

TORCHMARK CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)
(Amounts in thousands, except per share data)

	3 Months Ended	
	March 31,	
	2017	2016
Revenues:		
Life premium	\$575,837	\$544,151
Health premium	244,791	235,697
Other premium	<u>3</u>	<u>12</u>
Total premium	820,631	779,860
Net investment income	208,282	197,053
Realized investment gains (losses)	(5,748)	293
Other income	<u>416</u>	<u>421</u>
Total revenue	1,023,581	977,627
Benefits and expenses:		
Life policyholder benefits	391,079	362,860
Health policyholder benefits	157,751	152,775
Other policyholder benefits	<u>8,946</u>	<u>9,338</u>
Total policyholder benefits	557,776	524,973
Amortization of deferred acquisition costs	125,908	118,806
Commissions, premium taxes, non-deferred acquisition expenses	65,116	61,602
Insurance G&A	51,913	48,468
Parent expense	2,233	2,026
Stock compensation expense	8,195	6,935
Interest expense	<u>20,699</u>	<u>19,369</u>
Total benefits and expenses	831,840	782,179
Income before income taxes	191,741	195,448
Income taxes	(54,563)	(61,874)
Discontinued Operations - Part D, net of tax	<u>(3,637)</u>	<u>(9,541)</u>
Net income	<u><u>\$133,541</u></u>	<u><u>\$124,033</u></u>
Basic net income per share	<u><u>\$1.13</u></u>	<u><u>\$1.02</u></u>
Diluted net income per share	<u><u>\$1.11</u></u>	<u><u>\$1.01</u></u>
Average shares outstanding	117,770	121,481
Diluted average shares outstanding	120,430	123,313
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Reconciliation of Net Income to Net Operating Income:		
Net income	\$133,541	\$124,033
Realized gain/loss, net of tax	1,493	(190)
Discontinued Operations - Part D adjustment, net of tax	<u>3,637</u>	<u>11,517</u>
Net operating income	<u><u>\$138,671</u></u>	<u><u>\$135,360</u></u>
Basic net operating income per share	<u><u>\$1.18</u></u>	<u><u>\$1.11</u></u>
Diluted net operating income per share	<u><u>\$1.15</u></u>	<u><u>\$1.10</u></u>