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

3 Months	s Ended		1Q	4Q	3Q	2Q	1Q
3/05	3/04		2005	2004	2004	2004	2004
		UNDERWRITING INCOME Life:					
\$363,283	\$343,110	Premium	\$363,283	\$351,974	\$349,814	\$350,592	\$343,110
-157,342	-149,095	Net Policy Obligations	-157,342	-146,433	-150,481	-154,880	-149,095
-113,174	-109,433	Commissions and Acquisition Expenses	-113,174	-113,196	-110,414	-109,381	-109,433
92,767	84,582	Underwriting Margin	92,767	92,345	88,919	86,331	84,582
		Health:					
267,310	270,230	Premium	267,310	255,324	259,630	263,482	270,230
-172,167	-173,948	Net Policy Obligations	-172,167	-166,702	-168,836	-168,657	-173,948
-49,687	-51,168	Commissions and Acquisition Expenses	-49,687	-48,557	-46,655	-49,561	-51,168
45,456	45,114	Underwriting Margin	45,456	40,065	44,139	45,264	45,114
2,938	3,415	Annuity Underwriting Margin	2,938	3,776	3,179	3,594	3,415
141,161	133,111	Total Underwriting Margin	141,161	136,186	136,237	135,189	133,111
606	432	Other Income	606	516	436	449	432
-36,134	-34,772	Admin. Expenses	-36,134	-36,009	-35,286	-35,553	-34,772
105,633	98,771	Underwriting Income	105,633	100,693	101,387	100,085	98,771
		EXCESS INVESTMENT INCOME					
149,086	141,635	Net Investment Income	149,086	145,963	145,165	143,912	141,635
		Required Interest:					
-54,909	-52,119	Net Policy Liabilities	-54,909	-54,110	-53,908	-53,183	-52,119
- ,	- , -	Net Financing Costs:	- ,	- , -		,	-, -
-14,646	-13,916	Interest on Debt	-14,646	-14,261	-13,965	-13,989	-13,916
2,864	6,679	Interest Rate Swaps	2,864	3,548	6,600	6,492	6,679
82,395	82,279	Total Excess Investment Income	82,395	81,140	83,892	83,232	82,279
-2,899	-2,462	Parent Companies	-2,899	-2,556	-2,109	-2,448	-2,462
185,129	178,588	Pre-Tax Operating Income	185,129	179,277	183,170	180,869	178,588
103,123	170,000		100,120	110,211	100,170	100,000	170,000
-64,091	-61,445	Income Tax	-64,091	-61,552	-63,128	-62,347	-61,445
\$121,038	\$117,143	Net Operating Income	\$121,038	\$117,725	\$120,042	\$118,522	\$117,143
\$1.12	\$1.03	EPS on a Diluted Basis	\$1.12	\$1.07	\$1.08	\$1.05	\$1.03
108,278	114,052	Average Diluted Shares Outstanding	108,278	110,061	110,938	112,615	114,052
¢1 701	¢1 111	Capital Caip (Lass) Not of Tax	¢1 704	¢1 000	\$704	¢2 074	¢1 1 4 4
\$1,701 -4,896	\$1,141 1,230	Capital Gain (Loss), Net of Tax Capital Gain (Loss), Net of Tax - Interest Rate Swaps	\$1,701 -4,896	-\$1,098 -1,116	\$701 3,389	\$3,871 -8,835	\$1,141 1,230
-4,890	1,230	Tax Refund, Net of Tax	-4,090	0	0	3,003	1,230
0	-7,163	Change in Accounting Principle, Net of Tax	0	0	0	0	-7,163
\$117,843	\$112,351	Net Income	\$117,843	\$115,511	\$124,132	\$116,561	\$112,351

Insurance Operations (Unaudited) (In thousands)

