| TOF | RCH | MAF | RKC | ORP | NYSE | E-TMK | | ecent Rice | 52.89 | P/E RATIO | 11. | 4 (Traili Media | ng: 12.2) an: 12.0) | RELATIVE P/E RATI | | DIV'D Yld | 0.8 | 8% | /ALUI LINE | Ξ | | | |
|--|---|----------------------|--|------------------------|---|--|---|--|--------------------------|-----------------|-----------------|--------------------|------------------------|--|--|--|---|----------------|-----------------------------|--------------------|----------------|--|--|
| TIMELIN | IESS 4 | 4 Lowered | 1 12/31/04 | High: Low: | 24.8 16.2 | 22.6 17.1 | 26.1 20.1 | 42.8 25.0 | 49.8 31.8 | 38.0 24.6 | 41.2 18.8 | 43.3 32.6 | 42.2 30.0 | 45.8 33.0 | 57.6 44.6 | 57.5 50.1 | | | | Price | | | |
| SAFET | | 1 Raised 4 | | LEGEN | | | | | | | | | | | | | | | 2000 | 2009 | 128 | | |
| TECHNI | | 3 Raised 2 | 2/4/05 | ···· Re 3-for-2 sp | lative Pric | e Strength | | | | | | | | | | | | | | | 96 | | |
| | | 0 = Market) | ONE | 2-for-1 sp Options: | Yes | | . – | | | | | | | | | | | | | | | | |
| | | | nn'l Total | Shaded | area indic | ates recess | sion | 2-for | 1 | | | | | | لابولال | LITIT | | | | | 64 48 | | |
| | Price 80 (| Gain (+50%) | Return 12% | | | | | 11111 | | . d.u i | | Lulle"" | HH-1111 | 1111111111 | 1 | | | | | | <u>40</u> | | |
| Low | 65 (| (+25%) | 6% | 1966 | | | | ,III | | <u>""</u> #1 | | TT 1 | - I.u | | | | | | | | 32 24 | | |
| Inside | A S O | | FMA | | יי _{יוריין} | يا يروال | 11 ₁₁₁₁ 1 | | | | illin. | | | | | | | | | | | | |
| to Buy Options | $\begin{array}{ccc} 0 & 0 & 0 \\ 0 & 0 & 0 \end{array}$ | | $\begin{smallmatrix}0&1&0\\0&0&1\end{smallmatrix}$ | •••• | - 1 | | | | | | | | | | | | | | | | 16 12 | | |
| to Sell | 1 1 0 | 232 | 1 1 1 | | •• | | | | ···· | | | | | | | .111 | | % то | T. RETUR | | - 12 | | |
| institu | 3Q2004 | Decisio 4Q2004 | | Percent | | • | •••••• | | • | ···· | <u>. II</u> | | | • | بالبلبلير | | | <u> </u> | STOCK | VL ARITH. INDEX | L | | |
| to Buy to Sell | 112 133 | | | shares traded | 4 - 2 - | կուտի | | | | | └ | | | | | | | 1 yr. 3 yr. | -2.4 40.8 | 9.9 54.6 | L | | |
| Hld's(000) 1989 | 75714 1990 | | 75631 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 5 yr. | 114.8 E LINE PU | 68.6 | 08-10 | | |
| 7.09 | 8.00 | | | 9.19 | 9.58 | 10.62 | 11.39 | 11.78 | 12.81 | 14.27 | 16.19 | 18.03 | 19.27 | 2003 | 2004 | 2005 | 2000 | | n Inc per s | | 32.90 | | |
| 1.94 | 2.26 | | | 2.52 | 2.31 | 2.66 | 2.90 | 3.10 | 3.36 | 3.39 | 3.74 | 4.00 | 4.39 | 4.94 | 5.35 | 5.95 | 6.40 | | ent Inc pe | | 7.90 | | |
| 1.29 | 1.48 | | 1.79 | 1.88 | 1.86 | 1.90 | 2.24 | 2.39 | 2.29 | 2.45 | 2.82 | 3.11 | 3.51 | 3.86 | 4.23 | 4.65 | 5.05 | | s per sh | | 6.20 | | |
| .42 | .47 | | | .55 | .56 | .57 | .58 | .59 | .58 | .36 | .36 | .36 | .36 | .38 | .44 | .44 | .48 | |)ecl'd per | | .60 | | |
