

TORCHMARK CORPORATION

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

6 Months Ended			2Q	1Q	4Q	3Q	2Q
6/04	6/03		2004	2004	2003	2003	2003
		UNDERWRITING INCOME					
		Life:					
\$693,702	\$647,324	Premium	\$350,592	\$343,110	\$333,596	\$329,540	\$326,764
-303,975	-282,007	Net Policy Obligations	-154,880	-149,095	-141,980	-142,580	-142,503
-218,814	-205,257	Commissions and Acquisition Expenses	-109,381	-109,433	-107,795	-105,290	-103,504
<u>170,913</u>	<u>160,060</u>	Underwriting Margin	<u>86,331</u>	<u>84,582</u>	<u>83,821</u>	<u>81,670</u>	<u>80,757</u>
		Health:					
533,712	518,982	Premium	263,482	270,230	259,725	255,324	256,576
-342,605	-338,826	Net Policy Obligations	-168,657	-173,948	-168,913	-164,259	-168,806
-100,729	-98,298	Commissions and Acquisition Expenses	-49,561	-51,168	-49,781	-49,590	-48,472
<u>90,378</u>	<u>81,858</u>	Underwriting Margin	<u>45,264</u>	<u>45,114</u>	<u>41,031</u>	<u>41,475</u>	<u>39,298</u>
<u>7,009</u>	<u>4,837</u>	Annuity Underwriting Margin	<u>3,594</u>	<u>3,415</u>	<u>2,801</u>	<u>2,969</u>	<u>2,629</u>
268,300	246,755	Total Underwriting Margin	135,189	133,111	127,653	126,114	122,684
881	1,859	Other Income	449	432	320	403	826
-70,325	-64,751	Admin. Expenses	-35,553	-34,772	-33,842	-32,721	-31,239
198,856	183,863	Underwriting Income	100,085	98,771	94,131	93,796	92,271
		EXCESS INVESTMENT INCOME					
285,547	272,207	Net Investment Income	143,912	141,635	142,494	138,272	136,771
		Required Interest:					
-105,302	-101,151	Net Policy Liabilities	-53,183	-52,119	-53,223	-51,524	-51,375
		Financing Costs:					
-22,081	-22,202	Interest on Debt	-11,077	-11,004	-10,941	-10,985	-11,065
-5,824	-5,824	Trust Preferred Distribution	-2,912	-2,912	-2,912	-2,911	-2,913
<u>13,171</u>	<u>12,919</u>	Interest Rate Swaps	<u>6,492</u>	<u>6,679</u>	<u>6,681</u>	<u>6,706</u>	<u>6,481</u>
165,511	155,949	Total Excess Investment Income	83,232	82,279	82,099	79,558	77,899
-4,910	-5,381	Parent Companies	-2,448	-2,462	-2,510	-2,343	-2,820
359,457	334,431	Pre-Tax Operating Income	180,869	178,588	173,720	171,011	167,350
-123,792	-114,310	Income Tax	-62,347	-61,445	-59,750	-58,719	-57,231
\$235,665	\$220,121	Net Operating Income	\$118,522	\$117,143	\$113,970	\$112,292	\$110,119
\$2.08	\$1.88	EPS on a Diluted Basis	\$1.05	\$1.03	\$1.00	\$0.98	\$0.95
113,339	116,778	Average Diluted Shares Outstanding	112,615	114,052	113,866	114,254	115,763
\$5,012	-\$10,097	Capital Gain (Loss), Net of Tax	\$3,871	\$1,141	-\$497	\$1,488	-\$2,019
-7,605	201	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-8,835	1,230	-4,425	-5,898	1,492
3,003	0	Tax Settlements, Net of Tax	3,003	0	3,511	0	0
0	0	Capital Gain (Loss), Net of Tax - Sale of Airplane	0	0	-525	0	0
-7,163	0	Change in Accounting Principle, Net of Tax	0	-7,163	0	0	0
<u>\$228,912</u>	<u>\$210,225</u>	Net Income	<u>\$116,561</u>	<u>\$112,351</u>	<u>\$112,034</u>	<u>\$107,882</u>	<u>\$109,592</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	2Q 2004	%	2Q 2003	%	2Q 2004	%	2Q 2003	%	2Q 2004	2Q 2003
LNL Exclusive Agency										
Premium	76,685		76,741		41,178		40,256			
Net Policy Obligations	36,910	48	37,554	49	28,621	70	32,169	80		
Comm. & Acq. Exp.	<u>22,169</u>	29	<u>23,301</u>	30	<u>6,614</u>	16	<u>7,087</u>	18		
Underwriting Margin	<u>17,606</u>	23	<u>15,886</u>	21	<u>5,943</u>	14	<u>1,000</u>	2		
UA Independent										
Premium	12,717		13,209		118,468		117,325			
Net Policy Obligations	6,111	48	6,017	46	75,000	63	74,385	63		
Comm. & Acq. Exp.	<u>5,523</u>	43	<u>5,618</u>	43	<u>22,025</u>	19	<u>21,709</u>	19		
Underwriting Margin	<u>1,083</u>	9	<u>1,574</u>	12	<u>21,443</u>	18	<u>21,231</u>	18		
UA Branch Office Agency										
Premium	4,534		4,736		80,663		78,495			
Net Policy Obligations	2,361	52	2,320	49	52,603	65	51,335	65		
Comm. & Acq. Exp.	<u>1,601</u>	35	<u>1,680</u>	35	<u>16,282</u>	20	<u>15,700</u>	20		
Underwriting Margin	<u>572</u>	13	<u>736</u>	16	<u>11,778</u>	15	<u>11,460</u>	15		
Direct Response										
Premium	98,325		87,854		8,398		6,707			
Net Policy Obligations	47,058	48	41,817	48	6,735	80	5,375	80		
Comm. & Acq. Exp.	<u>26,338</u>	27	<u>24,496</u>	28	<u>871</u>	10	<u>555</u>	8		