10 2005 % 10 2004 % 10 2007 <t< th=""><th></th><th colspan="2">LIFE</th><th colspan="3">HEALTH</th><th colspan="2">ANNUITY</th></t<>		LIFE		HEALTH			ANNUITY				
Premium 76,111 76,579 40,399 41,737 72 Net Policy Obligations 36,501 48 36,818 48 36,819 12,395 15 7,172 17 Underwriting Margin 119,077 13,063 119,207 12,2807 17 11		1Q 2005			%	1Q 2005			%		
Premium 76,111 76,579 40,399 41,737 72 Net Policy Obligations 36,501 48 36,818 48 36,819 12,395 15 7,172 17 Underwriting Margin 119,077 13,063 119,207 12,2807 17 11	LNL Exclusive Agency										
Comm. & Acq. Exp. 20,553 27 23,365 31 6,132 15 7,172 17 UA Independent Premium 11,967 13,063 119,207 12,207 63 77,846 63 Underwriting Margin 11,967 13,063 119,207 63 77,846 63 Comm. & Acq. Exp. 5,279 42 6,529 43 21,998 18 22,263 18 Underwriting Margin 1,363 11 1,392 11 22,1948 18 22,263 18 Underwriting Margin 4,337 4,549 58,2626 52,596 22,263 18 20 Underwriting Margin 523 12 687 15 12,084 15 12,035 15 Underwriting Margin 105,302 95,200 9,730 8,443 10 Underwriting Margin 22,124 58,203 31 6,363 95 36,337 7 Warter Aco, Exp. 3	Premium										
Underwriting Margin 19.057 25 16.596 22 5.299 13 4.676 11 VA Independent Premium 11.967 13.063 119.207 122.807 77.846 63 Comm. & Acc, Exp. 5.072 41 6.567 43 72.861 63 77.846 63 Underwriting Margin 1.303 11 1.332 11 21.965 16 22.288 18 Underwriting Margin 1.333 11 1.332 11 21.965 16 22.288 18 Underwriting Margin 1.533 17 1.592 35 16.703 20 16.768 20 Underwriting Margin 105.302 95.290 27.35 12.084 15 Direct Response 106.302 95.290 26 25 1.233 13 80 10 Met Policy Obligations 32.014 35 28.133 37											
Premium 11,967 13,063 119,207 122,807 Net Policy Obligations 5,572 47 5,597 43 21,998 18 22,808 18 UN derwriting Margin 1,363 11 1,332 11 21,548 18 22,808 18 UN Branch Office Agency Premium 4,337 4,549 82,826 82,596 53,770 65 Comm & And Exp Options 1,815 37 1,562 35 16,773 20 15,778 65 Comm & And Exp Options 1,815 37 1,562 35 15,770 65 Direct Response Premium 105,302 95,290 9,730 8,843 10											
Premium 11,967 13,063 119,207 122,807 Net Policy Obligations 5,572 47 5,597 43 21,998 18 22,808 18 UN derwriting Margin 1,363 11 1,332 11 21,548 18 22,808 18 UN Branch Office Agency Premium 4,337 4,549 82,826 82,596 53,770 65 Comm & And Exp Options 1,815 37 1,562 35 16,773 20 15,778 65 Comm & And Exp Options 1,815 37 1,562 35 15,770 65 Direct Response Premium 105,302 95,290 9,730 8,843 10	UA Independent										
Comm. & Acq. Exp. 5.579 47 5.597 11 21.998 18 22.268 18 Underwriting Margin 1.383 11 1.392 11 21.548 18 22.263 18 UA Branch Office Agency Premium 4.337 4.549 82.626 82.596 82.596 Omerveriting Margin 523 12 55 12.094 15 12.058 15 Direct Response Premium 105.302 95.290 9.730 8.843 70 6.63 Oriect Response Premium 12.058 15 12.058 15 10 Oriect Response Premium 12.059 265.23 28 17 7.648 79 7.700 80 Comm. & Acq. Exp. 302.297 29 26.553 12.228 13 880 10 Met Policy Obligations 32.014 35 28.019 33 5.052 37 37 Other Distribution 29.183 37 39.65 3.6	Premium										
