

Recommendation: **HOLD** ★★☆☆☆
SELL SELL HOLD BUY BUY

12-Month Target Price: **\$55.00**
(as of April 12, 2004)

TMK has an approximate 0.06% weighting in the **S&P 500**

Sector: Financials
Sub-Industry: Life & Health Insurance
Peer Group: Life/Health Insurers

Summary: This financial services company derives most of its earnings from life and health insurance operations.

Quantitative Evaluations

S&P Earnings & Dividend Rank: A
D C B- B B+ A- A A+

S&P Fair Value Rank: 5+
1 2 3 4 5
Lowest Highest

Fair Value Calc.: \$58.40 (Slightly Undervalued)

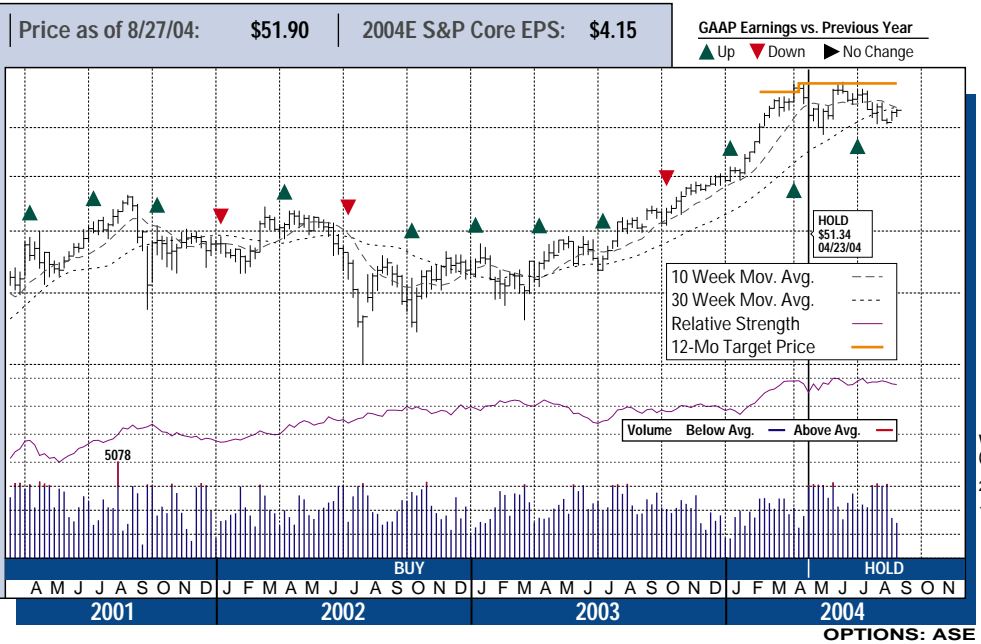
S&P Investability Quotient Percentile
97%

TMK scored higher than 97% of all companies for which an S&P Report is available.

Volatility: Low
Low Average High

Technical Evaluation: Bearish
Since 8/04, the technical indicators for TMK have been Bearish.

Relative Strength Rank: Moderate
52
1 Lowest Highest 99



Analyst commentary prepared by Gregory Simcik, CFA /CB/GG

Highlights August 02, 2004

- We expect premiums to rise 5.7% in 2004, with health insurance premium growth likely to lag life insurance premium growth on lower sales of Medicare supplemental health products.
- We expect the combined ratio for life insurance to remain essentially flat, with a moderate expansion for health insurance. We believe the Iraq war could continue to adversely affect claims in the company's military distribution channel and that a pending settlement regarding an unprofitable closed block of cancer supplemental insurance could reduce losses for this block of business beginning in 2005.
- We project a 9.6% rise in operating EPS in 2004, to \$4.24, on 2.3% fewer shares due to share repurchases. Our estimate excludes \$0.02 in realized investment losses and a \$0.04 loss from non-recurring items. We expect operating EPS to grow 7.5% in 2005, to \$4.56. Our 2004 and 2005 Standard & Poor's Core Earnings EPS estimates are \$4.15 and \$4.47, respectively, reflecting projected stock option and pension expenses.

