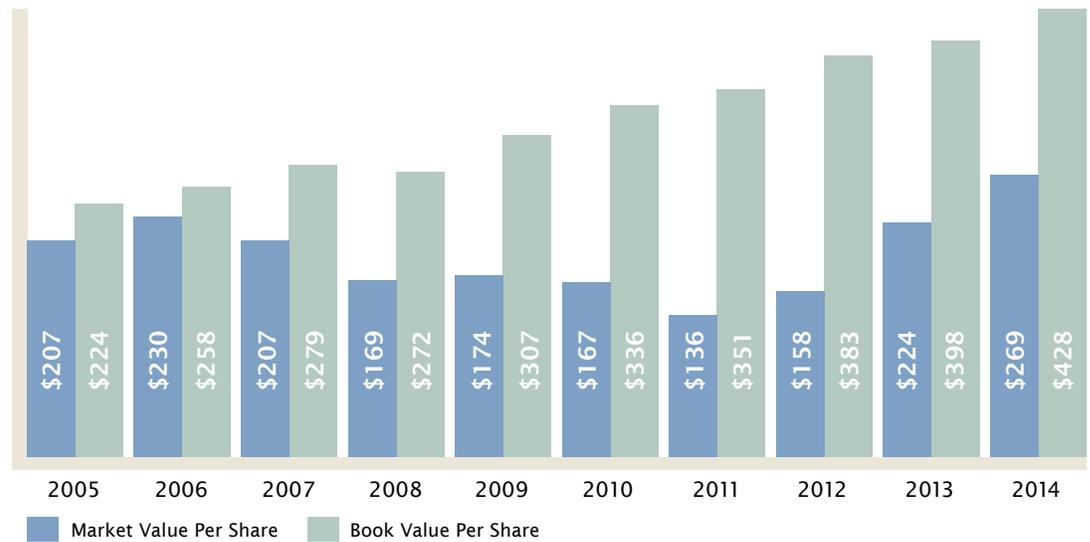
## Doing Things the Right Way

There is one final comment we would like to make along the lines of doing things the "right way." National Western's substantial capital base has been a focal point of the Company's Board of Directors in its mission to create and maintain a financially strong enterprise. Deployment of this capital is a frequent question addressed to us by our constituents. This is an area that clearly requires perspective since it is critical to the Company's ability to do business. The independent rating agencies that assign financial strength and claims-paying ratings to National Western have been very explicit in their communications to us that absent our capital position, which admittedly exceeds that required for our asset and business risks, we would not hold the strong ratings that we currently maintain. A one notch decrease in our rating would have meaningful repercussions for our business as it would preclude us from selling through certain distribution channels and in certain markets where "A" level ratings are the minimum threshold. Thus a virtuous cycle emerges – in order to increase the intrinsic value of the Company year-over-year as measured in the book value per share, we must hold on to our high capital levels despite the lower returns on excess capital. Were we to employ a more capital efficient structure, we would be at risk of receiving a rating downgrade which could lead to degradations in the very business levels which have higher returns on capital.





## BOOK AND MARKET VALUES PER SHARE



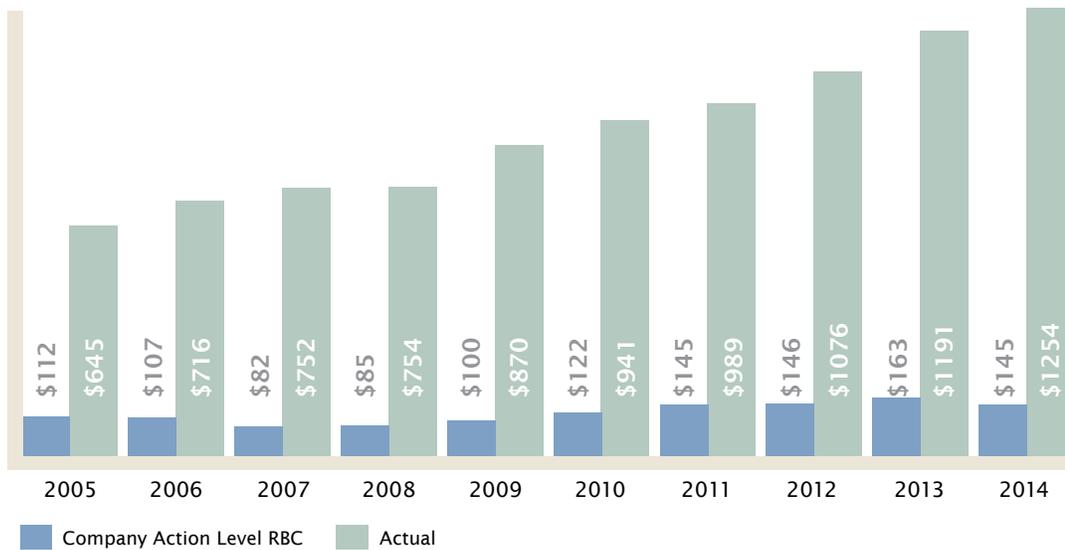
The Company's efforts this past year added to the intrinsic value or net worth of the Company. Book value per share increased 7.5% to slightly over \$428. This is consistent with the compounded annual growth rate over the past ten years and is emblematic of National Western's approach to steady and profitable growth. In previous reports, we discussed the disconnect between the Company's book value and market price which began when the eventual financial market disruptions started percolating in 2007. For National Western's publicly traded shares, the bottom of this disconnect occurred in 2011 when the market value per share was \$215 below book value representing a 61% discount. Fast forward to the end of 2014 and the comparable figures had improved to a market value per share \$159 below book value reflecting a 37% discount. This by no means is intended to convey that we are content with the market-to-book value discount but is noted for the subsequent improvement and evidence of trending in the right direction.

