

Torchmark Corporation

Medicare Part D

Reconciliation Between Torchmark's Operating Summary and GAAP

(\$'s in thousands)

	Twelve months ended December 31, 2013			
	<u>Operating Summary</u>	<u>% of Premium</u>	<u>Adjustments</u>	<u>GAAP</u>
Premium	\$300,008		\$2,584	\$302,592
Policy Obligations	-247,496	82	-2,584	-250,080
Net Amortization of DAC	-3,185	1		-3,185
Non-def Acquisition Exp	-504	0		-504
PBM fees	<u>-13,523</u>	5	<u> </u>	<u>-13,523</u>
Underwriting Margin	<u>\$35,300</u>	12	<u>\$0</u>	<u>\$35,300</u>

- (1) The amount due The Centers of Medicare & Medicaid Services (CMS) for risk sharing related to claims paid by the company in 2013. This adjustment classifies the risk sharing payments as premium instead of claims in accordance with GAAP reporting standards.