Key Stock Statistics

S&P Core EPS 2005E	4.47	52-week Range	\$55.20-40.47
S&P Oper. EPS 2004E	4.24	12 Month P/E	12.9
P/E on S&P Oper. EPS 2004E	12.2	Beta	0.47
S&P Oper. EPS 2005E	4.56	Shareholders	5,332
Yield (%)	0.8%	Market Cap (B)	\$ 5.7
Dividend Rate/Share	0.44	Shares Outstanding (M)	109.7

Value of \$10,000 invested five years ago: **\$ 18,008**

Dividend Data Dividends have been paid since 1933

Amount (\$)	Date Decl.	Ex-Div. Date	Stock of Record	Payment Date
0.110	Oct. 27	Jan. 05	Jan. 07	Jan. 30 '04
0.110	Mar. 02	Mar. 31	Apr. 02	Apr. 30 '04
0.110	May. 03	Jun. 30	Jul. 02	Jul. 30 '04
0.110	Aug. 02	Oct. 04	Oct. 06	Nov. 01 '04

Investment Rationale/Risk August 02, 2004

- While we believe rising interest rates could help boost investment yields for TMK in the second half of 2004, rising interest rates could also increase payments under interest swaps held by TMK which could offset much of the potential better investment performance. Therefore, given our 12-month target price of \$55 and the recent run-up in share price, we believe TMK shares may have only modest upside potential for the remainder of 2004. As a result, we have a hold investment opinion on TMK shares.
- Risks to our recommendation and target price include possible market trends in senior health care that promote alternatives to TMK's Medicare supplemental policies, as well as potential declines in demand for TMK's juvenile life and limited-benefit hospital-surgical policies, which are becoming significant contributors to premium growth for TMK.
- We arrived at our 12-month target price of \$55 by applying the company's historical trailing P/E multiple of 12.5X to our forward 12-month operating EPS estimate of \$4.39.

Revenues/Earnings Data Fiscal year ending December 31

Revenues (Million \$)	2004	2003	2002	2001	2000	1999
1Q	772.5	718.4	689.7	674.8	619.0	567.5
2Q	764.0	734.3	633.5	689.0	615.1	507.2
3Q	—	730.4	715.8	686.7	640.5	565.8
4Q	—	747.5	699.0	656.6	641.2	586.4
Yr.	—	2,931	2,738	2,707	2,516	2,227

Earnings Per Share (\$)	2004	2003	2002	2001	2000	1999
1Q	1.05	0.85	0.80	0.79	0.68	0.61
2Q	1.04	0.95	0.52	0.78	0.65	0.26
3Q	E1.07	0.94	0.98	0.82	0.77	0.55
4Q	E1.09	0.98	0.89	0.67	0.73	0.56
Yr.	E4.24	3.73	3.18	3.11	2.82	1.93

Next earnings report expected: late-November Source: S&P, Company Reports
EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Recommendation: **HOLD** ★★☆☆☆ 12-Month Target Price: **\$55.00** (as of April 12, 2004)**Business Summary** August 03, 2004

Torchmark Corp.'s principal operating subsidiaries are Liberty National Life Insurance Co., Globe Life and Accident Insurance Co., United American Insurance Co., American Income Life Insurance Co., United Investors Life Insurance Co., and American Income Life Insurance Co. The subsidiaries are licensed to sell insurance in all 50 states, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, New Zealand, and Canada. Distribution is through direct solicitation, independent agents, and exclusive agents.

TMK's subsidiaries offer a full line of nonparticipating ordinary individual life products and health insurance (primarily Medicare supplemental coverage). Fixed and variable annuities are also offered. In 2003, the life insurance underwriting margin of \$326 million accounted for 65% of the total underwriting margin, versus 62% in 2002; the health insurance underwriting margin of \$164 million accounted for 33% (35%); and the annuities underwriting margin of \$11 million accounted 2.1% (2.8%). Total excess investment income rose 29% in 2003 to \$321 million.

Annualized life and health insurance premiums in force at the end of 2003 totaled \$2.5 billion, with Medicare supplemental sales accounting for 27%, direct response life insurance 16%, other health insurance 15%, and other life insurance policies 42%. Annuity reserves at the end of 2002 (latest available) were \$2.2 billion (down from \$3.0 billion at the end of 2001), with 29% fixed and 71% variable, versus 21% fixed and 79% variable in 2001. In its 2002 annual report, the company

noted that variable annuity deposits had declined following the termination in 2001 of a contract with a variable annuity distributor.

