

TORCHMARK CORPORATION

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

12 Months Ended			4Q	3Q	2Q	1Q	4Q
12/04	12/03		2004	2004	2004	2004	2003
		UNDERWRITING INCOME					
		Life:					
\$1,395,490	\$1,310,460	Premium	\$351,974	\$349,814	\$350,592	\$343,110	\$333,596
-600,889	-566,567	Net Policy Obligations	-146,433	-150,481	-154,880	-149,095	-141,980
-442,424	-418,342	Commissions and Acquisition Expenses	-113,196	-110,414	-109,381	-109,433	-107,795
<u>352,177</u>	<u>325,551</u>	Underwriting Margin	<u>92,345</u>	<u>88,919</u>	<u>86,331</u>	<u>84,582</u>	<u>83,821</u>
		Health:					
1,048,666	1,034,031	Premium	255,324	259,630	263,482	270,230	259,725
-678,143	-671,998	Net Policy Obligations	-166,702	-168,836	-168,657	-173,948	-168,913
-195,941	-197,669	Commissions and Acquisition Expenses	-48,557	-46,655	-49,561	-51,168	-49,781
<u>174,582</u>	<u>164,364</u>	Underwriting Margin	<u>40,065</u>	<u>44,139</u>	<u>45,264</u>	<u>45,114</u>	<u>41,031</u>
<u>13,964</u>	<u>10,607</u>	Annuity Underwriting Margin	<u>3,776</u>	<u>3,179</u>	<u>3,594</u>	<u>3,415</u>	<u>2,801</u>
540,723	500,522	Total Underwriting Margin	136,186	136,237	135,189	133,111	127,653
1,833	2,582	Other Income	516	436	449	432	320
-141,620	-131,314	Admin. Expenses	-36,009	-35,286	-35,553	-34,772	-33,842
400,936	371,790	Underwriting Income	100,693	101,387	100,085	98,771	94,131
		EXCESS INVESTMENT INCOME					
576,675	552,973	Net Investment Income	145,963	145,165	143,912	141,635	142,494
		Required Interest:					
-213,320	-205,898	Net Policy Liabilities	-54,110	-53,908	-53,183	-52,119	-53,223
		Net Financing Costs:					
-56,131	-55,775	Interest on Debt	-14,261	-13,965	-13,989	-13,916	-13,853
<u>23,319</u>	<u>26,306</u>	Interest Rate Swaps	<u>3,548</u>	<u>6,600</u>	<u>6,492</u>	<u>6,679</u>	<u>6,681</u>
330,543	317,606	Total Excess Investment Income	81,140	83,892	83,232	82,279	82,099
-9,575	-10,234	Parent Companies	-2,556	-2,109	-2,448	-2,462	-2,510
721,904	679,162	Pre-Tax Operating Income	179,277	183,170	180,869	178,588	173,720
-248,472	-232,779	Income Tax	-61,552	-63,128	-62,347	-61,445	-59,750
\$473,432	\$446,383	Net Operating Income	\$117,725	\$120,042	\$118,522	\$117,143	\$113,970
\$4.23	\$3.87	EPS on a Diluted Basis	\$1.07	\$1.08	\$1.05	\$1.03	\$1.00
111,908	115,377	Average Diluted Shares Outstanding	110,061	110,938	112,615	114,052	113,866
\$4,615	-\$9,106	Capital Gain (Loss), Net of Tax	-\$1,098	\$701	\$3,871	\$1,141	-\$497
-5,332	-10,122	Capital Gain (Loss), Net of Tax - Interest Rate Swaps	-1,116	3,389	-8,835	1,230	-4,425
3,003	0	Tax Refund, Net of Tax	0	0	3,003	0	0
0	3,511	Interest on Tax Settlement, Net of Tax	0	0	0	0	3,511
0	-525	Capital Gain (Loss), Net of Tax - Sale of Airplane	0	0	0	0	-525
-7,163	0	Change in Accounting Principle, Net of Tax	0	0	0	-7,163	0
<u>\$468,555</u>	<u>\$430,141</u>	Net Income	<u>\$115,511</u>	<u>\$124,132</u>	<u>\$116,561</u>	<u>\$112,351</u>	<u>\$112,034</u>

