

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

	3 Months Ended September 30,		9 Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Life premium	\$576,223	\$546,415	\$1,725,896	\$1,639,156
Health premium	242,991	236,987	730,557	709,936
Other premium	3	9	9	34
Total premium	819,217	783,411	2,456,462	2,349,126
Net investment income	213,872	202,720	634,930	601,415
Realized investment gains (losses)	12,595	3,482	6,142	7,780
Other income	331	160	1,140	963
Total revenue	1,046,015	989,773	3,098,674	2,959,284
Benefits and expenses:				
Life policyholder benefits	386,445	369,546	1,168,383	1,101,748
Health policyholder benefits	155,774	153,351	470,104	459,387
Other policyholder benefits	9,000	9,255	26,923	27,475
Total policyholder benefits	551,219	532,152	1,665,410	1,588,610
Amortization of deferred acquisition costs	122,334	116,821	370,363	352,872
Commissions, premium taxes, non-deferred acquisition expenses	67,863	61,153	198,011	185,609
Insurance G&A	52,426	49,505	155,751	146,386
Parent expense	2,330	1,955	7,228	6,360
Stock compensation expense	8,263	6,345	24,809	20,334
Interest expense	20,970	20,381	62,825	62,860
Total benefits and expenses	825,405	788,312	2,484,397	2,363,031
Income before income taxes	220,610	201,461	614,277	596,253
Income taxes	(67,264)	(59,551)	(183,390)	(181,475)
Discontinued Operations - Part D, net of tax	(12)	9,959	(3,739)	(447)
Net income	<u>\$153,334</u>	<u>\$151,869</u>	<u>\$427,148</u>	<u>\$414,331</u>
Basic net income per share	<u>\$1.32</u>	<u>\$1.27</u>	<u>\$3.66</u>	<u>\$3.44</u>
Diluted net income per share	<u>\$1.29</u>	<u>\$1.25</u>	<u>\$3.58</u>	<u>\$3.38</u>
Average shares outstanding	115,921	119,481	116,773	120,477
Diluted average shares outstanding	118,443	121,911	119,314	122,687
Reconciliation of Net Income to Net Operating Income:				
Net income	\$153,334	\$151,869	\$427,148	\$414,331
Realized gain/loss, net of tax	(8,186)	(2,263)	(6,235)	(5,057)
Discontinued Operations - Part D adjustment, net of tax	12	(5,753)	3,739	8,687
Administrative settlements, net of tax	0	0	1,361	0
Non-operating fees, net of tax	0	167	0	167
Guaranty fund assessment, net of tax	905	0	905	0
Net operating income	<u>\$146,065</u>	<u>\$144,020</u>	<u>\$426,918</u>	<u>\$418,128</u>
Basic net operating income per share	<u>\$1.26</u>	<u>\$1.21</u>	<u>\$3.66</u>	<u>\$3.47</u>
Diluted net operating income per share	<u>\$1.23</u>	<u>\$1.18</u>	<u>\$3.58</u>	<u>\$3.41</u>