Annualized life insurance premium issued in 2003 totaled \$382.3 million (up 14% from \$334.0 million in 2002); 43% was distributed through the direct response channel, 14% through the exclusive agent channel, 28% through the American Income Agency channel, and 15% through United American, TMK's health insurance company, and other channels. Health insurance premiums issued in 2003 totaled \$228.1 million (up 14% from \$201.8 million in 2002). United American (UA) independent agents accounted for 46% of the volume, UA branch office sales for 31%, and direct response channels for 5.8%, American Income Agency sales for 5.8%, and exclusive agents for 5.1%.

In 1998, as part of a long-term plan to enhance shareholder value and narrow its focus, the company sold a 36% stake in Waddell & Reed (W&R), its mutual fund/asset management unit, in an IPO. TMK shareholders then received the remaining 64% of W&R through a tax-free spinoff completed in November 1998, with three W&R shares distributed for every 10 TMK shares held. The spinoff reduced the company's shareholders' equity by about \$174 million.

In 2003, TMK repurchased about 6 million common shares, valued at \$225 million.

Company Financials Fiscal Year ending December 31**Per Share Data (\$)**

(Year Ended December 31)	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Tangible Bk. Val.	25.39	20.91	17.24	14.34	12.05	13.48	10.05	7.81	7.21	4.70
Oper. Earnings	3.87	3.51	3.12	2.85	2.45	2.29	NA	2.22	1.97	1.91
Earnings	3.73	3.18	3.11	2.82	1.93	1.81	2.56	2.24	1.90	1.86
S&P Core Earnings	3.68	3.39	2.73	NA	NA	NA	NA	NA	NA	NA
Dividends	0.38	0.36	0.36	0.36	0.36	0.58	0.59	0.58	0.57	0.56
Payout Ratio	10%	11%	12%	13%	19%	32%	23%	26%	30%	30%
Prices - High	45.75	42.17	43.25	41.18	38.00	49.81	42.81	26.06	22.62	24.75
- Low	33.00	30.02	32.56	18.75	24.56	31.81	25.00	20.12	17.12	16.18
P/E Ratio - High	12	13	14	15	20	28	17	12	12	13
- Low	9	9	10	7	13	18	10	9	9	9

Income Statement Analysis (Million \$)

Life Ins. In Force	126,737	118,660	113,055	108,319	101,846	96,339	91,870	86,948	80,391	74,835
Prem. Inc.: Life	1,246	1,221	1,144	1,082	1,018	960	910	855	772	602
Prem. Inc.: A & H	1,034	1,019	1,011	911	825	760	739	733	751	768
Net Invest. Inc.	557	519	492	472	447	460	434	405	382	330
Total Revs.	2,931	2,738	2,707	2,516	2,220	2,158	1,849	2,206	2,067	1,923
Pretax Inc.	655	580	597	553	393	410	516	495	428	387
Net Oper. Inc.	446	424	393	365	328	324	336	316	281	275
Net Inc.	430	383	391	362	259	256	338	319	272	269
S&P Core Earnings	424	408	343	NA	NA	NA	NA	NA	NA	NA

Balance Sheet & Other Fin. Data (Million \$)

Cash & Equiv.	155	140	129	154	127	104	126	110	95.2	70.0
Premiums Due	80.7	70.4	67.5	75.0	53.5	130	127	112	122	224
Invest. Assets: Bonds	8,103	7,194	6,526	5,950	5,680	5,768	5,860	5,328	5,210	4,505
Invest. Assets: Stocks	57.4	24.5	0.57	0.54	29.0	10.0	12.0	8.86	10.6	32.0
Invest. Assets: Loans	704	401	393	374	245	358	301	271	246	202
Invest. Assets: Total	8,795	7,784	7,154	6,471	6,399	6,413	6,538	5,940	5,779	5,236
Deferred Policy Costs	2,330	2,184	2,066	1,942	1,742	1,503	1,371	1,254	1,121	1,017
Total Assets	13,461	12,361	12,428	12,963	12,132	11,249	10,967	9,801	9,364	8,404
Debt	693	552	681	366	372	383	564	792	792	793
Common Equity	3,240	2,851	2,497	2,202	1,993	2,260	1,933	1,629	1,589	1,243
% Return On Revs.	14.7	14.0	14.4	14.4	11.7	11.9	18.3	14.4	13.2	14.0
% Ret. on Assets	3.3	3.1	3.1	2.9	2.2	2.3	3.3	3.3	3.1	3.4
% Ret. on Equity	14.1	14.3	16.6	17.2	12.2	12.2	19.0	19.8	19.2	20.2
% Invest. Yield	6.7	7.0	7.2	7.5	6.8	7.1	7.0	6.9	7.1	7.1

