

**TORCHMARK CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(UNAUDITED)

(Amounts in thousands, except per share data)

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 31,          |                   |
|   | 2018               | 2017              |
| <b>Revenues:</b>  |                    |                   |
| Life premium .....  | \$ 598,303         | \$ 575,837        |
| Health premium .....  | 251,798            | 244,791           |
| Other premium .....   | 5                  | 3                 |
| Total premium .....   | 850,106            | 820,631           |
| Net investment income .....   | 218,084            | 208,282           |
| Realized investment gains (losses) .....                            | 1,951              | (5,748)           |
| Other income .....  | 295                | 416               |
| Total revenue .....   | 1,070,436          | 1,023,581         |
| <b>Benefits and expenses:</b>                                       |                    |                   |
| Life policyholder benefits .....                                    | 400,581            | 391,079           |
| Health policyholder benefits .....                                  | 160,619            | 157,751           |
| Other policyholder benefits .....                                   | 8,689              | 8,946             |
| Total policyholder benefits .....                                   | 569,889            | 557,776           |
| Amortization of deferred acquisition costs .....                    | 129,620            | 125,908           |
| Commissions, premium taxes, non-deferred acquisition expenses ..... | 69,639             | 65,116            |
| Insurance G&A .....   | 55,472             | 51,913            |
| Parent expense .....  | 2,292              | 2,233             |
| Stock compensation expense .....                                    | 9,060              | 8,195             |
| Interest expense .....  | 21,622             | 20,699            |
| Total benefits and expenses .....                                   | 857,594            | 831,840           |
| Income before income taxes .....                                    | 212,842            | 191,741           |
| Income taxes .....  | (39,131)           | (54,563)          |
| Discontinued Operations - Part D, net of tax .....                  | (111)              | (3,637)           |
| <b>Net income</b> .....   | <b>\$ 173,600</b>  | <b>\$ 133,541</b> |
| <b>Basic net income per share</b> .....                             | <b>\$ 1.52</b>     | <b>\$ 1.13</b>    |
| <b>Diluted net income per share</b> .....                           | <b>\$ 1.49</b>     | <b>\$ 1.11</b>    |
| Average shares outstanding .....                                    | 114,179            | 117,770           |
| Diluted average shares outstanding .....                            | 116,750            | 120,430           |
| <b>Reconciliation of Net Income to Net Operating Income:</b>        |                    |                   |
| Net income .....  | \$ 173,600         | \$ 133,541        |
| Realized gains/losses, net of tax .....                             | (1,541)            | 1,493             |
| Discontinued operations - Part D adjustment, net of tax .....       | 111                | 3,637             |
| <b>Net operating income</b> .....                                   | <b>\$ 172,170</b>  | <b>\$ 138,671</b> |
| <b>Basic net operating income per share</b> .....                   | <b>\$ 1.51</b>     | <b>\$ 1.18</b>    |
| <b>Diluted net operating income per share</b> .....                 | <b>\$ 1.47</b>     | <b>\$ 1.15</b>    |