

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

	3 Months Ended June 30,		6 Months Ended June 30,	
	2017	2016	2017	2016
<b>Revenues:</b>				
Life premium	\$573,836	\$548,590	\$1,149,673	\$1,092,741
Health premium	242,775	237,252	487,566	472,949
Other premium	3	13	6	25
Total premium	816,614	785,855	1,637,245	1,565,715
Net investment income	212,776	201,642	421,058	398,695
Realized investment gains (losses)	(705)	4,005	(6,453)	4,298
Other income	393	382	809	803
Total revenue	1,029,078	991,884	2,052,659	1,969,511
<b>Benefits and expenses:</b>				
Life policyholder benefits	390,859	369,342	781,938	732,202
Health policyholder benefits	156,579	153,261	314,330	306,036
Other policyholder benefits	8,977	8,882	17,923	18,220
Total policyholder benefits	556,415	531,485	1,114,191	1,056,458
Amortization of deferred acquisition costs	122,121	117,245	248,029	236,051
Commissions, premium taxes, non-deferred acquisition expenses	65,032	62,854	130,148	124,456
Insurance G&A	51,412	48,413	103,325	96,881
Parent expense	2,665	2,379	4,898	4,405
Stock compensation expense	8,351	7,054	16,546	13,989
Interest expense	21,156	23,110	41,855	42,479
Total benefits and expenses	827,152	792,540	1,658,992	1,574,719
Income before income taxes	201,926	199,344	393,667	394,792
Income taxes	(61,563)	(60,050)	(116,126)	(121,924)
Discontinued Operations - Part D, net of tax	(90)	(865)	(3,727)	(10,406)
<b>Net income</b>	<b>\$140,273</b>	<b>\$138,429</b>	<b>\$273,814</b>	<b>\$262,462</b>
<b>Basic net income per share</b>	<b>\$1.20</b>	<b>\$1.15</b>	<b>\$2.34</b>	<b>\$2.17</b>
<b>Diluted net income per share</b>	<b>\$1.18</b>	<b>\$1.13</b>	<b>\$2.29</b>	<b>\$2.13</b>
Average shares outstanding	116,647	120,480	117,205	120,980
Diluted average shares outstanding	119,097	122,748	119,760	123,036
<b>Reconciliation of Net Income to Net Operating Income:</b>				
Net income	\$140,273	\$138,429	\$273,814	\$262,462
Realized gain/loss, net of tax	458	(2,604)	1,951	(2,794)
Discontinued Operations - Part D adjustment, net of tax	90	2,923	3,727	14,440
Administrative settlements, net of tax	1,361	0	1,361	0
<b>Net operating income</b>	<b>\$142,182</b>	<b>\$138,748</b>	<b>\$280,853</b>	<b>\$274,108</b>
<b>Basic net operating income per share</b>	<b>\$1.22</b>	<b>\$1.15</b>	<b>\$2.40</b>	<b>\$2.27</b>
<b>Diluted net operating income per share</b>	<b>\$1.19</b>	<b>\$1.13</b>	<b>\$2.35</b>	<b>\$2.23</b>