

Torchmark Corporation

Medicare Part D

Reconciliation Between Torchmark's Operating Summary and GAAP (\$'s in thousands)

	Nine months ended September 30, 2015			
	<u>Operating Summary</u>	<u>% of Premium</u>	<u>Adjustments</u>	<u>GAAP</u>
Premium	\$232,102		(\$9,322) (1)	\$222,780
Policy Obligations	(192,634)	83	(11,649) (2)	(204,283)
Net Amortization of DAC	(3,322)	1		(3,322)
Non-def Acquisition Exp	(244)	0		(244)
PBM fees	<u>(16,014)</u>	7	<u> </u>	<u>(16,014)</u>
Underwriting Margin	<u>\$19,888</u>	9	<u>(\$20,971)</u>	<u>(\$1,083)</u>

(1) Reflects a payable to The Centers of Medicare & Medicaid Services (CMS) for risk sharing related to claims paid by the company in the first nine months. This payable is not recognized in the Operating Summary because the risk sharing adjustment, if any, will be based on the 2015 contract year experience, not the experience of interim quarters.

(2) Deferral of excess benefits incurred in the earlier interim quarters to later quarters in order to more closely match the benefit cost with the associated revenue during the 2015 contract year.