| 5.01 158.57 | 5.48 153.94 | | | 8.93 147.57 | 8.69 143.07 | 11.09 143.33 | 11.69 139.39 | 13.80 140.04 | 16.51 136.85 | 15.10 132.00 | 17.43 126.39 | 20.32 | 24.11 | 28.75 | 31.68 107.94 | 34.70 102.00 | 38.15 99.00 | | alue per sl n Shs Out | | 51.30 95.00 | | |
| 274% | 285% | | | 304% | 232% | 183% | 194% | 252% | 252% | 213% | 156% | 188% | 157% | 138% | 165% | | | | Book Val | • | 140% | | |
| 10.6 | 10.6 | | 12.6 | 14.5 | 10.9 | 10.7 | 10.1 | 14.6 | 18.2 | 13.1 | 9.6 | 12.3 | 10.8 | 10.3 | 12.4 | Bold fig | ures are Line | - | n'I P/E Rat | | 11.5 | | |
| .80 3.0% | .79 3.0% | | .76 2.4% | .86 2.0% | .71 2.8% | .72 2.8% | .63 2.6% | .84 1.7% | .95 1.4% | .75 1.1% | .62 1.3% | .63 .9% | .59 | .59 1.0% | .66 .8% | estin | | | P/E Ratio n'I Div'd Y | | .75 .8% | | |
| | | | as of 3/31 | | 2.070 | 1522.8 | 1587.5 | 1649.5 | 1753.6 | 1884.1 | 2046.2 | 2215.2 | 2279.0 | 2375.8 | 2471.9 | 2579 | 2699 | - | n Inc (\$mi | | 3124 | | |
| Total De | ebt \$912 | 2.8 mill. I | Due in 5 | Yrs \$349. | | 381.9 | 404.6 | 433.6 | 459.6 | 447.3 | 472.4 | 491.8 | 518.6 | 557.3 | 577.0 | 605 | 635 | | ent Inc (\$ | ' | 750 | | |
| LT Debt | | mill. I ned: 17.0 | | st \$45.0 m (17% of | | 162.8 | 213.7 | 199.4 | 2.3 | 6.4 | d2.7 | .0 | 2.1 | .8 | .4 | 1.0 | 1.0 | | come (\$m | | 1.0 | | |
| , | | | , | • | • • | 2067.5 | 2205.8 | 2282.5 | | 2337.9 | 2515.9 | 2707.0 | 2799.8 | 2933.9 | 3049.3 | 3185 | 3335 | - | come (\$mi | , | 3875 | | |
| | | | | ntals \$3.4 | | 1009.3 36.8% | 1058.1 36.5% | 1108.9 35.0% | 1150.3 35.0% | 1236.5 35.5% | 1339.5 33.9% | 1454.6 34.2% | 1524.1 33.8% | 1590.1 34.6% | 1645.7 32.2% | 1715 34.0% | 1800 34.0% | | s & Reserv Tax Rate | /es (\$m) | 2090 34.0% | | |
| 271.9 318 | | | | | | | | 337.7 | 324.3 | 328.3 | 361.8 | 390.9 | 424.0 | 446.4 | 473.4 | 490 | 515 | | it (\$mill) | | 600 | | |
| Trust Preferred Securities None 80.4 86 | | | | | | | | 91.9 | 95.6 | 101.2 | 107.3 | 111.7 | 117.3 | 125.3 | 133.1 | 140 | 145 | | Force (\$b | | 165 | | |
| Common Stock 104,131,866 shs. 9364 98 | | | | | | | | 10967 | 11249 | 12132 | 12963 | 12428 | 12361 | 13461 | 14252 | 14500 | 15000 | | sets (\$mi | | 16500 | | |
| as of 4/ | | \$5.5 billi | ion (Larg | e Can) | | 1589.0 17.1% | 1629.3 19.5% | 1932.7 17.5% | 2259.5 14.4% | 1993.3 16.5% | 2202.4 | 2497.1 15.7% | 2851.5 14.9% | 3240.1 13.8% | 3419.8 13.8% | 3540 14.0% | 3775 13.5% | | uity (\$mill) on Shr. Eq | | 4875 12.5% | | |
| FINANC | IAL PO | SITION | | | 3/31/05 | 12.0% | 14.5% | 13.2% | 10.3% | 14.1% | 14.3% | 13.8% | 13.3% | 12.4% | 12.4% | 12.5% | 12.5% | | d to Com | | 11.0% | | |
