

# TORCHMARK CORP. NYSE-TMK

RECENT PRICE **53.10** P/E RATIO **12.3** (Trailing: 13.4 Median: 11.0) RELATIVE P/E RATIO **0.68** DIV'D YLD **0.8%** VALUE LINE

TIMELINESS <b>3</b> Lowered 7/6/01	High: 32.4	24.8	22.6	26.1	42.8	49.8	38.0	41.2	43.3	42.2	45.8	55.2							Target Price Range																																						
SAFETY <b>2</b> Raised 7/26/02	Low: 20.6	16.2	17.1	20.1	25.0	31.8	24.6	18.8	32.6	30.0	33.0	44.6							2007 2008 2009																																						
TECHNICAL <b>2</b> Raised 7/16/04	<p>LEGENDS            — 11.5 x Earnings p/sh            ... Relative Price Strength            3-for-2 split 8/92            2-for-1 split 8/97            Options: Yes            Shaded area indicates recession</p>																																																								
BETA 1.00 (1.00 = Market)	<p>2007-09 PROJECTIONS</p> <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High <b>85</b></td> <td><b>(+60%)</b></td> <td><b>13%</b></td> </tr> <tr> <td>Low <b>60</b></td> <td><b>(+15%)</b></td> <td><b>4%</b></td> </tr> </table>																		Price	Gain	Ann'l Total Return	High <b>85</b>	<b>(+60%)</b>	<b>13%</b>	Low <b>60</b>	<b>(+15%)</b>	<b>4%</b>																														
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1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	% TOT. RETURN 6/04	07-09
7.62	7.09	8.00	8.54	9.13	9.19	9.58	10.62	11.39	11.78	12.81	14.27	16.19	18.03	19.27	21.08	<b>22.95</b>	<b>24.95</b>	Premium Inc per sh	<b>32.50</b>
1.66	1.94	2.26	2.39	2.60	2.52	2.31	2.66	2.90	3.10	3.36	3.39	3.74	4.00	4.39	4.94	<b>5.30</b>	<b>5.80</b>	Investment Inc per sh	<b>7.25</b>
1.07	1.29	1.48	1.57	1.79	1.88	1.86	1.90	2.24	2.39	2.29	2.45	2.82	3.11	3.51	3.86	<b>4.30</b>	<b>4.75</b>	Earnings per sh <sup>A</sup>	<b>6.30</b>
.38	.42	.47	.50	.54	.55	.56	.57	.58	.59	.58	.36	.36	.36	.36	.38	<b>.46</b>	<b>.54</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>.80</b>
4.41	5.01	5.48	6.43	6.91	8.93	8.69	11.09	11.69	13.80	16.51	15.10	17.43	20.32	24.11	28.75	<b>33.20</b>	<b>37.05</b>	Book Value per sh <sup>D</sup>	<b>50.00</b>
160.49	158.57	153.94	152.29	147.02	147.57	143.07	143.33	139.39	140.04	136.85	132.00	126.39	122.89	118.27	112.71	<b>110.00</b>	<b>108.00</b>	Common Shs Outst'g <sup>C</sup>	<b>103.00</b>
230%	274%	285%	270%	325%	304%	232%	183%	194%	252%	252%	213%	156%	188%	157%	138%	<b>160%</b>	<b>160%</b>	Price to Book Value	<b>145%</b>
9.5	10.6	10.6	11.1	12.6	14.5	10.9	10.7	10.1	14.6	18.2	13.1	9.6	12.3	10.8	10.3	<b>7.0</b>	<b>7.0</b>	Avg Ann'l P/E Ratio	<b>11.5</b>
.79	.80	.79	.71	.76	.86	.71	.72	.63	.84	.95	.75	.62	.63	.59	.60	<b>.59</b>	<b>.60</b>	Relative P/E Ratio	<b>.75</b>
3.8%	3.0%	3.0%	2.9%	2.4%	2.0%	2.8%	2.8%	2.6%	1.7%	1.4%	1.1%	1.3%	.9%	1.0%	1.0%	1.0%	1.0%	Avg Ann'l Div'd Yield	<b>1.1%</b>

