

TORCHMARK CORPORATION

Operating Summary (Unaudited) (In thousands, except per share amounts)

3 Months Ended			1Q	4Q	3Q	2Q	1Q
3/04	3/03		2004	2003	2003	2003	2003
		UNDERWRITING INCOME					
		Life:					
\$343,110	\$320,560	Premium	\$343,110	\$333,596	\$329,540	\$326,764	\$320,560
-149,095	-139,504	Net Policy Obligations	-149,095	-141,980	-142,580	-142,503	-139,504
-109,433	-101,753	Commissions and Acquisition Expenses	-109,433	-107,795	-105,290	-103,504	-101,753
84,582	79,303	Underwriting Margin	84,582	83,821	81,670	80,757	79,303
		Health:					
270,230	262,406	Premium	270,230	259,725	255,324	256,576	262,406
-173,948	-170,020	Net Policy Obligations	-173,948	-168,913	-164,259	-168,806	-170,020
-51,168	-49,826	Commissions and Acquisition Expenses	-51,168	-49,781	-49,590	-48,472	-49,826
45,114	42,560	Underwriting Margin	45,114	41,031	41,475	39,298	42,560
3,415	2,208	Annuity Underwriting Margin	3,415	2,801	2,969	2,629	2,208
133,111	124,071	Total Underwriting Margin	133,111	127,653	126,114	122,684	124,071
432	1,033	Other Income	432	320	403	826	1,033
-34,772	-33,512	Admin. Expenses	-34,772	-33,842	-32,721	-31,239	-33,512
98,771	91,592	Underwriting Income	98,771	94,131	93,796	92,271	91,592
		EXCESS INVESTMENT INCOME					
141,635	135,436	Net Investment Income	141,635	142,494	138,272	136,771	135,436
		Required Interest:					
-52,119	-49,776	Net Policy Liabilities	-52,119	-53,223	-51,524	-51,375	-49,776
		Financing Costs:					
-11,004	-11,137	Interest on Debt	-11,004	-10,941	-10,985	-11,065	-11,137
-2,912	-2,911	Trust Preferred Distribution	-2,912	-2,912	-2,911	-2,913	-2,911
6,679	6,438	Interest Rate Swaps	6,679	6,681	6,706	6,481	6,438
82,279	78,050	Total Excess Investment Income	82,279	82,099	79,558	77,899	78,050
-2,462	-2,561	Parent Companies	-2,462	-2,510	-2,343	-2,820	-2,561
178,588	167,081	Pre-Tax Operating Income	178,588	173,720	171,011	167,350	167,081
-61,445	-57,079	Income Tax	-61,445	-59,750	-58,719	-57,231	-57,079
\$117,143	\$110,002	Net Operating Income	\$117,143	\$113,970	\$112,292	\$110,119	\$110,002
\$1.03	\$0.93	EPS on a Diluted Basis	\$1.03	\$1.00	\$0.98	\$0.95	\$0.93
114,052	117,784	Average Diluted Shares Outstanding	114,052	113,866	114,254	115,763	117,784
\$1,141	-\$8,078	Capital Gain (Loss), Net of Tax	\$1,141	-\$497	\$1,488	-\$2,019	-\$8,078
1,230	-1,291	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	1,230	-4,425	-5,898	1,492	-1,291
0	0	Interest on Tax Refund, Net of Tax	0	3,511	0	0	0
0	0	Capital Gain (Loss), Net of Tax - Sale of Airplane	0	-525	0	0	0
-7,163	0	Change in Accounting Principle, Net of Tax	-7,163	0	0	0	0
\$112,351	\$100,633	Net Income	\$112,351	\$112,034	\$107,882	\$109,592	\$100,633