Underwriting Margin	<u>24,929</u>	25	<u>21,541</u>	25	<u>792</u>	9	<u>777</u>	12		
American Income Agency										
Premium	86,694		77,153		14,775		13,793			
Net Policy Obligations	29,185	34	25,920	34	5,698	39	5,542	40		
Comm. & Acq. Exp.	<u>31,537</u>	36	<u>27,914</u>	36	<u>3,769</u>	26	<u>3,421</u>	25		
Underwriting Margin	<u>25,972</u>	30	<u>23,319</u>	30	<u>5,308</u>	36	<u>4,830</u>	35		
Military										
Premium	46,109		40,958							
Net Policy Obligations	22,212	48	18,838	46						
Comm. & Acq. Exp.	<u>13,857</u>	30	<u>12,176</u>	30						
Underwriting Margin	<u>10,040</u>	22	<u>9,944</u>	24						
Other Distribution										
Premium	25,528		26,113						6,961	8,126
Net Policy Obligations	11,043	43	10,037	38					-1,064	236
Comm. & Acq. Exp.	<u>8,356</u>	33	<u>8,319</u>	32					<u>4,431</u>	<u>5,261</u>
Underwriting Margin	<u>6,129</u>	24	<u>7,757</u>	30					<u>3,594</u>	<u>2,629</u>
Totals:										
Premium	350,592		326,764		263,482		256,576		6,961	8,126
Net Policy Obligations	154,880	44	142,503	44	168,657	64	168,806	66	-1,064	236
Comm. & Acq. Exp.	<u>109,381</u>	31	<u>103,504</u>	32	<u>49,561</u>	19	<u>48,472</u>	19	<u>4,431</u>	<u>5,261</u>
Underwriting Margin	<u>86,331</u>	25	<u>80,757</u>	25	<u>45,264</u>	17	<u>39,298</u>	15	<u>3,594</u>	<u>2,629</u>
TOTAL UNDERWRITING MARGINS, ALL LINES					135,189		122,684			
Other Income					449		826			
Administrative & Other Expenses					<u>-35,553</u>		<u>-31,239</u>			
Insurance Underwriting Income					<u>100,085</u>		<u>92,271</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 6/04	%	YTD 6/03	%	YTD 6/04	%	YTD 6/03	%	YTD 6/04	YTD 6/03
LNL Exclusive Agency										
Premium	153,264		152,808		82,935		80,786			
Net Policy Obligations	73,528	48	74,032	48	58,530	71	62,293	77		
Comm. & Acq. Exp.	<u>45,534</u>	30	<u>45,712</u>	30	<u>13,786</u>	17	<u>14,434</u>	18		
Underwriting Margin	34,202	22	33,064	22	10,619	13	4,059	5		
UA Independent										
Premium	25,780		26,221		241,275		238,945			
Net Policy Obligations	12,185	47	11,879	45	152,846	63	151,492	63		
Comm. & Acq. Exp.	<u>11,120</u>	43	<u>11,173</u>	43	<u>44,723</u>	19	<u>44,208</u>	19		
Underwriting Margin	2,475	10	3,169	12	43,706	18	43,245	18		
UA Branch Office Agency										
Premium	9,083		9,510		163,259		159,071			
Net Policy Obligations	4,631	51	4,719	50	106,373	65	104,032	65		
Comm. & Acq. Exp.	<u>3,193</u>	35	<u>3,355</u>	35	<u>33,050</u>	20	<u>31,816</u>	20		
Underwriting Margin	1,259	14	1,436	15	23,836	15	23,223	15		
Direct Response										
Premium	193,615		174,182		17,241		13,029			
Net Policy Obligations	91,910	47	82,391	47	13,835	80	10,437	80		
Comm. & Acq. Exp.	<u>52,991</u>	27	<u>48,951</u>	28	<u>1,734</u>	10	<u>994</u>	8		
Underwriting Margin	48,714	25	42,840	25	1,672	10	1,598	12		
American Income Agency										
Premium	170,897		151,869		29,002		27,151			
Net Policy Obligations	57,204	33	51,624	34	11,021	38	10,572	39		
Comm. & Acq. Exp.	<u>62,370</u>	36	<u>55,127</u>	36	<u>7,436</u>	26	<u>6,846</u>	25		
Underwriting Margin	51,323	30	45,118	30	10,545	36	9,733	36		
Military										
Premium	90,736		80,885							
Net Policy Obligations	44,006	48	37,917	47						
Comm. & Acq. Exp.	<u>27,271</u>	30	<u>24,005</u>	30						
Underwriting Margin	19,459	21	18,963	23						
Other Distribution										
Premium	50,327		51,849						14,032	15,633
Net Policy Obligations	20,511	41	19,445	38					-1,781	430
Comm. & Acq. Exp.	<u>16,335</u>	32	<u>16,934</u>	33					<u>8,804</u>	<u>10,366</u>
Underwriting Margin	13,481	27	15,470	30					7,009	4,837
Totals:										
Premium	693,702		647,324		533,712		518,982		14,032	15,633
Net Policy Obligations	303,975	44	282,007	44	342,605	64	338,826	65	-1,781	430
Comm. & Acq. Exp.	<u>218,814</u>	32	<u>205,257</u>	32	<u>100,729</u>	19	<u>98,298</u>	19	<u>8,804</u>	<u>10,366</u>
Underwriting Margin	170,913	25	160,060	25	90,378	17	81,858	16	7,009	4,837
TOTAL UNDERWRITING MARGINS, ALL LINES					268,300		246,755			
Other Income					881		1,859			
Administrative & Other Expenses					<u>-70,325</u>		<u>-64,751</u>			
Insurance Underwriting Income					<u>198,856</u>		<u>183,863</u>			