Underwriting Margin 1.363 11 1.392 11 21.548 18 22.263 18 UA Branch Office Agency Premium Net Policy Obligations 2.199 51 2.270 50 53.839 65 53.770 66 Comm. & Acq. Exp. Underwriting Margin 165.37 1.592 35 16.703 20 16.768 20 Direct Response Premium Net Molicy Obligations 165.302 52.267 25.37 13 22.263 18 10 Other Response Premium 105.302 29 26.553 28 963 9 933 10 Underwriting Margin 26.905 26 23.785 25 1.223 13 880 10 American Income Agency Premium 92.124 84.203 15.348 14.227 7 Premium Net Policy Obligations 23.047 47 24.271 93 5.302 35 5.237 37 Other Distribution Premium 24.259 24.799 33 6.014 7.071 Oth											
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Underwriting Margin 523 12 687 15 12,084 15 12,055 15 Direct Response Premium 105,302 95,290 9,730 8,843 7,648 79 7,100 80 Comm. Acq. Exp. 30,0294 29 26,695 26 23,785 25 1,223 13 880 10 American Income Agency Premium 92,124 84,203 15,348 14,227 880 10 Premium 92,124 84,203 15,348 14,227 76,467 26 26 26 26 26 27,785 26 367 26 26 27,785 26 367 26 367 26 367 26 367 26 367 26 367 26 367 26 367 37 393 36,233 37 393 36,233 37 393 36,237 37 37 Mittary 9 9 10,330 31 13,414						,					
Direct Response Net Policy Obligations 105,302 48,098 95,200 46 97,30 44,852 97,30 7,648 79 7,648 70 7,648 79 7,648 70 7,648 70 7,267 70 2,633 37 3,33 30 5,302 35 3,30 37 3,30 37 2,237 37											
Premium 105.302 95.200 97.30 8.843 Net Policy Obligations 48.098 46 44.852 47 7.648 79 7.100 80 Cormm. & Aoq. Exp. 30.299 29 26.653 28 859 9 663 10		525	12	007	15	12,004	15	12,050	15		
Net Policy Obligations 48.098 46 44.852 47 7.648 79 7.100 80 Comm. & Acq. Exp. 30.299 26.652 28 859 9 863 10	-	105 302		95 290		9 730		8 843			
Underwriting Margin 26,905 26 23,785 25 1,223 13 880 10 American Income Agency Premium 92,124 84,203 15,348 14,227 Net Policy Obligations 32,014 35 28,019 33 6,051 39 5,323 37 Comm. & Acq. Exp. 32,067 35 30,283 37 3,995 26 3,667 26 Premium 49,183 44,627 5,302 35 5,237 37 Military Premium 49,183 44,627 5,302 35 5,237 37 Other Distribution 23,047 47 21,794 49 -		,	46		47	,	79		80		
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Net Policy Obligations 32.014 35 28.019 33 6.051 39 5.323 37 Comm. & Acq. Exp. 32.067 35 30.833 37 3.995 26 3.6677 26 Underwriting Margin 28.043 30 25.351 30 5.302 35 5.237 37 Military Premium 49.183 44.627 5.302 35 5.237 37 Military Premium 49.183 44.627 5.302 35 5.237 37 Other Distribution 21.074 49 -1008 -717 -717 -7008 -717 Other Distribution 24.259 24.799 -27.973 30 -1008 -717 Other Distribution 24.259 24.799 -27.973 30 -29.38 -3.112 Other Distribution 24.259 24.799 -7.371 32 -7.7712 -7.7712 -7.7712	6 3	02 124		04 202		15 240		14 007			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			35		33		39		37		
Military Premium 49,183 44,627 Net Policy Obligations 23,047 47 21,794 49 Comm. & Acq. Exp. 15,3047 47 21,794 49 Comm. & Acq. Exp. 10,806 22 9,419 21			35		37		26		26		
