

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Life premium .....	\$ 605,547	\$ 576,223	\$ 1,806,384	\$ 1,725,896
Health premium .....	255,201	242,991	758,439	730,557
Other premium .....	2	3	12	9
Total premium .....	860,750	819,217	2,564,835	2,456,462
Net investment income .....	221,627	213,872	658,279	634,930
Realized investment gains (losses) .....	1,032	12,595	14,796	6,142
Other income .....	393	331	1,104	1,140
Total revenue .....	1,083,802	1,046,015	3,239,014	3,098,674
<b>Benefits and expenses:</b>				
Life policyholder benefits .....	396,701	386,445	1,196,616	1,168,383
Health policyholder benefits .....	162,574	155,774	483,654	470,104
Other policyholder benefits .....	8,581	9,000	25,852	26,923
Total policyholder benefits .....	567,856	551,219	1,706,122	1,665,410
Amortization of deferred acquisition costs .....	129,492	122,334	388,189	370,363
Commissions, premium taxes, non-deferred acquisition expenses .....	69,632	67,863	208,698	198,011
Insurance G&A .....	59,402	52,426	170,150	155,751
Parent expense .....	4,245	2,330	9,384	7,228
Stock compensation expense .....	10,412	8,263	29,969	24,809
Interest expense .....	22,433	20,970	66,466	62,825
Total benefits and expenses .....	863,472	825,405	2,578,978	2,484,397
Income before income taxes .....	220,330	220,610	660,036	614,277
Income taxes .....	(41,630)	(67,264)	(123,232)	(183,390)
Discontinued Operations - Part D, net of tax .....	24	(12)	(55)	(3,739)
<b>Net income</b> .....	<b>\$ 178,724</b>	<b>\$ 153,334</b>	<b>\$ 536,749</b>	<b>\$ 427,148</b>
<b>Basic net income per share</b> .....	<b>\$ 1.59</b>	<b>\$ 1.32</b>	<b>\$ 4.73</b>	<b>\$ 3.66</b>
<b>Diluted net income per share</b> .....	<b>\$ 1.55</b>	<b>\$ 1.29</b>	<b>\$ 4.64</b>	<b>\$ 3.58</b>
Average shares outstanding .....	112,588	115,921	113,366	116,773
Diluted average shares outstanding .....	114,974	118,443	115,785	119,314
<b>Reconciliation of Net Income to Net Operating Income:</b>				
Net income .....	\$ 178,724	\$ 153,334	\$ 536,749	\$ 427,148
Realized gains/losses, net of tax .....	(815)	(8,186)	(11,689)	(6,235)
Discontinued operations - Part D adjustment, net of tax .....	(24)	12	55	3,739
Non operating fees, net of tax .....	1,247	—	1,247	—
Administrative settlements, net of tax .....	3,590	—	3,590	1,361
Guaranty fund assessment, net of tax .....	—	905	—	905
<b>Net operating income</b> .....	<b>\$ 182,722</b>	<b>\$ 146,065</b>	<b>\$ 529,952</b>	<b>\$ 426,918</b>
<b>Basic net operating income per share</b> .....	<b>\$ 1.62</b>	<b>\$ 1.26</b>	<b>\$ 4.67</b>	<b>\$ 3.66</b>
<b>Diluted net operating income per share</b> .....	<b>\$ 1.59</b>	<b>\$ 1.23</b>	<b>\$ 4.58</b>	<b>\$ 3.58</b>