

TORCHMARK CORPORATION
Management versus GAAP Measures

(Unaudited)

(Dollar amounts in millions, except per share data)

	March 31,	
	2019	2018
Net income as a ROE ⁽¹⁾	12.9%	11.5%
Net operating income as a ROE ⁽¹⁾	14.7%	14.6%
Shareholders' equity	\$ 6,043	\$ 5,820
Impact of adjustment	(969)	(1,067)
Shareholders' equity, excluding AOCI	\$ 5,074	\$ 4,753
Book value per share	\$ 54.13	\$ 50.13
Impact of adjustment	(8.68)	(9.19)
Book value per share, excluding AOCI	\$ 45.45	\$ 40.94

⁽¹⁾ ROE is calculated using average shareholders' equity for the measurement period.

Shareholder's equity, excluding net unrealized gains on fixed maturities, and book value per share, excluding net unrealized gains on fixed maturities, are non-GAAP measures that are utilized by management to view the business without the effect of unrealized gains or losses which are primarily attributable to fluctuations in interest rates on the available-for-sale portfolio. Management views the business in this manner because the Company has the ability and generally, the intent, to hold investments to maturity and meaningful trends can more easily be identified without the fluctuations. Shareholders' equity and book value per share are the most directly comparable GAAP measures.