Premium 49,183 44,627 Net Policy Obligations 23,047 47 21,794 49 Comm. & Acq. Exp. 10,806 22 9,419 21	Underwriting Margin	28,043	30	25,351	30	5,302	35	5,237	37		
Net Policy Obligations 23:047 47 21:794 49 Comm. & Acq. Exp. 15:330 31 13:414 30	-										
Comm. & Acq. Exp. 15,330 31 13,414 30 Underwriting Margin 10,806 22 9,419 21 Other Distribution Premium 24,259 24,799 6,114 7,071 Net Policy Obligations 10,458 43 9,468 38 -1,008 -717 Comm. & Acq. Exp. 7,731 32 7,979 32 -4,184 4,373 Underwriting Margin 6,070 25 7,352 30 20,938 3,415 Totals: Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 <td< td=""><td></td><td></td><td>47</td><td></td><td>40</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>			47		40						
Underwriting Margin 10,806 22 9,419 21 Other Distribution Premium 24,259 24,799 38 6,114 7,071 Net Policy Obligations 10,458 43 9,468 38 1,008 -717 Comm. & Acq. Exp. 7,731 32 7,979 32				,							
Premium 24,259 24,799 6,114 7,071 Net Policy Obligations 10,458 43 9,468 38 -1,008 -717 Comm. & Acq. Exp. 7,731 32 7,979 32 - 4,184 4,373 Underwriting Margin 6,070 25 7,352 30 - - 4,184 4,373 Totals: Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415 TOTAL UNDERWRITING MARGINS, ALL LINES 141,161 133,111 17 2,938 3,415 Administrative & Other Expenses -36,134 -34,772 -34,772 -36,134 -34,772 <td></td>											
Net Policy Obligations 10,458 43 9,468 38 -1,008 -717 Comm. & Acq. Exp. 7,731 32 7,979 32 - 4,184 4,373 Underwriting Margin 6,070 25 7,352 30 - - 4,184 4,373 Totals: Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415 TOTAL UNDERWRITING MARGINS, ALL LINES 141,161 133,111 133,111 133,111 133,111 133,111 133,111 133,111 133,111 133,111 134,172 Administrative & Other Expenses -36,134 -34,772 -34,772 -34,772 -3	Other Distribution										
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Underwriting Margin 6,070 25 7,352 30 2,938 3,415 Totals: Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415											
Totals: Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415											
Premium 363,283 343,110 267,310 270,230 6,114 7,071 Net Policy Obligations 157,342 43 149,095 43 172,167 64 173,948 64 -1,008 -717 Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415		-,		.,						_,	-,
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Comm. & Acq. Exp. 113,174 31 109,433 32 49,687 19 51,168 19 4,184 4,373 Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415 TOTAL UNDERWRITING MARGINS, ALL LINES 141,161 133,111 133,111 1432 1432 Administrative & Other Expenses		,	40	, -	40		64		64		,
Underwriting Margin 92,767 26 84,582 25 45,456 17 45,114 17 2,938 3,415 TOTAL UNDERWRITING MARGINS, ALL LINES 141,161 133,111 133,111 1306 432 Other Income -36,134 -34,772 -34,772 -34,772				,							
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Other Income606432Administrative & Other Expenses-36,134-34,772		GINS ALL LINES				141 161		133 111			
								,			
Insurance Underwriting Income	Administrative & Other Expense	es				-36,134		-34,772			
	Insurance Underwriting Income					105.633		98.771			

