

TORCHMARK CORPORATION
Management VS. GAAP Measures

(Unaudited)

(Dollar amounts in thousands, except per share data)

Shareholders' 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 fluctuation in interest rates associated with 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.

	June 30,	
	2019	2018
Net income as a ROE ⁽¹⁾	12.3%	12.2%
Net operating income as a ROE (excluding net unrealized gains on fixed maturities)	14.6%	14.6%
Shareholders' equity	\$ 6,700,398	\$ 5,571,609
Impact of adjustment to exclude net unrealized gains on fixed maturities	(1,533,945)	(731,707)
Shareholders' equity, excluding net unrealized gains on fixed maturities	<u>\$ 5,166,453</u>	<u>\$ 4,839,902</u>
Book value per share	\$ 60.22	\$ 48.44
Impact of adjustment to exclude net unrealized gains on fixed maturities	(13.79)	(6.36)
Book value per share, excluding net unrealized gains on fixed maturities	<u>\$ 46.43</u>	<u>\$ 42.08</u>

(1) Calculated using average shareholders' equity for the measurement period.