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.: EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. Historical EPS data incl. realized investment gains; oper. EPS estimates excl. them.

Office: 2001 Third Avenue South, Birmingham, AL 35233.
Telephone: 205-325-4200.
Website: <http://www.torchmarkcorp.com>
Chrmn & CEO: C. B. Hudson.
EVP & CFO: G. L. Coleman.
EVP & General Counsel: L. M. Hutchison.

EVP: T. G. Brill.
Investor Contact: Joyce L. Lane (972-569-3627).
Dir's: C. E. Adair, D. L. Boren, J. M. Farley, L. T. Hagopian, C. B. Hudson, J. L. Lanier, Jr., M. S. McAndrew, H. T. McCormick, G. J. Records, R. K. Richey, L. C. Smith, P. J. Zuccconi.

Founded: in 1900.
Domicile: Delaware.
Employees: 4,868.
S&P Analyst: Gregory Simcik, CFA /CB/GG

Recommendation: **HOLD** ★★☆☆☆ 12-Month Target Price: **\$55.00** (as of April 12, 2004)

Sub-Industry Outlook

Our near-term outlook on life insurance stocks is neutral, largely because we think that volatile equity markets and recently enacted tax law changes may temper near-term demand for a number of equity-based savings and retirement products, such as variable life insurance and variable annuities. Our long-term outlook is more positive, due to what we see as favorable mortality and demographic trends, including an aging population that needs to save for retirement. In addition, we think the possibility of rising interest rates could aid margins of spread-based products in the latter half of 2004 and beyond. In 2003, the S&P Life and Health Insurance Index was up 25.2%, slightly less than the 27.4% increase posted by the S&P 1500. However, year to date through July 30, the index gained 9.2%, versus a 0.6% decline for the S&P 1500.

To meet savings and retirement needs of the public, and to counter competition from banks and securities brokers, many life insurers have shifted their mix from so-called traditional life insurance products toward more investment-oriented policies, such as universal life insurance, and fixed and variable annuities. Some insurance companies also

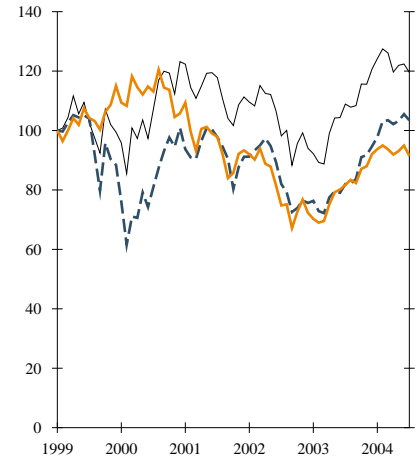
offer mutual funds. As a result, we believe policyholders absorb more investment risk. While we think these wealth accumulation products let life insurers compete more effectively with other financial intermediaries, we also believe it has led to narrower margins.

The annuity business has become one of the fastest growing segments of the life insurance industry, on new guaranteed-benefit and index-linked products. We think guaranteed benefit products introduce a number of complexities for carriers, including adequate reserving and market-hedging programs. Another trend that has affected the industry over the past few years is demutualization, or the process by which an insurer converts from a mutual (or policyholder-owned) structure to a stockholder-owned structure. Many demutualized insurers have undertaken aggressive cost-cutting campaigns, in an effort to become more cost effective after their conversion to a publicly-traded company.

