

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

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/16	3/15		2016	2015	2015	2015	2015
		UNDERWRITING INCOME					
4,572	5,474	Underwriting Margin	4,572	2,336	9,211	5,203	5,474
(1,780)	(1,249)	Admin. Expenses	(1,780)	(2,073)	(1,597)	(1,389)	(1,249)
2,792	4,225	Underwriting Income	2,792	263	7,614	3,814	4,225
		EXCESS INVESTMENT INCOME					
0	0	Net Investment Income	0	0	0	0	0
247	214	Required Interest on Net Policy Liabilities	247	231	227	232	214
247	214	Total Excess Investment Income	247	231	227	232	214
0	0	Parent Company Expenses	0	(194)	0	0	0
3,039	4,439	Pre-Tax Operating Income	3,039	300	7,841	4,046	4,439
(1,063)	(1,554)	Income Tax	(1,063)	(105)	(2,744)	(1,416)	(1,554)
\$1,976	\$2,885	Net Operating Income - Discontinued Operations	\$1,976	\$195	\$5,097	\$2,630	\$2,885
\$0.02	\$0.02	Per Share	\$0.02	\$0.00	\$0.04	\$0.02	\$0.02
123,313	128,587	Average Diluted Shares Outstanding	123,313	124,725	126,140	127,440	128,587

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.