TORCHMARK CORPORATION

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

FIRST YEAR COLLECTED PREMIUM

	YTD 6/04	YTD 6/03	% Incr (Decr)	2nd Qtr. 2004	2nd Qtr. 2003	% Incr (Decr)
LIFE						
Direct Response	\$37,622	\$30,374	24	\$19,304	\$15,343	26
LNL Exclusive Agency	20,646	20,771	-1	10,376	10,454	1
American Income Agency	38,914	34,906	11	19,697	17,837	10
Military	13,510	11,717	15	6,938	5,954	17
UA Branch Office Agency	971	1,311	-26	485	593	-18
UA Independent	4,573	6,263	-27	2,054	3,160	-35
Other Distribution	3,943	3,576	10	2,057	1,788	15
Total Life	<u>120,179</u>	<u>108,918</u>	<u>10</u>	<u>60,911</u>	<u>55,129</u>	<u>10</u>
HEALTH						
Direct Response	5,308	2,977	78	2,370	1,728	37
LNL Exclusive Agency	4,915	4,712	4	2,570	2,314	11
American Income Agency	6,007	5,615	7	3,164	2,970	7
UA Branch Office Agency	31,764	25,740	23	16,518	13,046	27
UA Independent	35,336	30,736	15	18,012	15,464	16
Total Health *	<u>83,330</u>	<u>69,780</u>	<u>19</u>	<u>42,634</u>	<u>35,522</u>	<u>20</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$203,509	\$178,698	14	\$103,545	\$90,651	14
* Includes Med Supp First Year Collected Premium	\$29,551	\$33,615	-12	\$14,382	\$16,318	-12