<b>CAPITAL STRUCTURE as of 3/31/04</b>																		
Total Debt \$770.0 mill. Due in 5 Yrs \$270.0 mill.																		
LT Debt \$546.7 mill. LT Interest \$30.0 mill.																		
(LT interest coverage: 25.0x) (14% of Cap'l)																		
Leases, Uncapitalized Annual rentals \$4.7 mill.																		
<b>Pension Assets-12/03 \$161 mill. Oblig. \$170 mill.</b>																		
Trust Preferred Securities None																		
<b>Common Stock 111,309,168 shs as of 4/30/04</b>																		
<b>MARKET CAP: \$5.9 billion (Large Cap)</b>																		
<b>FINANCIAL POSITION 2002 2003 3/31/04 (\$MILL.)</b>																		
Bonds	7194.4	8102.8	8499.2	1370.3	1522.8	1587.5	1649.5	1753.6	1884.1	2046.2	2215.2	2279.0	2375.8	<b>2525</b>	<b>2695</b>	Premium Inc (\$mill)	<b>3350</b>	
Stocks	24.5	57.4	61.4	330.5	381.9	404.6	433.6	459.6	447.3	472.4	491.8	518.6	557.3	<b>584</b>	<b>625</b>	Investment Inc (\$mill)	<b>745</b>	
Mortgages	121.8	115.4	114.6	203.2	162.8	213.7	199.4	2.3	6.4	0.2	.0	2.1	.8	<b>1.0</b>	<b>5.0</b>	Total Income (\$mill)	<b>5.0</b>	
Other	5020.0	5185.3	5164.7	1904.0	2067.5	2205.8	2282.5	2215.5	2337.9	2515.9	2709.5	2799.8	2934.0	<b>3110</b>	<b>3325</b>	Other Income (\$mill)	<b>4100</b>	
Total Assets	12360.7	13460.9	13839.9	878.0	1009.3	1058.1	1108.9	1150.3	1236.5	1339.5	1454.6	1524.1	1590.1	<b>1680</b>	<b>1800</b>	Benefits & Reserves (\$m)	<b>2200</b>	
Reserves	5888.3	6204.2	6306.8	32.3%	36.8%	36.5%	35.0%	35.0%	35.5%	33.9%	34.2%	33.8%	34.6%	<b>34.0%</b>	<b>34.0%</b>	Income Tax Rate	<b>34.0%</b>	
Policy Claims	242.7	248.9	251.7	268.9	271.9	318.5	337.7	324.3	328.3	361.8	390.9	424.0	446.4	<b>485</b>	<b>520</b>	Net Profit (\$mill)	<b>660</b>	
Other	3233.8	3767.7	3881.0	74.8	80.4	86.9	91.9	95.6	101.2	107.3	111.7	117.3	125.3	<b>132</b>	<b>140</b>	Insur in Force (\$bill)	<b>160</b>	
Total Liab.	9364.8	10220.8	10439.5	8404	9364	9801	10967	11249	12132	12963	12428	12361	13461	<b>14500</b>	<b>15500</b>	Total Assets (\$mill)	<b>18250</b>	
				1242.6	1589.0	1629.3	1932.7	2259.5	1993.3	2202.4	2497.1	2851.5	3240.1	<b>3650</b>	<b>4000</b>	Shr. Equity (\$mill) <sup>D</sup>	<b>5275</b>	
				21.6%	17.1%	19.5%	17.5%	14.4%	16.5%	16.4%	15.7%	14.9%	13.8%	<b>13.5%</b>	<b>13.0%</b>	Return on Shr. Equity	<b>12.5%</b>	
				15.1%	12.0%	14.5%	13.2%	10.3%	14.1%	14.3%	13.8%	13.3%	12.4%	<b>12.0%</b>	<b>11.5%</b>	Retained to Com Eq	<b>11.0%</b>	
				30%	30%	26%	24%	28%	15%	13%	12%	10%	10%	<b>10%</b>	<b>11%</b>	All Div'ds to Net Prof	<b>12%</b>	

**BUSINESS:** Torchmark Corporation (formerly Liberty National Insurance Holding Co.) is an insurance holding company. Principal subsidiaries are Liberty National Life, Globe Life & Accident, United American Insurance, American Income Life, United Investors Life. Sells through both captive and independent agencies. Sold/spun off Waddell & Reed (distributed United Investors insurance and managed mutual funds), 1998. 2003 operating profits: life insurance, 48%; health, 24%; Other, 28%. Approximately 4,870 employees, 6,700 stockholders. Off/dir. own 6.5% of common; AXA, 9.2%; Dodge & Cox, 9.1% (3/04 proxy). Chrmn., Pres. & CEO: C. B. Hudson, Inc.: DE. Addr.: 2001 Third Avenue South, Birmingham, AL 35233. Tel.: 205-325-4200. Internet: www.torchmarkcorp.com.