--Gregory Simcik, CFA

Stock Performance

GICS Sector: Financials
Sub-Industry: Life & Health Ins.
Based on S&P 1500 Indexes
Month-end Price Performance as of 07/30/04



Sub-Industry Sector S&P 1500

Note: All Sector & Sub-Industry Information is based on the Global Industry Classification Standard (GICS)

Sub-Industry: Life & Health Insurance *Peer Group: Life/Health Insurers

Peer Group	Stock Symbol	Recent Stock Price	P/E Ratio	12-Mo. Trailing EPS	30-day Price Chg(%)	1-year Price Chg.(%)	Beta	Yield (%)	Quality Ranking	Stk. Mkt. Cap. (Mil. \$)	Ret. on Equity (%)	Pretax Margin (%)	LTD to Cap. (%)
Torchmark Corp.	TMK	51.90	13	4.01	1%	29%	0.47	0.8	A	5,692	14.1	22.4	NA
AEGON N.V.	AEG	10.82	6	1.67	-5%	-14%	1.93	3.9	NR	16,256	12.7	8.3	14.7
Citizens, Inc.	CIA	5.90	42	0.14	8%	-26%	0.09	Nil	B-	206	2.7	3.5	NA
Financial Industries	FNIN	7.50	NM	-1.22	-11%	-50%	-0.11	Nil	B-	73	7.9	NM	23.3
Great West Lifeco	GWO.C	51.45	NM	NA	0%	25%	NA	2.8	A+	18,850	22.9	8.6	NA
Independence Hldg	IHC	19.22	14	1.42	-11%	50%	0.10	0.2	A	273	10.0	7.7	10.2
MetLife Inc.	MET	36.67	10	3.83	7%	30%	NA	0.6	NR	27,508	6.2	7.3	14.8
Protective Life Corp.	PL	38.58	11	3.47	8%	34%	0.69	1.8	A	2,678	11.7	16.6	NA
StanCorp Financial Group	SFG	71.68	11	6.25	2%	28%	0.28	1.0	NR	2,036	10.0	11.6	NA
Universal Amer Finl	UHCO	11.50	13	0.92	7%	52%	0.43	Nil	B	630	7.2	12.7	33.2

NA-Not Available NM-Not Meaningful NR-Not Rated *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Recommendation: **HOLD** ★ ★ ★ ★ ★ 12-Month Target Price: **\$55.00** (as of April 12, 2004)**S&P Analyst Research Notes and other Company News****July 22, 2004**

07:37 am EDT... S&P REITERATES HOLD OPINION ON SHARES OF TORCHMARK CORPORATION (TMK 52.3***): TMK reports Q2 operating EPS of \$1.05 vs. \$0.95, in line with our expectations. Operating income came in slightly below our estimate, primarily on lower health underwriting results, plus modestly lower life and annuity underwriting results. Health premiums were 4.0% below our forecast. Diluted shares outstanding decreased 2.7%, compared with the 1.7% reduction we had projected, reflecting higher share repurchases than expected. We are maintaining our '04 and '05 EPS estimates at \$4.24 and \$4.56, and our 12-month target price at \$55. /G.Simcik-CFA

April 22, 2004

07:39 am EDT... S&P REITERATES HOLD OPINION ON TORCHMARK (TMK 51.15***): TMK posts Q1 net operating EPS of \$1.03, up 11% from \$0.93 a year ago and in line with our estimate. Results benefitted from first year premium growth of 14%, solid and stable life margins, improving health margins, and ongoing gains in the annuities business. Excess investment income growth was slightly below our expectation, but remained solid, in our opinion, at 5%. TMK repurchased 1.2 million shares in Q1, which added a penny to the bottom line. We are keeping our '04 estimate at \$4.26 and our 12-month target price at \$55. We will update following Q1 conference call today. /S. Dawkins

April 22, 2004

12:51 pm EDT... CORRECTION - S&P DOWNGRADES TORCHMARK CORP. TO HOLD FROM ACCUMULATE (TMK 51.29***): (Earlier story gave our opinion on TMK as already a hold.) After the company's Q1 conference call, we are downgrading its shares to hold, since they appear to us almost fully valued. Q1 results are in line with our expectations. Though sales volume has been challenged by TMK's evolving agent compensation program, persistency seems to us to be improving and we believe cost-control steps are showing efficacy. We are maintaining our 2004 operating EPS estimate at \$4.26, and our 12-month target price at \$55, assuming TMK will trade in line with historical relative P/E valuations. /S.Dawkins

April 21, 2004

NEW YORK (Standard & Poor's)--Apr 21, 2004, Torchmark Corp., announced 1Q EPS \$0.99 vs. \$0.85.

