

**TORCHMARK CORPORATION**  
Consolidated Statement of Operations  
(Unaudited)  
(Amounts in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Life premium .....	\$ 602,534	\$ 573,836	\$ 1,200,837	\$ 1,149,673
Health premium .....	251,440	242,775	503,238	487,566
Other premium .....	5	3	10	6
Total premium .....	853,979	816,614	1,704,085	1,637,245
Net investment income .....	218,568	212,776	436,652	421,058
Realized investment gains (losses) .....	11,813	(705)	13,764	(6,453)
Other income .....	416	393	711	809
Total revenue .....	1,084,776	1,029,078	2,155,212	2,052,659
<b>Benefits and expenses:</b>				
Life policyholder benefits .....	399,334	390,859	799,915	781,938
Health policyholder benefits .....	160,461	156,579	321,080	314,330
Other policyholder benefits .....	8,582	8,977	17,271	17,923
Total policyholder benefits .....	568,377	556,415	1,138,266	1,114,191
Amortization of deferred acquisition costs .....	129,077	122,121	258,697	248,029
Commissions, premium taxes, non-deferred acquisition expenses .....	69,427	65,032	139,066	130,148
Insurance G&A .....	55,276	51,412	110,748	103,325
Parent expense .....	2,847	2,665	5,139	4,898
Stock compensation expense .....	10,497	8,351	19,557	16,546
Interest expense .....	22,411	21,156	44,033	41,855
Total benefits and expenses .....	857,912	827,152	1,715,506	1,658,992
Income before income taxes .....	226,864	201,926	439,706	393,667
Income taxes .....	(42,471)	(61,563)	(81,602)	(116,126)
Discontinued Operations - Part D, net of tax .....	32	(90)	(79)	(3,727)
<b>Net income</b> .....	<b>\$ 184,425</b>	<b>\$ 140,273</b>	<b>\$ 358,025</b>	<b>\$ 273,814</b>
<b>Basic net income per share</b> .....	<b>\$ 1.63</b>	<b>\$ 1.20</b>	<b>\$ 3.15</b>	<b>\$ 2.34</b>
<b>Diluted net income per share</b> .....	<b>\$ 1.59</b>	<b>\$ 1.18</b>	<b>\$ 3.08</b>	<b>\$ 2.29</b>
Average shares outstanding .....	113,350	116,647	113,762	117,205
Diluted average shares outstanding .....	115,651	119,097	116,197	119,760
<b>Reconciliation of Net Income to Net Operating Income:</b>				
Net income .....	\$ 184,425	\$ 140,273	\$ 358,025	\$ 273,814
Realized gains/losses, net of tax .....	(9,333)	458	(10,874)	1,951
Discontinued operations - Part D adjustment, net of tax .....	(32)	90	79	3,727
Administrative settlements, net of tax .....	—	1,361	—	1,361
<b>Net operating income</b> .....	<b>\$ 175,060</b>	<b>\$ 142,182</b>	<b>\$ 347,230</b>	<b>\$ 280,853</b>
<b>Basic net operating income per share</b> .....	<b>\$ 1.54</b>	<b>\$ 1.22</b>	<b>\$ 3.05</b>	<b>\$ 2.40</b>
<b>Diluted net operating income per share</b> .....	<b>\$ 1.51</b>	<b>\$ 1.19</b>	<b>\$ 2.99</b>	<b>\$ 2.35</b>