

TORCHMARK CORPORATION
Operating Summary (Unaudited) for Discontinued Operations (Part D)
(In thousands, except per share amounts)

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/15	12/14		2015	2015	2015	2015	2014
		UNDERWRITING INCOME					
22,224	27,266	Underwriting Margin	2,336	9,211	5,203	5,474	4,532
<u>(6,308)</u>	<u>(5,123)</u>	Admin. Expenses	<u>(2,073)</u>	<u>(1,597)</u>	<u>(1,389)</u>	<u>(1,249)</u>	<u>(1,437)</u>
15,916	22,143	Underwriting Income	263	7,614	3,814	4,225	3,095
		EXCESS INVESTMENT INCOME					
0	0	Net Investment Income	0	0	0	0	0
904	727	Required Interest on Net Policy Liabilities	231	227	232	214	193
904	727	Total Excess Investment Income	231	227	232	214	193
<u>(194)</u>	<u>0</u>	Parent Company Expenses	<u>(194)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16,626	22,870	Pre-Tax Operating Income	300	7,841	4,046	4,439	3,288
<u>(5,819)</u>	<u>(8,005)</u>	Income Tax	<u>(105)</u>	<u>(2,744)</u>	<u>(1,416)</u>	<u>(1,554)</u>	<u>(1,151)</u>
\$10,807	\$14,865	Net Operating Income - Discontinued Operations	\$195	\$5,097	\$2,630	\$2,885	\$2,137
\$0.09	\$0.11	Per Share	\$0.00	\$0.04	\$0.02	\$0.02	\$0.02
126,757	132,640	Average Diluted Shares Outstanding	124,725	126,140	127,440	128,587	130,229

For GAAP reporting, Medicare Part D premiums are recognized evenly throughout the year when they become due, and benefit costs are incurred. Due to the design of the product, premiums are evenly distributed throughout the year, but benefit costs are higher earlier in the year. As a result, under GAAP, benefit costs can exceed premiums in the first part of the year but be less than premiums during the remainder of the year. For net operating income purposes, Torchmark defers excess benefits incurred in earlier interim periods to later periods in order to more closely match the benefit cost with the associated revenue. For the full year, the total premiums and benefits are the same under this alternative method as they are under GAAP.