As we conclude, our discussion in this year's letter was intended to communicate the belief that the Company's solid financial results for 2014 are indicative of doing things the "right way" from a financial management standpoint and a corporate governance perspective, and as fiduciaries responsible for the long-term

viability and success of National Western. Hopefully, the matters reported upon serve to alleviate any concerns you may have acquired from the various rumblings and innuendos in the media or marketplace regarding challenges facing financial service companies in the current business climate. The life insurance industry is predicated upon being there for policyholders and their beneficiaries and delivering upon promises made. Financial stability and sound financial management working together provide the underpinning of safety and peace of mind individuals and their families search for when deciding where to entrust their insurance needs and financial futures. Our ability to demonstrate the capacity to grow consistently over time utilizing the foundation of a solid capital base allows us to perpetuate the value creation model we have operated under for over fifty years. The consistent pursuit of the "right way" will continue to be our approach in providing you, our shareholders, value in return for your financial stake in National Western.

Included in this Annual Report are a complete set of the audited consolidated financial statements which were filed with the Securities and Exchange Commission. The audit of our consolidated financial statements this past year was performed by BKD, LLP and we applaud the Audit Committee for its foresight

CAPITAL AND SURPLUS VS. RISK-BASED CAPITAL (\$ MILLIONS)



in making the decision to engage BKD, LLP as the Company’s independent auditors. The annual Form 10-K, as well as other pertinent financial information, is available on our website [www.nationalwesternlife.com](http://www.nationalwesternlife.com) under the Financial Information link. Through the contact information provided we receive many phone calls, emails, and even personal visits to our office in Austin. As always, feel free to reach out to us concerning any questions you may have regarding the information in this Annual Report.

We value and appreciate the contributions of the Company’s Board of Directors this past year, and the various subcommittees of the Board that they also serve on. The financial press has well-chronicled the increasing demands placed upon Board members due to the economic environment, the expanding regulatory demands and requirements, as well as the ever-evolving complexities of the financial services area. We extend our thanks to them for again upholding their fiduciary responsibilities over National Western and providing leadership to the senior management of the Company.

A recent study noted that there are approximately 2.6 million insurance industry employees of which roughly one quarter are likely to retire by the year 2020. The difference between an organization’s success and failure

often depends upon having the right mix of people and the right talent. Attracting and retaining the best and the brightest available and providing the means for being well-trained and engaged is a requirement for all major industries, not just ours. As the face and voice to our agents and policyholders, it is imperative that we have the right people in place supported by current technology to provide the answers and support needed on a daily basis. The efforts of our home office staff this past year were exceptional. Meeting customer needs, enhancing straight-through processing procedures, beta testing new technology and systems, representing the Company to external stakeholders – it was an undertaking that was truly remarkable to observe. The commitment of our team members is something we are inspired by and greatly appreciate.

Finally to our shareholders, thank you for your support in National Western’s success story. We are confident that your continued patronage as the Company pursues the “right way” will be reciprocated back to you in the years ahead.