<b>Torchmark's premium income growth slowed a bit in the first quarter, but should pick up for the remainder of the year. A slight hiccup in the growth rate, due to fewer sales reps at the American Income unit, was the main reason for lower-than-expected premium income. This stemmed mainly from Torchmark's decision to raise the bonus requirements for its agents at this subsidiary, which reduced the number of sales reps. The company subsequently lowered the bonus requirement, which should boost the number of agents and, in turn, top-line growth over the near term. Meanwhile, the Direct Response business is performing well, and should produce double-digit revenue comparisons through 2005. We have raised our outlook for 2004's underwriting margins. As the economy continues to strengthen, pricing pressures in the industry as a whole are easing somewhat. Torchmark, which has always focused on writing strict policies, is in the process of severing ties with agents it deems are writing poor-quality business. Hence, we expect benefits and reserve expenses to improve accordingly.</b>																			
<b>Investment income is poised to grow at a solid clip over the coming years. Torchmark should keep expanding its invested asset base nicely. More important, we expect further interest-rate hikes (similar to the .25% rise in June) through the end of next year. Hence, Torchmark should garner a higher return on its sizable position of fixed-income assets. The company has enough cash for buybacks and dividend increases. These help TMK maintain its relatively high return on equity, which is the likely reason that its stock trades at a premium to its peers on a price/book value basis. These shares are an average selection for the year ahead. Torchmark's quality business, and the improving conditions in its industry, may well be attractive to conservative investors. But owing to the issue's price increase this past year, and a fairly low dividend yield, the stock's total-return potential out to 2007-2009 is below that of many of its peers. The equities of many of its rivals also have high Safety and Price Stability ranks. Thus, investors may want to look elsewhere at this time.</b>																			
<i>James M. Herth July 23, 2004</i>																			
<b>ANNUAL RATES</b> Past 10 Yrs. 8.0% Past 5 Yrs. 10.0% Est'd '01-'03 to '07-'09 10.5%																			
Premium Inc 6.0% Invest Income 7.0% Earnings 7.0% Dividends -3.5% Book Value 12.5%																			
<b>QUARTERLY INCOME (\$ mill.)</b>																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2001	668.2	684.7	678.1	678.5	2709.5														
2002	699.9	700.2	698.9	700.8	2799.8														
2003	726.4	728.7	730.5	748.4	2934.0														
2004	762.2	<b>770</b>	<b>775</b>	<b>802.5</b>	<b>3110</b>														
2005	<b>820</b>	<b>825</b>	<b>830</b>	<b>850</b>	<b>3325</b>														
<b>EARNINGS PER SHARE <sup>A</sup></b>																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2001	.79	.80	.83	.69	3.11														
2002	.85	.87	.89	.90	3.51														
2003	.93	.95	.98	1.00	3.86														
2004	1.03	<b>1.06</b>	<b>1.09</b>	<b>1.12</b>	<b>4.30</b>														
2005	<b>1.14</b>	<b>1.17</b>	<b>1.20</b>	<b>1.24</b>	<b>4.75</b>														
<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b>																			
Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2000	.09	.09	.09	.09	.36														
2001	.09	.09	.09	.09	.36														
2002	.09	.09	.09	.09	.36														
2003	.09	.09	.09	.11	.38														
2004	.11	.11																	

(A) Primary earnings through '96; diluted operating earnings thereafter. Excl. realized cap. gains/(losses): '04, 2c; '03, (13c); '02, (33c); '00, (3c); '99, (51c); '97, (17c); '96, 3c; '95, (3c); '93, (3c); '91, 2c; '90, 2c. Excl. nonrec. gains (losses): '01, (28c); '98, (20c); '96, (7c); '95, (91c); '93, (3c). Next egs. report late Oct. (B) Dividends historically paid in early February, May, August, and November. (C) In millions, adjusted for stock splits. (D) Reflects SFAS 115 from 1993. Company's Financial Strength A Stock's Price Stability 90 Price Growth Persistence 70 Earnings Predictability 100