

**TORCHMARK CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Unaudited and in thousands except per share data)

	3 Months Ended June 30,		6 Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Life premium	\$548,590	\$520,038	\$1,092,741	\$1,033,380
Health premium	237,252	232,409	472,949	461,082
Other premium	13	37	25	78
Total premium	785,855	752,484	1,565,715	1,494,540
Net investment income	201,642	194,823	398,695	386,419
Realized investment gains (losses)	4,005	2,613	4,298	2,732
Other income	382	691	803	1,360
Total revenue	991,884	950,611	1,969,511	1,885,051
<b>Benefits and expenses:</b>				
Life policyholder benefits	369,342	347,364	732,202	687,065
Health policyholder benefits	153,261	151,198	306,036	299,227
Other policyholder benefits	8,882	9,754	18,220	19,799
Total policyholder benefits	531,485	508,316	1,056,458	1,006,091
Amortization of deferred acquisition costs	117,245	111,738	236,051	222,398
Commissions and premium taxes	62,854	59,132	124,456	116,237
Insurance G&A	48,413	45,474	96,881	91,425
Parent expense	2,379	2,312	4,405	4,485
Stock compensation expense	7,054	7,802	13,989	15,041
Interest expense	23,110	19,114	42,479	38,174
Total benefits and expenses	792,540	753,888	1,574,719	1,493,851
Income before income taxes	199,344	196,723	394,792	391,200
Income taxes	(60,050)	(64,196)	(121,924)	(127,895)
Discontinued Operations - Part D, net of tax	(865)	(5,417)	(10,406)	(14,547)
<b>Net income</b>	<u>\$138,429</u>	<u>\$127,110</u>	<u>\$262,462</u>	<u>\$248,758</u>
<b>Basic net income per share</b>	<u>\$1.15</u>	<u>\$1.01</u>	<u>\$2.17</u>	<u>\$1.97</u>
<b>Diluted net income per share</b>	<u>\$1.13</u>	<u>\$1.00</u>	<u>\$2.13</u>	<u>\$1.94</u>
Net income	\$138,429	\$127,110	\$262,462	\$248,758
Realized gain/loss, net of tax	(2,604)	(1,699)	(2,794)	(1,776)
Discontinued Operations - Part D adjustment, net of tax	2,923	8,047	14,440	20,062
Administrative settlements, net of tax	0	0	0	0
Legal settlement expense, net of tax	0	0	0	0
<b>Net operating income from all operations</b>	<u>\$138,748</u>	<u>\$133,458</u>	<u>\$274,108</u>	<u>\$267,044</u>
<b>Basic net operating income per share</b>	<u>\$1.15</u>	<u>\$1.06</u>	<u>\$2.27</u>	<u>\$2.11</u>
<b>Diluted net operating income per share</b>	<u>\$1.13</u>	<u>\$1.05</u>	<u>\$2.23</u>	<u>\$2.09</u>
Average shares outstanding	120,480	125,817	120,980	126,465
Diluted average shares outstanding	122,748	127,440	123,036	128,019