

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/16	12/15		2016	2016	2016	2016	2015
		UNDERWRITING INCOME					
18,539	22,224	Underwriting Margin	2,085	7,449	4,433	4,572	2,336
(5,377)	(6,308)	Admin. Expenses	(865)	(1,222)	(1,510)	(1,780)	(2,073)
13,162	15,916	Underwriting Income	1,220	6,227	2,923	2,792	263
		EXCESS INVESTMENT INCOME					
0	0	Net Investment Income	0	0	0	0	0
735	904	Required Interest on Net Policy Liabilities	0	244	244	247	231
735	904	Total Excess Investment Income	0	244	244	247	231
0	(194)	Parent Company Expenses	0	0	0	0	(194)
13,897	16,626	Pre-Tax Operating Income	1,220	6,471	3,167	3,039	300
(4,864)	(5,819)	Income Tax	(427)	(2,265)	(1,109)	(1,063)	(105)
\$9,033	\$10,807	Net Operating Income - Discontinued Operations	\$793	\$4,206	\$2,058	\$1,976	\$195
\$0.07	\$0.09	Per Share	\$0.01	\$0.03	\$0.02	\$0.02	\$0.00
122,368	126,757	Average Diluted Shares Outstanding	121,237	121,911	122,748	123,313	124,725

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.