Respectfully,

Robert L. Moody  
Chairman of the Board  
and Chief Executive Officer

Ross R. Moody  
President and Chief  
Operating Officer



# FINANCIAL SUMMARY

(\$'s in thousands, except per share amounts)	2014	2013	2012	2011
<b>Operating results</b>				
Premiums and contract revenues	\$170,115	\$167,466	\$167,944	\$150,211
Net investment income (a)	436,814	434,534	432,901	424,369
Realized gains (losses) on investments	11,605	8,653	13,200	6,063
Total revenues	708,780	860,267	664,662	572,747
Policyholder benefits and contract interest	352,553	514,644	314,181	279,282
Operating expenses	198,706	203,926	209,900	210,629
Federal income taxes	51,933	45,450	48,023	27,209
Cumulative effect of accounting change, net of tax	-	-	-	-
Net earnings	105,588	96,247	92,558	55,627
<b>Net earnings per class A share</b>				
Basic	\$29.87	\$27.23	\$26.19	\$15.74
Diluted	\$29.85	\$27.19	\$26.19	\$15.73
<b>Financial position</b>				
Cash and investments	\$10,203,510	\$9,681,762	\$9,225,730	\$8,683,895
Deferred acquisition costs	962,685	955,276	858,241	878,295
Total assets	11,351,892	10,830,416	10,263,858	9,727,999
Liability for future policy benefits	9,522,522	9,125,134	8,568,854	8,163,455
Other liabilities	273,050	257,334	303,324	287,759
Stockholders' equity	1,556,320	1,447,948	1,391,680	1,276,785
<b>Other year-end data</b>				
Life insurance in force	\$23,081,004	\$22,372,798	\$21,602,618	\$20,939,405
Life insurance issued	\$2,761,329	\$2,802,859	\$2,685,595	\$2,927,780
Number of employees	264	279	280	278
Class A shares issued and outstanding	3,436,166	3,434,765	3,434,763	3,434,766
Closing stock price	\$269.25	\$223.55	\$157.74	\$136.16
Market capitalization	\$925,188	\$767,842	\$541,800	\$467,678
Book value per share	\$428.01	\$398.36	\$382.88	\$351.27

(a) Excluding Net Income (Loss) on Index Options

	2010	2009	2008	2007	2006	2005	2004
	\$143,757	\$162,693	\$151,177	\$139,191	\$122,126	\$111,367	\$103,538
	384,771	348,186	339,038	334,799	336,489	321,201	303,855
	5,475	(5,167)	(26,228)	3,497	2,662	9,884	3,506
	575,992	568,406	411,079	474,507	521,859	441,043	434,146
	319,532	291,813	178,716	205,717	248,977	189,854	207,928
	151,897	207,355	182,793	143,543	156,067	134,304	124,174
	31,666	23,754	15,927	39,876	40,472	39,618	34,572
	-	-	-	-	-	-	54,697
	72,897	45,484	33,642	85,371	76,343	77,267	122,169
	\$20.67	\$12.90	\$9.54	\$24.24	\$21.69	\$22.06	\$35.26
	\$20.61	\$12.87	\$9.48	\$23.95	\$21.46	\$21.83	\$34.87
	\$7,777,503	\$6,634,886	\$5,840,577	\$5,949,797	\$5,840,918	\$5,567,247	\$5,260,593
	835,783	748,672	822,939	768,834	737,103	700,579	644,458
	8,773,948	7,518,735	6,786,480	6,835,326	6,693,443	6,369,008	5,991,685
	7,247,781	6,121,834	5,562,498	5,580,543	5,533,457	5,315,919	5,026,858
	307,376	282,848	237,769	243,098	227,002	179,081	156,155
	1,218,791	1,114,053	986,213	1,011,685	932,984	874,008	808,672
	\$19,672,126	\$18,711,861	\$18,844,295	\$17,634,312	\$15,861,863	\$14,664,154	\$13,783,474
	\$2,999,982	\$2,895,894	\$3,525,574	\$3,671,142	\$3,029,045	\$2,726,659	\$2,709,345
	292	294	296	291	273	272	284
	3,429,241	3,425,966	3,425,966	3,422,324	3,420,324	3,413,199	3,384,215
	\$166.72	\$173.62	\$169.17	\$207.37	\$230.14	\$206.91	\$166.50
	\$571,723	\$594,816	\$579,571	\$709,687	\$787,268	\$706,225	\$563,472
	\$335.83	\$307.24	\$271.99	\$279.29	\$257.67	\$241.89	\$225.62

# BOARD OF DIRECTORS



## **Robert L. Moody**

Chairman of the Board  
Chief Executive Officer  
National Western Life Insurance Company®  
Galveston, Texas  
NWL Director 1963 to present



## **Ross. R. Moody**

President & Chief Operating Officer  
National Western Life Insurance Company®  
Austin, Texas  
NWL Director 1981 to present



## **E. Douglas McLeod**

Chairman & Director  
Moody Gardens, Inc.  
Galveston, Texas  
NWL Director 1979 to present

## **Charles D. Milos**

Senior Vice President – Mortgage Loans  
and Real Estate  
National Western Life Insurance Company®  
Galveston, Texas  
NWL Director 1981 to present

## **Ann M. Moody**

Member of Various Boards of Directors  
Galveston, Texas  
NWL Director 2014 to present

## **Frances A. Moody-Dahlberg**

Executive Director  
The Moody Foundation  
Dallas, Texas  
NWL Director 1990 to present