February 10, 2004

05:26 pm EST... S&P MAINTAINS ACCUMULATE OPINION ON SHARES OF TORCHMARK (TMK 49.9***): Q4 operating EPS of \$0.98 vs. \$0.89 is in line with our estimate. Life and health sales grew 24% and 20%, respectively. Margins were weaker than we modeled, reflecting higher loss ratio in health unit than expected. We think '04 life sales growth will trend upward, health sales will rise modestly, and gains in investment income will ease. We think TMK should continue to improve margins, through efficiency gains and changes in cancer

business. We are increasing our '04 EPS est. to \$4.21 from \$4.18. We are raising our target price to \$54 from \$50, based on peer-average ratios. /S.Dawkins\

February 10, 2004

NEW YORK (Standard & Poor's)--Feb 9, 2004, Torchmark Corp., announced 4Q EPS \$0.98 vs. \$0.89 and annual EPS \$3.73 vs. \$3.18.

November 24, 2003

NEW YORK (Standard & Poor's)--Nov 12, 2003, Torchmark Corp., announced 3Q EPS \$0.94 vs. \$0.98 and 9 mos. EPS \$2.74 vs. \$2.29.

October 23, 2003

03:02 pm EDT... S&P REITERATES ACCUMULATE SHARES OF TORCHMARK (TMK 42.66***): TMK posts 3Q operating EPS of \$0.98 vs. \$0.89, \$0.02 above our estimate. Results reflect a 7% increase in life premiums and 2% rise in health premiums. Margins were stable at 25% for the life unit and 16% for the health unit. On 3Q results and better business practices, we are raising our '03 EPS estimate to \$3.82 from \$3.80 and our '04 estimate to \$4.18 from \$4.15. Trading at 10x our '04 EPS est., we view shares as undervalued. We are raising our 12-month target price to \$50, from \$48, on P/E multiple of 12, more in line with historical and peer group valuations. /S.Dawkins\

September 18, 2003

11:03 am EDT... S&P REITERATES NEUTRAL STANCE ON SHARES OF LIFE INSURERS (MET 28.76***): Life insurers will likely be buoyed today by news that AXA is acquiring MONY Group for \$1.5 billion (\$31 a share). Although we do not see a surge in M&A activity in the life insurer group, we foresee a scenario of selective purchases of target firms in attractive product niches or with strong distribution capabilities. But the pressures of spread compression, adverse tax law changes and variable annuity reserve issues temper our near term outlook. We view MetLife (MET 29****) and Torchmark (TMK 42****) as the best positioned firms in this pressured industry. /C.Seifert\

July 22, 2003

DOWN 8.92 to 30.18... Posts \$0.95 vs. \$0.87 2Q adj. op. EPS on 10% total sales rise.

July 22, 2003

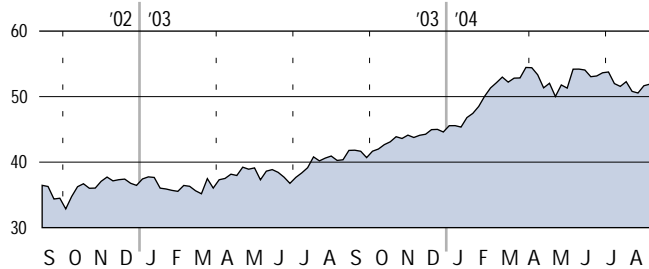
11:58 am EDT... S&P REITERATES ACCUMULATE SHARES OF TORCHMARK CORP. (TMK 38.86***): TMK reports \$0.95 vs. \$0.87 Q2 operating EPS, in line with our estimate. Results reflect 3% premium growth, with 7% rise in life premiums and a 1% uptick in health premiums on a decline in Medicare supplemental sales. We are encouraged by widening of life insurance margins to 25% of premiums from 24%, but this was partly offset by narrower health margins at 15% of premiums vs. 17%. Maintaining our \$3.80 operating EPS estimate for 2003 and \$4.15 for 2004. At 10X 2003 estimate, we view TMK as undervalued versus peers, particularly in light of superior mid-teen ROE. /C.Seifert\