| (\$MII Bonds | _L.) | 8 | 102.8 8 | 714.7 | 8738.9 | 30% | 26% | 24% | 28% | 15% | 13% | 12% | 10% | 10% | 10% | 9 % | 9 % | All Div'o | ls to Net F | Prof | 9 % | | |
| Stocks 57.4 36.9 44.1 | | | | | | | BUSINESS: Torchmark Corporation (formerly Liberty National In- managed mutual funds), 1998. 2004 operating profits: life insu | | | | | | | | | | | | | | | | |
| Other 5185.3 5467.8 5350.3 | | | | | | | | | an insura Jational Li | | | | | | | | | | oximately | | | | |
| Total Assets 13460.9 14252.2 14166.1 Reserves 6204.2 6616.8 6709.5 | | | | | subsidiaries are Liberty National Life, Globe Life & Accident, United American Insurance, American Income Life, United Investors Life. Dodge & Cox, 8.8% (3/05 proxy). Chrmn. & CEO: C. B. Hudson. | | | | | | | | | | | | | | | | | | |
| Policy Claims 248.9 265.7 261.4 | | | | | | | | e and inde | | | | | | | | | | , Birmingh | | 35233. | | | |
| Other 3767.7 3949.9 3913.1 Total Liab. 10220.8 10832.4 10884.0 | | | | | Waddell & Reed (distributed United Investors insurance and Tel.: 205-325-4200. Internet: www.torchmarkcorp.com. | | | | | | | | | | | | | | | | | | |
| ANNUA | L RATE | S Past | Pa | st Est'd | '02-'04 | Although Torchmark Corp.'s sales of cause short-term rates have climbed more new policies in 2005's first quarter than two percentage points over the past | | | | | | | | | | | | | | | | | |
| of change | | 10 Yrs | | rs. to' | 08-'10 7.5% | declined versus last year's total, a ris- year, and long-term yields have largely | | | | | | | | | | | | | | | | | |
| Premium Inc 8.5% 10.0% 7.5% Invest Income 7.0% 8.5% 8.5% | | | | | ing agent count should lead to a remained unchanged, these longer-term | | | | | | | | | | | | | | | | | | |
| Earnings 7.5% 10.0% 8.0% Dividends -3.0% -5.0% 7.5% | | | | | rebound later this year. Poor agent securities have lost much of their appeal. In response, we expect the company to be- | | | | | | | | | | | | | | | | | | |
| Book V | | 13.0 | | | 0.0% | ny's | life | ope | eration | s, | excep | t Di | irêct | | | | | | ity and | | | | |
| Cal- QUARTERLY INCOME (\$ mill.) Full endar Mar.31 Jun 30 Sep 30 Dec.31 Year | | | | | | | | | ing sa | | | | | | | | | | will s | | | | |
| 2002 | | | | | | | | | healtl as M | | | | | | | | | | we be nment | | | | |
| 2003 | 2003 726.4 728.6 730.5 748.4 2933.9 sales d | | | | | | | | | | | | | | current interest-rate environment provides a good opportunity for TMK to increase | | | | | | | | |
| 2004 2005 | 2004 762.2 765.1 761.3 760.7 3049.3 chmark's | | | | | | | s new recruiting initiatives, espe- | | | | | | | the quality of its investment portfolio. | | | | | | | | |
| 2005 | 2006 020 020 040 04E 222E Clamy | | | | | | | ts Internet recruiting, seem to be off. More than 200 agents were | | | | | | | Strong free cash flows should allow Torchmark to continue repurchasing | | | | | | | | |