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	1Q 2004	%	1Q 2003	%	1Q 2004	%	1Q 2003	%	1Q 2004	1Q 2003
LNL Exclusive Agency										
Premium	76,579		76,067		41,757		40,530			
Net Policy Obligations	36,618	48	36,478	48	29,909	72	30,124	74		
Comm. & Acq. Exp.	23,365	31	22,411	29	7,172	17	7,347	18		
Underwriting Margin	16,596	22	17,178	23	4,676	11	3,059	8		
UA Independent										
Premium	13,063		13,012		122,807		121,620			
Net Policy Obligations	6,074	46	5,862	45	77,846	63	77,107	63		
Comm. & Acq. Exp.	5,597	43	5,555	43	22,698	18	22,499	18		
Underwriting Margin	1,392	11	1,595	12	22,263	18	22,014	18		
UA Branch Office Agency										
Premium	4,549		4,774		82,596		80,576			
Net Policy Obligations	2,270	50	2,399	50	53,770	65	52,697	65		
Comm. & Acq. Exp.	1,592	35	1,675	35	16,768	20	16,116	20		
Underwriting Margin	687	15	700	15	12,058	15	11,763	15		
Direct Response										
Premium	95,290		86,328		8,843		6,322			
Net Policy Obligations	44,852	47	40,574	47	7,100	80	5,062	80		
Comm. & Acq. Exp.	26,653	28	24,455	28	863	10	439	7		
Underwriting Margin	23,785	25	21,299	25	880	10	821	13		
American Income Agency										
Premium	84,203		74,716		14,227		13,358			
Net Policy Obligations	28,019	33	25,704	34	5,323	37	5,030	38		
Comm. & Acq. Exp.	30,833	37	27,213	36	3,667	26	3,425	26		
Underwriting Margin	25,351	30	21,799	29	5,237	37	4,903	37		
Military										
Premium	44,627		39,927							
Net Policy Obligations	21,794	49	19,079	48						
Comm. & Acq. Exp.	13,414	30	11,829	30						
Underwriting Margin	9,419	21	9,019	23						
Other Distribution										
Premium	24,799		25,736						7,071	7,507
Net Policy Obligations	9,468	38	9,408	37					-717	194
Comm. & Acq. Exp.	7,979	32	8,615	33					4,373	5,105
Underwriting Margin	7,352	30	7,713	30					3,415	2,208
Totals:										
Premium	343,110		320,560		270,230		262,406		7,071	7,507
Net Policy Obligations	149,095	43	139,504	44	173,948	64	170,020	65	-717	194
Comm. & Acq. Exp.	109,433	32	101,753	32	51,168	19	49,826	19	4,373	5,105
Underwriting Margin	84,582	25	79,303	25	45,114	17	42,560	16	3,415	2,208
TOTAL UNDERWRITING MARGINS, ALL LINES					133,111		124,071			
Other Income					432		1,033			
Administrative & Other Expenses					-34,772		-33,512			
Insurance Underwriting Income					<u>98,771</u>		<u>91,592</u>			

TORCHMARK CORPORATION

First Year Collected Premium and Annualized Premium In Force (Unaudited)
(In thousands)

FIRST YEAR COLLECTED PREMIUM

	YTD 3/04	YTD 3/03	% Incr (Decr)
LIFE			
Direct Response	\$18,318	\$15,031	22
LNL Exclusive Agency	10,270	10,317	0
American Income Agency	19,217	17,069	13
Military	6,572	5,763	14
UA Branch Office Agency	486	718	-32
UA Independent	2,519	3,103	-19
Other Distribution	1,886	1,788	5
Total Life	59,268	53,789	10
HEALTH			
Direct Response	2,938	1,249	135
LNL Exclusive Agency	2,345	2,398	-2
American Income Agency	2,843	2,645	7
UA Branch Office Agency	15,246	12,694	20
UA Independent	17,324	15,272	13
Total Health *	40,696	34,258	19
TOTAL FIRST YEAR COLLECTED PREMIUM	\$99,964	\$88,047	14
* Includes Med Supp First Year Collected Premium	\$15,169	\$17,297	-12

IN FORCE AT END OF PERIOD

	1Q 04	1Q 03	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	\$421,825	\$368,916	\$52,909	14
LNL Exclusive Agency	322,328	320,373	1,955	1
American Income Agency	350,441	310,527	39,914	13
Military	184,676	163,473	21,203	13
UA Branch Office Agency	19,418	21,343	-1,925	-9
UA Independent	55,119	57,566	-2,447	-4
Other Distribution	119,701	125,447	-5,746	-5
Total Life	1,473,508	1,367,645	105,863	8
HEALTH				
Direct Response	34,472	24,814	9,658	39
LNL Exclusive Agency	172,405	167,069	5,336	3
American Income Agency	54,981	51,108	3,873	8
UA Branch Office Agency	326,555	317,978	8,577	3
UA Independent	487,115	476,243	10,872	2
Total Health **	1,075,528	1,037,212	38,316	4
TOTAL IN FORCE	\$2,549,036	\$2,404,857	\$144,179	6
** Includes Med Supp In Force	\$682,280	\$711,020	-\$28,740	-4

