

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

	Three Months Ended	
	March 31,	
	2019	2018
Revenues:		
Life premium	\$ 624,289	\$ 598,303
Health premium	266,684	251,798
Other premium	—	5
Total premium	890,973	850,106
Net investment income	226,673	218,084
Realized gains (losses)	1,329	1,951
Other income	241	295
Total revenue	1,119,216	1,070,436
Benefits and expenses:		
Life policyholder benefits	409,692	400,581
Health policyholder benefits	170,017	160,619
Other policyholder benefits	8,048	8,689
Total policyholder benefits	587,757	569,889
Amortization of deferred acquisition costs	135,822	129,620
Commissions, premium taxes, non-deferred acquisition expenses	73,465	69,639
Insurance G&A	59,591	55,472
Parent expense	2,643	2,292
Stock compensation expense	10,559	9,060
Interest expense	21,278	21,622
Total benefits and expenses	891,115	857,594
Income before income taxes	228,101	212,842
Income taxes	(42,707)	(39,131)
Discontinued Operations - Part D, net of tax	(49)	(111)
Net income	\$ 185,345	\$ 173,600
Basic net income per share	\$ 1.68	\$ 1.52
Diluted net income per share	\$ 1.65	\$ 1.49
Average shares outstanding	110,302	114,179
Diluted average shares outstanding	112,329	116,750
Reconciliation of Net Income to Net Operating Income:		
Net income	\$ 185,345	\$ 173,600
Realized gains/losses - investments, net of tax	(1,050)	(1,541)
Discontinued operations - Part D adjustment, net of tax	49	111
Administrative settlements, net of tax	400	—
Net operating income	\$ 184,744	\$ 172,170
Basic net operating income per share	\$ 1.67	\$ 1.51
Diluted net operating income per share	\$ 1.64	\$ 1.47