

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

	3 Months Ended September 30,		9 Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Life premium	\$546,415	\$518,929	\$1,639,156	\$1,552,309
Health premium	236,987	229,139	709,936	690,221
Other premium	9	41	34	119
Total premium	783,411	748,109	2,349,126	2,242,649
Net investment income	202,720	193,213	601,415	579,632
Realized investment gains (losses)	3,482	5,140	7,780	7,872
Other income	160	692	963	2,052
Total revenue	989,773	947,154	2,959,284	2,832,205
Benefits and expenses:				
Life policyholder benefits	369,546	342,196	1,101,748	1,029,261
Health policyholder benefits	153,351	149,312	459,387	448,539
Other policyholder benefits	9,255	9,648	27,475	29,447
Total policyholder benefits	532,152	501,156	1,588,610	1,507,247
Amortization of deferred acquisition costs	116,821	111,643	352,872	334,041
Commissions and premium taxes	61,153	59,918	185,609	176,155
Insurance G&A	49,505	47,169	146,386	138,594
Parent expense	1,955	2,177	6,360	6,662
Stock compensation expense	6,345	6,836	20,334	21,877
Interest expense	20,381	19,246	62,860	57,420
Total benefits and expenses	788,312	748,145	2,363,031	2,241,996
Income before income taxes	201,461	199,009	596,253	590,209
Income taxes	(59,551)	(65,151)	(181,475)	(193,046)
Discontinued Operations - Part D, net of tax	9,560	11,528	(846)	(3,019)
Net gain from sale of Part D - Discontinued Operations, net of tax	399	0	399	0
Net income	\$151,869	\$145,386	\$414,331	\$394,144
Basic net income per share	\$1.27	\$1.17	\$3.44	\$3.13
Diluted net income per share	\$1.25	\$1.15	\$3.38	\$3.09
Net income	\$151,869	\$145,386	\$414,331	\$394,144
Realized gain/loss, net of tax	(2,263)	(3,341)	(5,057)	(5,117)
Discontinued Operations - Part D adjustment, net of tax	(5,354)	(6,431)	9,086	13,631
Net gain from sale of Part D - Discontinued Operations, net of tax	(399)	0	(399)	0
Non operating legal fees, net of tax	167	0	167	0
Net operating income from all operations	\$144,020	\$135,614	\$418,128	\$402,658
Basic net operating income per share	\$1.21	\$1.09	\$3.47	\$3.20
Diluted net operating income per share	\$1.18	\$1.08	\$3.41	\$3.16
Average shares outstanding	119,481	124,458	120,477	125,789
Diluted average shares outstanding	121,911	126,140	122,687	127,403