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

FIRST YEAR COLLECTED PREMIUM

	YTD 3/05	YTD 3/04	% Incr
LIFE	3/05	3/04	(Decr)
Direct Response	\$19,585	\$18,318	7
LNL Exclusive Agency	9,287	10,270	-10
American Income Agency	18,540	19,217	-4
Military	6,465	6,572	-2
UA Branch Office Agency	441	486	-9
UA Independent	1,211	2,519	-52
Other Distribution	1,887	1,886	0
Total Life	57,416	59,268	<u> </u>
HEALTH			
Direct Response	1,744	2,938	-41
LNL Exclusive Agency	2,491	2,345	6
American Income Agency	3,020	2,843	6
UA Branch Office Agency	15,938	15,246	5
UA Independent	14,711	17,324	-15
Total Health *	37,904	40,696	-7
TOTAL FIRST YEAR			
COLLECTED PREMIUM	\$95,320	\$99,964	-5
Includes Med Supp			
First Year Collected Premium	\$11,541	\$15,169	-24

IN FORCE AT END OF PERIOD

*

**

	1Q 05	1Q 04	\$ Incr (Decr)	% Incr (Decr)
LIFE				<u> </u>
Direct Response	\$453,489	\$421,825	\$31,664	8
LNL Exclusive Agency	318,347	322,328	-3,981	-1
American Income Agency	381,908	350,441	31,467	9
Military	201,045	184,676	16,369	9
UA Branch Office Agency	18,563	19,418	-855	-4
UA Independent	49,339	55,119	-5,780	-10
Other Distribution	116,788	119,701	-2,913	-2
Total Life	1,539,479	1,473,508	65,971	4
HEALTH				
Direct Response	38,360	34,472	3,888	11
LNL Exclusive Agency	152,128	172,405	-20,277	-12
American Income Agency	58,594	54,981	3,613	7
UA Branch Office Agency	323,061	326,555	-3,494	-1
UA Independent	463,535	487,115	-23,580	-5
Total Health **	1,035,678	1,075,528	-39,850	-4
TOTAL IN FORCE	\$2,575,157	\$2,549,036	\$26,121	1
* Includes Med Supp				
In Force	\$633,110	\$682,280	-\$49,170	-7

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

	At March 31,		
	2005	2004	
<u>Assets</u>			
Investments:			
Fixed maturities available for sale *	\$8,738,918	\$8,499,227	
Equity securities available for sale	44,043	61,368	
Mortgage loans	32,744	114,642	
Real estate	13,048	13,834	
Policy loans	306,732	295,367	
Other long-term investments	30,584	56,208	
Short-term investments	16,292	70,324	
Total investments	9,182,361	9,110,970	
Cash	8,914	19,966	
Securities lending collateral	155,619	0	
Accrued investment income	161,477	150,865	
Other receivables	76,699	69,851	
Deferred acquisition costs	2,552,545	2,359,046	
Value of insurance purchased	75,485	86,686	
Property and equipment	29,131	29,927	
Goodwill	378,436	378,436	
Other assets	24,654	12,781	
Separate account assets	1,520,735	1,621,333	
Total assets	\$14,166,056	\$13,839,861	
Liabilities and Shareholders' Equity Liabilities: Future policy benefits	\$6,709,528	\$6,306,844	
Unearned and advance premium	92,346	96,825	
Policy claims and other benefits payable	261,383	251,708	
Other policy liabilities	87,622	87,560	
Accrued income taxes	1,010,226	995,281	
Securities lending obligation	155,619	000,201	
Short-term debt	220,821	223,309	
Long-term debt	690,044	701,343	
Other liabilities	135,667	155,345	
Separate account liabilities	1,520,735	1,621,333	
Total liabilities	10,883,991	10,439,548	
Shareholders' equity:			
Preferred stock	0	0	
Common stock	108,784	113,784	
Additional paid-in-capital	485,482	503,450	
Unrealized investment gains (losses), net of tax	332,704	500,048	
Retained earnings	2,568,424	2,372,315	
Treasury stock, at cost	-213,329	-89,284	
Total shareholders' equity	3,282,065	3,400,313	
Total liabilities and shareholders' equity	\$14,166,056	\$13,839,861	
Diluted Basis:			
Shares outstanding	106,482	113,815	
Book value per common share	\$30.82	\$29.88	
Book value per common share excluding FAS 115	\$27.77	\$25.49	
	Ψ21.11	Ψ20.49	
* Amortized cost of fixed maturities	\$8,209,200	\$7,681,564	

Fixed Maturities (Millions of \$) March 31, 2005

Total Fixed Maturities

	3/31/05	3/31/04
Amortized Cost	\$8,209	\$7,682
Unrealized: Gains Losses	566 -36	836 -18
Market	\$8,739	\$8,499

Fixed Maturites at 3/31/05

	Amort.		Unrealized			(1)	
	Cost	Gains	Losses	Net	Market	Ratings	
Investment Grade Below Investment Grade	\$7,563 <u>646</u>	523 43	-25 -11	498 32	8,061 678	A- BB-	
Total	\$8,209	566	-36	530	8,739	BBB+	

Fixed Maturity Acquisitions:

1Q'05	1Q'04
\$262	\$375
6.5%	6.3%
BBB	A-
	\$262 6.5%

Average Life of Portfolio:

	3/31/05	3/31/04	
To Worst Call	12.9	11.7	
TO WORST Call	12.9	11.7	

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