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	4Q 2004	%	4Q 2003	%	4Q 2004	%	4Q 2003	%	4Q 2004	4Q 2003
LNL Exclusive Agency										
Premium	75,284		75,535		40,311		41,558			
Net Policy Obligations	32,851	44	34,431	46	30,332	75	31,433	76		
Comm. & Acq. Exp.	<u>21,518</u>	29	<u>23,609</u>	31	<u>6,454</u>	16	<u>7,571</u>	18		
Underwriting Margin	20,915	28	17,495	23	3,525	9	2,554	6		
UA Independent										
Premium	11,882		13,133		112,195		117,135			
Net Policy Obligations	5,683	48	6,513	50	70,884	63	74,181	63		
Comm. & Acq. Exp.	<u>5,327</u>	45	<u>5,492</u>	42	<u>20,953</u>	19	<u>21,749</u>	19		
Underwriting Margin	872	7	1,128	9	20,358	18	21,205	18		
UA Branch Office Agency										
Premium	4,325		4,537		78,812		78,736			
Net Policy Obligations	2,450	57	2,230	49	51,364	65	51,349	65		
Comm. & Acq. Exp.	<u>1,506</u>	35	<u>1,516</u>	33	<u>16,306</u>	21	<u>15,895</u>	20		
Underwriting Margin	369	9	791	17	11,142	14	11,492	15		
Direct Response										
Premium	96,691		88,401		8,678		7,985			
Net Policy Obligations	43,786	45	41,282	47	6,919	80	5,936	74		
Comm. & Acq. Exp.	<u>28,567</u>	30	<u>25,038</u>	28	<u>842</u>	10	<u>941</u>	12		
Underwriting Margin	24,338	25	22,081	25	917	11	1,108	14		
American Income Agency										
Premium	90,364		83,064		15,328		14,311			
Net Policy Obligations	30,448	34	28,145	34	7,203	47	6,014	42		
Comm. & Acq. Exp.	<u>32,874</u>	36	<u>30,221</u>	36	<u>4,002</u>	26	<u>3,625</u>	25		
Underwriting Margin	27,042	30	24,698	30	4,123	27	4,672	33		
Military										
Premium	48,296		43,278							
Net Policy Obligations	21,225	44	19,959	46						
Comm. & Acq. Exp.	<u>15,144</u>	31	<u>13,395</u>	31						
Underwriting Margin	11,927	25	9,924	23						
Other Distribution										
Premium	25,132		25,648						7,167	8,325
Net Policy Obligations	9,990	40	9,420	37					-756	197
Comm. & Acq. Exp.	<u>8,260</u>	33	<u>8,524</u>	33					4,147	5,327
Underwriting Margin	6,882	27	7,704	30					3,776	2,801
Totals:										
Premium	351,974		333,596		255,324		259,725		7,167	8,325
Net Policy Obligations	146,433	42	141,980	43	166,702	65	168,913	65	-756	197
Comm. & Acq. Exp.	<u>113,196</u>	32	<u>107,795</u>	32	<u>48,557</u>	19	<u>49,781</u>	19	4,147	5,327
Underwriting Margin	92,345	26	83,821	25	40,065	16	41,031	16	3,776	2,801
TOTAL UNDERWRITING MARGINS, ALL LINES					136,186		127,653			
Other Income					516		320			
Administrative & Other Expenses					<u>-36,009</u>		<u>-33,842</u>			
Insurance Underwriting Income					<u>100,693</u>		<u>94,131</u>			

TORCHMARK CORPORATION

Insurance Operations (Unaudited)
(In thousands)