Recommendation: **HOLD** ★★☆☆☆ 12-Month Target Price: **\$55.00** (as of April 12, 2004)

Wall Street Consensus

Analysts' Recommendations

Stock Prices



Analysts' Opinion

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	1	6	1	1
Buy/Hold	0	0	0	1
Hold	13	76	13	12
Weak Hold	2	12	2	2
Sell	1	6	1	1
No Opinion	0	0	0	0
Total	17	100	17	17

S&P-Adjusted Consensus Opinion: SELL

In order to reduce the bullish tendency of analysts, Standard & Poor's Quantitative Services Group created the S&P Average Relative Ranking, or SPARR. This system assigns a ranking based on a stock's consensus score relative to all issues for which consensus estimates are available.

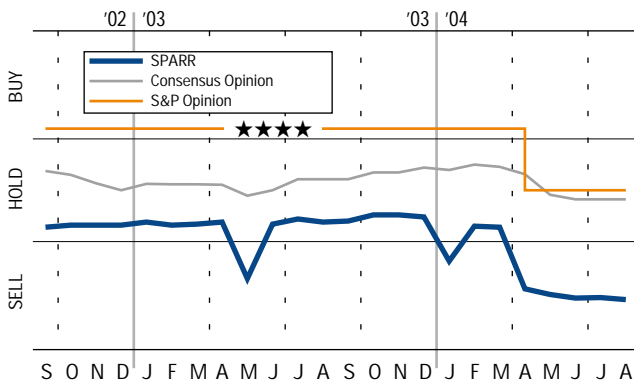
Companies Offering Coverage

- | | |
|----------------------------|----------------------------|
| Standard & Poor's | JP Morgan Securities |
| Argus Research Corp | Keefe Bruyette & Woods Inc |
| Credit Suisse First Boston | Langen Mcalenney |
| Deutsche Bank | Lehman Brothers Inc |
| Dowling & Partners | Merrill Lynch Research |
| FTN Midwest Research | Morgan Stanley & Company |
| Fahnestock & Co | Prudential Securities |
| Fox-Pitt Kelton Inc | Robinson Humphrey Co., The |
| Goldman Sachs & Co | Smith Barney |

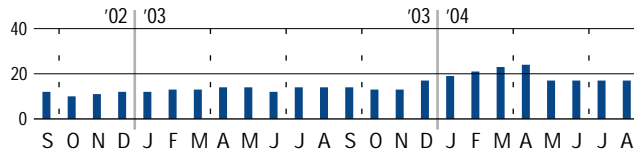
Standard & Poor's STARS (STock Appreciation Ranking System)

- | | | |
|-------|------------|--|
| ★★★★★ | Buy | Under our proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future capital appreciation potential versus the expected performance of the S&P 500 index, based on a 12-month time horizon. |
| ★★★★★ | Accumulate | |
| ★★★★★ | Hold | |
| ★★★★★ | Avoid | |
| ★★★★★ | Sell | |

Analysts' Opinions

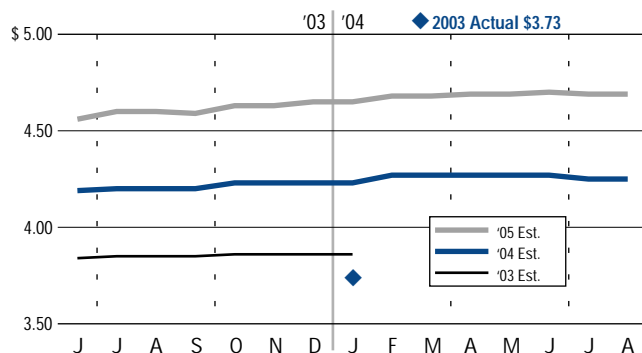


Number of Analysts Following Stock



Analysts' Earnings Estimate

Annual Earnings Per Share



Current Analysts' Consensus Estimates

Fiscal years	Avg.	High	Low	S&P Est.	No. of Est.	Est. P/E Ratio	Est. S&P 500 P/E Ratio
2004	4.25	4.28	4.23	4.24	16	12.2	16.7
2005	4.69	4.75	4.56	4.56	17	11.1	15.2
3Q'04	1.07	1.09	1.07		13		
3Q'03	0.94	Actual					