## **Stephen E. Glasgow**

Partner, G-2 Development, L.P.  
Austin, Texas  
NWL Director 2004 to present

## **Russell S. Moody**

Investments  
League City, Texas  
NWL Director 1988 to present

## **Louis E. Pauls, Jr.**

President, Louis Pauls & Company  
Galveston, Texas  
NWL Director 1971 to present

## **E.J. Pederson**

Former Executive Vice President  
The University of Texas Medical Branch  
Galveston, Texas  
NWL Director 1992 to present

# OFFICERS

## **Robert L. Moody**

Chairman of the Board  
Chief Executive Officer

## **Ross R. Moody**

President & Chief Operating Officer

## **S. Christopher Johnson**

CLU  
Senior Vice President –  
Domestic Chief Marketing Officer

## **Dr. Carlos A. Martinez**

Senior Vice President – International Marketing

## **Charles D. Milos**

Senior Vice President – Mortgage Loans  
and Real Estate

## **Kitty Kennedy Nelson**

ASA, MAAA  
Senior Vice President – Chief Actuary

## **Rey Perez**

JD  
Senior Vice President – Chief Legal Officer and Secretary

## **Brian M. Pribyl**

CPA, FLMI  
Senior Vice President –  
Chief Financial Officer and Treasurer

## **Patricia L. Scheuer**

CFA  
Senior Vice President – Chief Investment Officer

## **Robert Sweeney**

Senior Vice President – Chief Administrative Officer

## **Fabiola A. Best**

Vice President – Life Underwriting & New Business

## **Daniel R. Calderon**

Vice President – Client Services

## **James D. Egan**

Vice President – Human Resources

## **Gary L. Fischer**

LUTCF, RFC  
Vice President – Marketing

## **Luis V. Freire**

Vice President – International Marketing

## **Paul T. Garofoli**

FLMI  
Vice President – Marketing

## **Mark D. Gulas**

FSA, MAAA  
Vice President – Associate Actuary

## **Doris Kruse**

FLHC, ACS, UND  
Vice President – Policy Benefits

## **Lawrence G. Scott**

ASA, MAAA  
Vice President – Associate Actuary

## **Bruce E. Wood**

CPA  
Vice President – Controller and Assistant Treasurer

## **Anthony J. Zager**

Vice President – Marketing

## **Natalie U. Anderson**

CFA  
Assistant Vice President – Investments

## **Nathaniel A. Colon**

Assistant Vice President – Annuity New Business  
and Suitability

## **Robin R. Hulse**

FLMI, ACS  
Assistant Vice President – Administrative Services

## **Karen A. Johnston**

Assistant Vice President – Annuity Underwriting

## **Gina Byrne Miller**

JD  
Assistant Vice President – Corporate Counsel

## **Jessie L. Skrhak**

Assistant Secretary

# CORPORATE INFORMATION

## Executive Offices

National Western Life Insurance Company®  
850 East Anderson Lane, Austin, Texas 78752-1602  
Telephone: (512) 836-1010

## Independent Auditors

BKD, LLP  
400 W. Capitol Avenue  
Little Rock, Arkansas 72203

## Subsidiaries

NWL Investments, Inc.  
NWL Services, Inc.  
NWLSM, Inc.  
NWL Financial, Inc.  
The Westcap Corporation  
Regent Care San Marcos Holdings, LLC.

## Stock Transfer Agent

Continental Stock Transfer & Trust Company  
17 Battery Place – 8th Floor, New York, NY 10004  
Telephone: (212) 509-4000

Communications regarding stock transfer requirements, lost certificates, and change of address should be directed to the Transfer Agent or to the Office of the Corporate Secretary of National Western Life Insurance Company®.

## Stock Information

Shares of National Western Life Insurance Company® are traded on The Nasdaq Stock Market under the symbol “NWLI.”

## Annual Shareholders’ Meeting

The annual meeting of shareholders will be at 9:00 A.M. (CDT) on June 19, 2015, at Moody Gardens Hotel in Galveston, Texas.

## Form 10-K

National Western Life Insurance Company’s® 2014 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, can be found on the World Wide Web at [www.nationalwesternlife.com](http://www.nationalwesternlife.com) or on the SEC’s internet site at [www.sec.gov](http://www.sec.gov). For other investor data, contact Investor Relations. Copies are available upon request without charge.

## Investor Relations

Direct inquiries to  
Chief Financial Officer  
850 East Anderson Lane  
Austin, Texas 78752-1602  
Telephone: (512) 719-2493

## Information on the Internet

Information about National Western Life Insurance Company is available on the Internet. Visit our home page at: [www.nationalwesternlife.com](http://www.nationalwesternlife.com)



NATIONAL  
WESTERN  
LIFE INSURANCE COMPANY

[nationalwesternlife.com](http://nationalwesternlife.com)