

Torchmark Corporation

Medicare Part D

Reconciliation Between Torchmark's Operating Summary and GAAP

(\$'s in thousands)

	Twelve months ended December 31, 2014			
	<u>Operating Summary</u>	<u>% of Premium</u>	<u>Adjustments</u>	<u>GAAP</u>
Premium	\$347,805		\$25,475	\$373,280
Policy Obligations	-290,341	83	-25,475	-315,816
Net Amortization of DAC	-3,585	1		-3,585
Non-def Acquisition Exp	-396	0		-396
PBM fees	<u>-26,217</u>	8	<u></u>	<u>-26,217</u>
Underwriting Margin	<u>\$27,266</u>	8	<u>\$0</u>	<u>\$27,266</u>

- (1) The amount due The Centers of Medicare & Medicaid Services (CMS) for risk sharing related to claims paid by the company in 2014. This adjustment classifies the risk sharing payments as premium instead of claims in accordance with GAAP reporting standards.