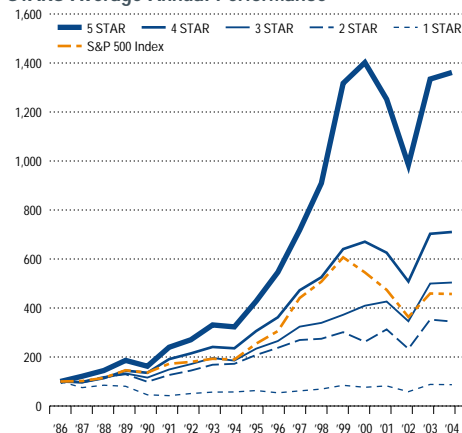
A company's earnings outlook plays a major part in any investment decision. S&P organizes the earnings estimates of over 2,300 Wall Street analysts, and provides you with their consensus of earnings over the next two years. The graph to the left shows you how these estimates have trended over the past 15 months.

Recommendation: **HOLD** ★★☆☆☆ 12-Month Target Price: **\$55.00** (as of April 12, 2004)

Glossary

S&P Recommendation - Since January 1, 1987, Standard & Poor's has ranked a universe of common stocks based on a given stock's potential for future performance. Under our proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future capital appreciation potential versus the expected performance of the S&P 500 index, based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

STARS Average Annual Performance



S&P 12-Month Target Price - The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Quantitative Evaluations - In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Earnings & Dividend (Quality) Rank - S&P's appraisals of the growth and stability of earnings and dividends over the past 10 years for individual companies are indicated by the following quality ranks. Quality Rankings are not intended to predict stock movements.

- A+ Highest
- A High
- A- Above Average
- B+ Average
- NR Not Ranked
- B Lower
- B- Below Average
- C Lowest
- D In Reorganization

S&P Fair Value Rank - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process.

A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calc. - The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Earnings & Dividend Rankings). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Investability Quotient (IQ) - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

Standard & Poor's IQ Rationale: Torchmark Corp.

	Raw Score	Max Value
Proprietary S&P Measures	64	115
Technical Indicators	36	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	43	75
IQ Total	161	250

Volatility - Rates the volatility of the stock's price over the past year.

Technical Evaluation - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 62 Industries, and 132 Sub-Industries.

S&P Core Earnings - Standard & Poor's Core Earnings is a uniform methodology for calculating operating earnings, and focuses on a company's after-tax earnings generated from its principal businesses. Included in the definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, writedowns of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Required Disclosures

As of June 30, 2004, S&P research analysts have recommended 35.9% of stocks with Buy rankings, and 52.7% with Hold rankings, and 11.4% with Sell rankings. Price charts for all STARS-ranked companies can be found at www.spsecurities.com.

All views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

For purposes of this report, 4 & 5 STARS are BUYS, 1 & 2 STARS are SELLS and 3 STARS are HOLDS. The BUY-HOLD-SELL ranking system used in this report is a consolidated version of our proprietary STARS ranking system defined below:

★★★★★ **5-STARS (Buy)** Total return is expected to outperform the total return of the S&P 500 Index by a wide margin, with shares rising in absolute price.

★★★★★ **4-STARS (Accumulate)** Total return is expected to outperform the total return of the S&P 500 Index, with shares rising in absolute price.

★★★★★ **3-STARS (Hold)** Total return is expected to closely approximate that of the total return of the S&P 500 Index, with shares generally rising in price.

★★★★★ **2-STARS (Avoid)** Total return is expected to underperform the total return of the S&P 500 Index, and share price is not anticipated to show a gain.

★★★★★ **1-STAR (Sell)** Total return is expected to underperform the total return of the S&P 500 Index, with shares falling in absolute price.

Affiliates of SPSI received non-investment banking compensation from this company during the past 12 months.

Other Disclosures

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