

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

	3 Months Ended December 31,		12 Months Ended December 31,	
	2016	2015	2016	2015
Revenues:				
Life premium	\$550,177	\$520,756	\$2,189,333	\$2,073,065
Health premium	237,727	235,299	947,663	925,520
Other premium	4	16	38	135
Total premium	787,908	756,071	3,137,034	2,998,720
Net investment income	205,488	194,319	806,903	773,951
Realized investment gains (losses)	(18,463)	(16,663)	(10,683)	(8,791)
Other income	412	133	1,375	2,185
Total revenue	975,345	933,860	3,934,629	3,766,065
Benefits and expenses:				
Life policyholder benefits	377,524	345,347	1,479,272	1,374,608
Health policyholder benefits	153,338	154,071	612,725	602,610
Other policyholder benefits	9,276	9,547	36,751	38,994
Total policyholder benefits	540,138	508,965	2,128,748	2,016,212
Amortization of deferred acquisition costs	116,191	111,584	469,063	445,625
Commissions and premium taxes	63,565	61,386	249,174	237,541
Insurance G&A	50,765	47,597	197,151	186,191
Parent expense	2,227	2,341	8,587	9,003
Stock compensation expense	5,992	6,787	26,326	28,664
Interest expense	20,485	19,222	83,345	76,642
Total benefits and expenses	799,363	757,882	3,162,394	2,999,878
Income before income taxes	175,982	175,978	772,235	766,187
Income taxes	(51,170)	(56,848)	(232,645)	(249,894)
Discontinued Operations - Part D, net of tax	9,879	13,826	9,033	10,807
Net gain from sale of Part D - Discontinued Operations, net of tax	757	0	1,156	0
Net income	<u>\$135,448</u>	<u>\$132,956</u>	<u>\$549,779</u>	<u>\$527,100</u>
Basic net income per share	<u>\$1.14</u>	<u>\$1.08</u>	<u>\$4.58</u>	<u>\$4.21</u>
Diluted net income per share	<u>\$1.12</u>	<u>\$1.07</u>	<u>\$4.49</u>	<u>\$4.16</u>
Net income	\$135,448	\$132,956	\$549,779	\$527,100
Realized gain/loss, net of tax	12,001	10,831	6,944	5,714
Discontinued Operations - Part D adjustment, net of tax	(9,086)	(13,631)	0	0
Net gain from sale of Part D - Discontinued Operations, net of tax	(757)	0	(1,156)	0
Administrative settlements, net of tax	2,467	906	2,467	906
Non operating legal fees, net of tax	192	0	359	0
Net operating income from all operations	<u>\$140,265</u>	<u>\$131,062</u>	<u>\$558,393</u>	<u>\$533,720</u>
Basic net operating income per share	<u>\$1.18</u>	<u>\$1.07</u>	<u>\$4.65</u>	<u>\$4.27</u>
Diluted net operating income per share	<u>\$1.16</u>	<u>\$1.05</u>	<u>\$4.56</u>	<u>\$4.21</u>
Average shares outstanding	118,585	123,034	120,001	125,095
Diluted average shares outstanding	121,237	124,725	122,368	126,757