| Cal- | | | PER SHAR | | Full | | | | ne qua | | | | | | | | | | lip. T | | | | |
| endar | | | Sep.30 | | Year | ny e | xpects | s ager | nt ĝrov | vth t | o tota | al 20% | 6 for | ny w | /ill pr | robabl | y spe | enð n | iore t | han 3 | \$300 | | |
| 2002 2003 | .85 .93 | .87 .95 | .89 .98 | .90 1.00 | 3.51 3.86 | | | | his inc | | | | | | | | | | its sh | | | | |
| 2004 | 1.03 | 1.05 | 1.08 | 1.07 | 4.23 | | | | | | | | | | | | eightened level of buybacks is ontinue through 2008-2010. In | | | | | | |
| 2005 2006 | 1.12 1.21 | 1.15 1.25 | 1.18 1.28 | 1.20 1.31 | 4.65 5.05 | of sł | nare r | e repurchases that we expect over fact, this a | | | | | | | | | lone may well lift share earn- | | | | | | |
| | | | | | | | | s timefrâme (see below), Torchmark's ings 5% annually over this t | | | | | | | | | | | | | | | |
| ander May 24 Jun 20 Can 20 Dec 24 Voor | | | | | | | | rnings are likely to rise by close to each of these two years | | | | | | | | | | | | | | | |
| 2001 .09 .09 .09 .09 .36 Chan | | | | | | | | | | | | | | | | potential for price appreciation through 2008-2010. However, risk-averse | | | | | | | |
| 2002 .09 .09 .09 .09 .36 stra | | | | | | stra | strategy are likely. In order to increase investors should find the stock's strong | | | | | | | | | | g Fi- | | | | | | |
| 2004 .11 .11 .11 .11 .44 | | | | | | linves | investment income, Torchmark has recent- nancial ly been purchasing lower-quality, though and Pri | | | | | | | | | trength, Earnings Predictability, | | | | | | | |
| 2005 | .11 | .11 | | | | | higher-yielding, long-term bonds. But, be- | | | | | | | and Price Stability ratings appealing. <i>Fritz R. Owens, CFA</i> July 22, 2005 | | | | | | | | | |
| (A) Prima | ary earn | ings throu | ugh '96; d | liluted ope | u er- (17¢ | ; '96, 3¢ | ; '95, (3¢ | t); '93, (3 | ¢); '91, 2¢ | ; '90, | | | | paid in ea | | u- Coi | mpany's | | al Strengt | 0 | A+ | | |
| ating ea | rnings | thereafter | . Exclud | es realize | ed 2¢. | Excludes | nonrec. | gains/(losses): '04, (8¢); '96, (7¢); '95, (91¢); '93, = Div. reinvestment plan av | | | | | | ember. | - | Sto | Stock's Price Stability 95 Price Growth Persistence 80 | | | | | | |
| | | | | 4, 4¢; '0 (51¢); '9 | | (20¢), 90 | | | | | | | | r stock sp | lits. | | nings Pr | | | | 100 | | |

(13¢); '02, (33¢); '00, (3¢); '99, (51¢); '97, [3¢). Next earnings report due late July.
(C) In millions, adjusted for stock splits.
(C) In millions, adjusted for splits.
(C) In millions, adjusted for splits.
(C) In millions, adjusted for splits.
(C) In mill

Price Growth Persistence 80 Earnings Predictability 100

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