	LIFE				HEALTH				ANNUITY	
	YTD 12/04	%	YTD 12/03	%	YTD 12/04	%	YTD 12/03	%	YTD 12/04	YTD 12/03
LNL Exclusive Agency										
Premium	303,965		304,406		163,981		163,921			
Net Policy Obligations	141,336	46	143,864	47	118,823	72	124,836	76		
Comm. & Acq. Exp.	<u>88,947</u>	29	<u>92,846</u>	31	<u>26,498</u>	16	<u>29,549</u>	18		
Underwriting Margin	73,682	24	67,696	22	18,660	11	9,536	6		
UA Independent										
Premium	49,834		52,645		468,319		469,939			
Net Policy Obligations	23,663	47	24,686	47	297,226	63	296,860	63		
Comm. & Acq. Exp.	<u>21,801</u>	44	<u>22,370</u>	42	<u>85,142</u>	18	<u>87,022</u>	19		
Underwriting Margin	4,370	9	5,589	11	85,951	18	86,057	18		
UA Branch Office Agency										
Premium	17,838		18,674		322,279		316,017			
Net Policy Obligations	9,550	54	9,282	50	209,997	65	205,430	65		
Comm. & Acq. Exp.	<u>6,232</u>	35	<u>6,445</u>	35	<u>65,654</u>	20	<u>64,451</u>	20		
Underwriting Margin	2,056	12	2,947	16	46,628	14	46,136	15		
Direct Response										
Premium	387,006		350,317		34,568		28,385			
Net Policy Obligations	181,117	47	165,270	47	27,266	79	22,281	78		
Comm. & Acq. Exp.	<u>109,077</u>	28	<u>98,563</u>	28	<u>3,446</u>	10	<u>2,618</u>	9		
Underwriting Margin	96,812	25	86,484	25	3,856	11	3,486	12		
American Income Agency										
Premium	349,686		314,849		59,519		55,769			
Net Policy Obligations	116,968	33	107,145	34	24,831	42	22,591	41		
Comm. & Acq. Exp.	<u>127,049</u>	36	<u>114,433</u>	36	<u>15,201</u>	26	<u>14,029</u>	25		
Underwriting Margin	105,669	30	93,271	30	19,487	33	19,149	34		
Military										
Premium	186,555		166,299							
Net Policy Obligations	87,582	47	76,963	46						
Comm. & Acq. Exp.	<u>56,804</u>	30	<u>50,035</u>	30						
Underwriting Margin	42,169	23	39,301	24						
Other Distribution										
Premium	100,606		103,270						27,744	31,292
Net Policy Obligations	40,673	40	39,357	38					-3,492	330
Comm. & Acq. Exp.	<u>32,514</u>	32	<u>33,650</u>	33					<u>17,272</u>	<u>20,355</u>
Underwriting Margin	27,419	27	30,263	29					13,964	10,607
Totals:										
Premium	1,395,490		1,310,460		1,048,666		1,034,031		27,744	31,292
Net Policy Obligations	600,889	43	566,567	43	678,143	65	671,998	65	-3,492	330
Comm. & Acq. Exp.	<u>442,424</u>	32	<u>418,342</u>	32	<u>195,941</u>	19	<u>197,669</u>	19	<u>17,272</u>	<u>20,355</u>
Underwriting Margin	352,177	25	325,551	25	174,582	17	164,364	16	13,964	10,607
TOTAL UNDERWRITING MARGINS, ALL LINES					540,723		500,522			
Other Income					1,833		2,582			
Administrative & Other Expenses					<u>-141,620</u>		<u>-131,314</u>			
Insurance Underwriting Income					<u>400,936</u>		<u>371,790</u>			

TORCHMARK CORPORATION

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

FIRST YEAR COLLECTED PREMIUM

	YTD 12/04	YTD 12/03	% Incr (Decr)	4th Qtr. 2004	4th Qtr. 2003	% Incr (Decr)
LIFE						
Direct Response	\$74,220	\$62,580	19	\$18,064	\$16,349	10
LNL Exclusive Agency	39,724	40,459	-2	9,282	9,686	-4
American Income Agency	76,777	72,803	5	18,789	19,438	-3
Military	27,426	24,273	13	6,874	6,397	7
UA Branch Office Agency	1,897	2,278	-17	454	467	-3
UA Independent	7,647	12,045	-37	1,398	2,770	-50
Other Distribution	7,930	7,198	10	1,950	1,886	3
Total Life	<u>235,621</u>	<u>221,636</u>	<u>6</u>	<u>56,811</u>	<u>56,993</u>	<u>0</u>
HEALTH						
Direct Response	8,862	8,077	10	1,552	2,829	-45
LNL Exclusive Agency	9,784	9,321	5	2,412	2,323	4
American Income Agency	12,781	12,119	5	3,320	3,225	3
UA Branch Office Agency	64,639	54,300	19	16,214	14,906	9
UA Independent	68,916	62,496	10	16,099	16,298	-1
Total Health *	<u>164,982</u>	<u>146,313</u>	<u>13</u>	<u>39,597</u>	<u>39,581</u>	<u>0</u>
TOTAL FIRST YEAR COLLECTED PREMIUM	\$400,603	\$367,949	9	\$96,408	\$96,574	0
* Includes Med Supp First Year Collected Premium	\$55,338	\$64,681	-14	\$12,411	\$15,812	-22