TORCHMARK CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Amounts in thousands)

	At March 31,	
	2004	2003
Assets		
Investments:		
Fixed maturities available for sale *	\$8,499,227	\$7,445,817
Equity securities available for sale	61,368	24,676
Mortgage loans	114,642	121,860
Real estate	13,834	9,248
Policy loans	295,367	281,374
Other long-term investments	56,208	80,585
Short-term investments	70,324	125,401
Total investments	<u>9,110,970</u>	<u>8,088,961</u>
Cash	19,966	12,193
Accrued investment income	150,865	144,531
Other receivables	69,851	72,779
Deferred acquisition costs	2,359,046	2,211,738
Value of insurance purchased	86,686	98,494
Property and equipment	29,927	32,882
Goodwill	378,436	378,436
Other assets	12,781	12,767
Separate account assets	1,621,333	1,568,244
Total assets	<u>\$13,839,861</u>	<u>\$12,621,025</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$6,306,844	\$5,833,027
Unearned and advance premium	96,825	95,761
Policy claims and other benefits payable	251,708	250,804
Other policy liabilities	87,560	85,265
Accrued income taxes	995,281	804,834
Short-term debt	223,309	214,414
Long-term debt	701,343	702,575
Other liabilities	155,345	123,753
Separate account liabilities	1,621,333	1,568,244
Total liabilities	<u>10,439,548</u>	<u>9,678,677</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	113,784	118,784
Additional paid-in-capital	503,450	520,737
Unrealized investment gains (losses), net of tax	500,048	252,945
Retained earnings	2,372,315	2,147,314
Treasury stock, at cost	-89,284	-97,432
Total shareholders' equity	<u>3,400,313</u>	<u>2,942,348</u>
Total liabilities and shareholders' equity	<u>\$13,839,861</u>	<u>\$12,621,025</u>
Diluted Basis:		
Shares outstanding	113,815	116,413
Book value per common share	\$29.88	\$25.28
Book value per common share excluding FAS 115	\$25.49	\$23.04
* Amortized cost of fixed maturities	\$7,681,564	\$7,022,939

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

March 31, 2004

Total Fixed Maturities

	<u>3/31/04</u>	<u>3/31/03</u>
Amortized Cost	\$7,682	\$7,023
Unrealized:		
Gains	836	553
Losses	<u>-18</u>	<u>-130</u>
Market	\$8,499	\$7,446

Fixed Maturities at 3/31/04

	Amort. Cost	Unrealized			Market	Ratings
		Gains	Losses	Net		
Investment Grade	\$6,969	777	-8	769	7,738	A3/A-
Below Investment Grade	<u>712</u>	<u>59</u>	<u>-10</u>	<u>49</u>	<u>761</u>	BB3/BB-
Total	\$7,682	836	-18	818	8,499	Baa1/BBB+

Duration / Average Life:

	<u>3/31/04</u>	<u>3/31/03</u>
Duration	6.7	5.9
Average Life to:		
Worst Call	11.7	9.7
Maturity	15.1	13.7

Below Investment Grade Bonds

	<u>1Q'04</u>	<u>4Q'03</u>	<u>3Q'03</u>	<u>2Q'03</u>	<u>1Q'03</u>	<u>2002</u>
Beginning of Period	\$713	\$760	\$716	\$722	\$656	559
Purchases	0	0	0	2	0	33
Dispositions	-22	-58	-17	-47	-16	-121
Writedowns	0	0	0	0	-10	-89
Net Downgrades	<u>21</u>	<u>11</u>	<u>61</u>	<u>38</u>	<u>92</u>	<u>274</u>
End of Period	\$712	\$713	\$760	\$716	\$722	656
% of Total Invested Assets (excluding FAS 115)	8.6%	8.9%	9.6%	9.2%	9.4%	8.8%