IN FORCE AT END OF PERIOD

	2Q 04	2Q 03	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	\$435,768	\$382,946	\$52,822	14
LNL Exclusive Agency	322,885	321,139	1,746	1
American Income Agency	359,225	323,243	35,982	11
Military	190,748	168,817	21,931	13
UA Branch Office Agency	19,269	20,446	-1,177	-6
UA Independent	53,912	58,777	-4,865	-8
Other Distribution	119,027	123,658	-4,631	-4
Total Life	<u>1,500,834</u>	<u>1,399,026</u>	<u>101,808</u>	<u>7</u>
HEALTH				
Direct Response	35,948	29,717	6,231	21
LNL Exclusive Agency	168,585	164,025	4,560	3
American Income Agency	54,531	52,431	2,100	4
UA Branch Office Agency	327,930	319,739	8,191	3
UA Independent	485,423	477,992	7,431	2
Total Health **	<u>1,072,417</u>	<u>1,043,904</u>	<u>28,513</u>	<u>3</u>
TOTAL IN FORCE	\$2,573,251	\$2,442,930	\$130,321	5
** Includes Med Supp In Force	\$668,828	\$706,105	-\$37,277	-5

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

	At June 30,	
	2004	2003
Assets		
Investments:		
Fixed maturities available for sale *	\$8,135,740	\$7,792,110
Equity securities available for sale	34,177	60,732
Mortgage loans	107,083	123,425
Real estate	13,313	14,771
Policy loans	298,797	285,876
Other long-term investments	34,860	80,543
Short-term investments	32,304	126,352
Total investments	8,656,274	8,483,809
Cash	5,142	7,667
Accrued investment income	147,428	135,321
Other receivables	86,249	74,588
Deferred acquisition costs	2,436,008	2,237,869
Value of insurance purchased	83,289	95,162
Property and equipment	29,665	32,804
Goodwill	378,436	378,436
Other assets	12,708	23,557
Separate account assets	1,597,916	1,632,317
Total assets	\$13,433,115	\$13,101,530
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$6,415,658	\$5,974,712
Unearned and advance premium	96,760	97,278
Policy claims and other benefits payable	259,570	246,232
Other policy liabilities	88,263	85,642
Accrued income taxes	865,819	924,674
Short-term debt	154,327	133,462
Long-term debt	693,574	703,331
Other liabilities	107,721	121,108
Separate account liabilities	1,597,916	1,632,317
Total liabilities	10,279,608	9,918,756
Shareholders' equity:		
Preferred stock	0	0
Common stock	113,784	118,784
Additional paid-in-capital	504,807	521,202
Unrealized investment gains (losses), net of tax	240,160	451,744
Retained earnings	2,475,128	2,246,170
Treasury stock, at cost	-180,372	-155,126
Total shareholders' equity	3,153,507	3,182,774
Total liabilities and shareholders' equity	\$13,433,115	\$13,101,530
Diluted Basis:		
Shares outstanding	112,034	114,948
Book value per common share	\$28.15	\$27.69
Book value per common share excluding FAS 115	\$26.00	\$23.79
* Amortized cost of fixed maturities	\$7,742,931	\$7,057,873

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

June 30, 2004

Total Fixed Maturities

	<u>6/30/04</u>	<u>6/30/03</u>
Amortized Cost	\$7,743	\$7,058
Unrealized:		
Gains	483	788
Losses	<u>-90</u>	<u>-54</u>
Market	\$8,136	\$7,792

Fixed Maturities at 6/30/04

	<u>Amort. Cost</u>	<u>Unrealized</u>			<u>Market</u>	<u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$7,011	443	-69	374	7,384	A3/A-
Below Investment Grade	<u>732</u>	<u>40</u>	<u>-21</u>	<u>19</u>	<u>752</u>	BB3/BB-
Total	\$7,743	483	-90	393	8,136	Baa1/BBB+

Fixed Maturity Acquisitions:

	<u>2Q'04</u>	<u>2Q'03</u>
Amount	\$256	\$262
Yield	6.6%	6.1%
Ratings	Baa1/BBB+	A3/A-

Duration / Average Life of Portfolio:

	<u>6/30/04</u>	<u>6/30/03</u>
Duration	6.6	6.2
Average Life to:		
Worst Call	12.0	10.0
Maturity	15.2	13.8