IN FORCE AT END OF PERIOD

	4Q 04	4Q 03	\$ Incr (Decr)	% Incr (Decr)
LIFE				
Direct Response	\$442,997	\$404,963	\$38,034	9
LNL Exclusive Agency	317,897	321,176	-3,279	-1
American Income Agency	376,595	346,982	29,613	9
Military	198,601	179,027	19,574	11
UA Branch Office Agency	18,829	19,715	-886	-4
UA Independent	50,975	56,891	-5,916	-10
Other Distribution	117,441	120,536	-3,095	-3
Total Life	<u>1,523,335</u>	<u>1,449,290</u>	<u>74,045</u>	<u>5</u>
HEALTH				
Direct Response	36,550	33,256	3,294	10
LNL Exclusive Agency	165,445	172,106	-6,661	-4
American Income Agency	58,550	55,421	3,129	6
UA Branch Office Agency	324,467	322,428	2,039	1
UA Independent	471,439	481,217	-9,778	-2
Total Health **	<u>1,056,451</u>	<u>1,064,428</u>	<u>-7,977</u>	<u>-1</u>
TOTAL IN FORCE	\$2,579,786	\$2,513,718	\$66,068	3
** Includes Med Supp In Force	\$642,228	\$687,489	-\$45,261	-7

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

	<u>At December 31,</u>	
	<u>2004</u>	<u>2003</u>
Assets		
Investments:		
Fixed maturities available for sale *	\$8,714,698	\$8,102,810
Equity securities available for sale	36,893	57,364
Mortgage loans	32,832	115,411
Real estate	13,676	14,774
Policy loans	304,980	294,108
Other long-term investments	41,148	53,577
Short-term investments	88,212	51,648
Total investments	<u>9,232,439</u>	<u>8,689,692</u>
Cash	10,651	12,706
Securities lending collateral	172,599	0
Accrued investment income	153,248	142,719
Other receivables	73,408	85,369
Deferred acquisition costs	2,506,216	2,330,010
Value of insurance purchased	77,116	89,849
Property and equipment	29,489	29,835
Goodwill	378,436	378,436
Other assets	24,304	13,009
Separate account assets	1,594,278	1,693,900
Total assets	<u>\$14,252,184</u>	<u>\$13,465,525</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits	\$6,616,848	\$6,204,226
Unearned and advance premium	93,073	96,628
Policy claims and other benefits payable	265,655	248,937
Other policy liabilities	88,147	86,878
Accrued income taxes	993,540	905,126
Securities lending obligation	172,599	0
Short-term debt	170,354	182,448
Long-term debt	694,685	698,042
Other liabilities	143,161	109,241
Separate account liabilities	1,594,278	1,693,900
Total liabilities	<u>10,832,340</u>	<u>10,225,426</u>
Shareholders' equity:		
Preferred stock	0	0
Common stock	108,784	113,784
Additional paid-in-capital	484,886	501,034
Unrealized investment gains (losses), net of tax	405,916	393,052
Retained earnings	2,462,513	2,273,448
Treasury stock, at cost	-42,255	-41,219
Total shareholders' equity	<u>3,419,844</u>	<u>3,240,099</u>
Total liabilities and shareholders' equity	<u>\$14,252,184</u>	<u>\$13,465,525</u>
Diluted Basis:		
Shares outstanding	110,075	113,887
Book value per common share	\$31.07	\$28.45
Book value per common share excluding FAS 115	\$27.45	\$25.06
* Amortized cost of fixed maturities	\$8,065,402	\$7,472,003

TORCHMARK CORPORATION

Fixed Maturities

(Millions of \$)

December 31, 2004

Total Fixed Maturities

	<u>12/31/04</u>	<u>12/31/03</u>
Amortized Cost	\$8,065	\$7,472
Unrealized:		
Gains	670	669
Losses	<u>-21</u>	<u>-39</u>
Market	\$8,715	\$8,103

Fixed Maturities at 12/31/04

	Amort. Cost	<u>Unrealized</u>			<u>Market</u>	(1) <u>Ratings</u>
		<u>Gains</u>	<u>Losses</u>	<u>Net</u>		
Investment Grade	\$7,395	615	-10	605	8,000	A-
Below Investment Grade	<u>670</u>	<u>55</u>	<u>-11</u>	<u>44</u>	<u>714</u>	BB-
Total	\$8,065	670	-21	649	8,715	BBB+

Fixed Maturity Acquisitions:

	<u>4Q'04</u>	<u>4Q'03</u>
Amount	\$325	\$350
Yield	6.5%	6.5%
Ratings (1)	A-	BBB+

Average Life of Portfolio:

	<u>12/31/04</u>	<u>12/31/03</u>
To Worst Call	12.7	11.3

(1) Bloomberg Composite Rating, which is generally the lower of Moody's or S&P.