



***National Western Life Insurance Company
1997 Annual Report***

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financial statements and
Independent Auditors' Report.*

FINANCIAL HIGHLIGHTS

(In thousands except per share data)

	1997	1996	1995	1994	1993
INCOME STATEMENT:					
Insurance revenues	\$ 313,862	309,597	289,650	275,132	268,501
Realized gains (losses) on investments	(1,588)	1,612	(2,415)	1,626	3,206
Total revenues	312,274	311,209	287,235	276,758	271,707
Earnings from continuing operations	42,572	46,215	35,634	37,172	34,892
Earnings (losses) from discontinued operations	(1,000)	-	(16,350)	(2,936)	21,832
Net earnings	41,572	46,215	19,284	34,236	56,724

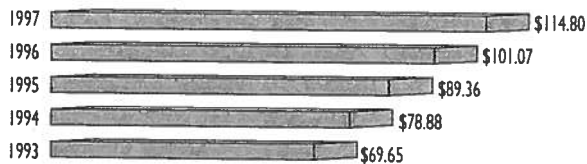
BALANCE SHEET:

Insurance operations assets	\$ 3,224,671	3,119,572	2,952,282	2,682,997	2,568,750
Discontinued operations assets	892	1,257	6,177	232,057	372,301
Total assets	3,225,563	3,120,829	2,958,459	2,915,054	2,941,051
Total stockholders' equity	400,863	352,860	311,987	275,134	242,718

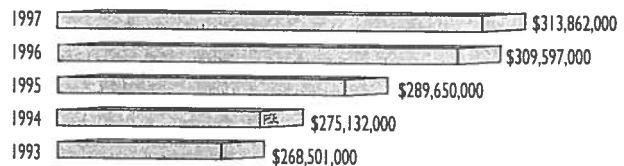
DILUTED EARNINGS PER SHARE DATA:

Earnings from continuing operations:					
Insurance operations	\$ 12.38	12.87	10.65	10.36	7.84
Net realized gains (losses) on investments	(0.29)	0.30	(0.45)	0.30	0.60
Cumulative effect of change in accounting for income taxes	-	-	-	-	1.58
Earnings from continuing operations	12.09	13.17	10.20	10.66	10.02
Earnings (losses) from discontinued operations	(0.28)	-	(4.68)	(0.84)	6.27
Net earnings	11.81	13.17	5.52	9.82	16.29
Book value	114.80	101.07	89.36	78.88	69.65
Market price of Class A common stock	101.50	87.00	56.00	34.75	45.50

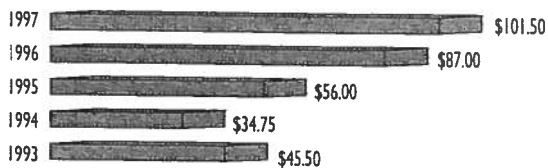
BOOK VALUE PER SHARE



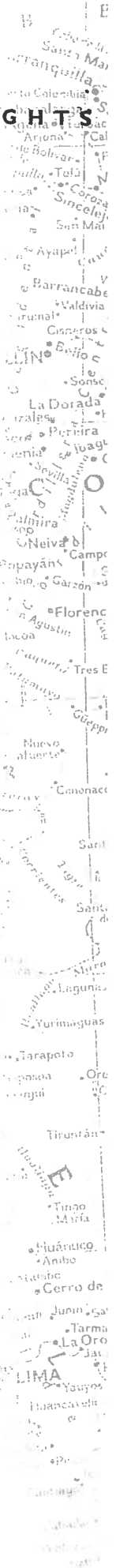
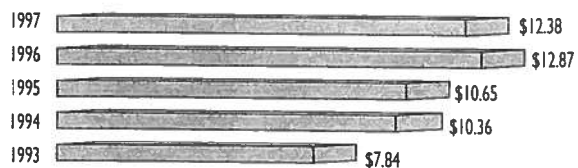
INSURANCE REVENUES




MARKET PRICE OF CLASS A COMMON STOCK



INSURANCE OPERATIONS DILUTED EARNINGS PER SHARE



 review of National Western Life's performance in 1997 again reflects gains from our commitment to long-term, proven strategies. Significant accomplishments in areas such as operating performance, financial stability and capitalization, product development, and marketing, all added value for our stockholders, policyholders, agents, and other important constituents. Introduction of an innovative new annuity product, continued increases in revenues and stockholders' equity, and significant appreciation in the Company's common stock value are among the positive results from another year of commitment and hard work from our team. It is a team approach from our dedicated management, employees, and agents that is responsible for the Company's growth in so many areas in recent years and which will continue our future growth.

**OPERATING RESULTS AND
FINANCIAL CONDITION**

While National Western Life recognized strong earnings in 1996 of \$46.2 million, net earnings were slightly lower in 1997 at \$41.6 million. The 1997 earnings were impacted by losses from discontinued brokerage operations of \$1,000,000, net realized losses on investments of \$1,032,000, higher life insurance benefit claims, and amortization of deferred policy acquisition costs. Deferred policy acquisition costs, which are primarily capitalized agents' commissions, are amortized in direct relation to anticipated future gross profits on applicable life and annuity business. Increases in anticipated future gross profits resulted in retrospective adjustments to deferred policy acquisition costs which lowered the amortization in 1996 relative to 1997 amounts. Also, other income in 1997 declined \$1.5 million, net of taxes, as 1996 included nonrecurring income primarily due to litigation-related recoveries.

INTRODUCTION OF AN INNOVATIVE NEW ANNUITY PRODUCT, CONTINUED INCREASES IN REVENUES AND STOCKHOLDERS' EQUITY, AND SIGNIFICANT APPRECIATION IN THE COMPANY'S COMMON STOCK VALUE ARE AMONG THE POSITIVE RESULTS FROM ANOTHER YEAR OF COMMITMENT AND HARD WORK FROM OUR TEAM.

Although earnings were slightly lower in 1997, we continue to achieve significant growth in assets, revenues, and capital. National Western Life reached another milestone this year as stockholders' equity exceeded the \$400 million mark, an increase of 13.6% for 1997. Additionally, total assets grew to \$3.23 billion at year-end 1997, while insurance revenues, excluding realized gains and losses on investments, were up to \$313.9 million.

A strong capital position and continued capital growth is, and will continue to be, one of National Western Life's most important strategies. This strategy is achieved primarily through a conservative investment philosophy, effective asset/liability management, and controlled premium growth. We place high emphasis on the Company's capital position because of the benefits and opportunities that it provides. As a mid-size life insurance company, we must choose our market niches and business goals carefully to be successful. One of those goals is to provide superior protection for our policyholders through strong capitalization. While our policyholders benefit from this strategy, so do our stockholders through increases in the book value of the Company and by enhanced marketing results. This strategy continues to produce positive results for our stockholders, as the market price of National Western Life's Class A common stock again increased significantly to \$101.50 at year-end 1997, reflecting appreciation of almost 17% for the year. A strong capital position is also very important in insurance company ratings, which is reflected in National Western Life's ratings of "A- (Excellent)" with A.M. Best Company and "A+ (Good)" with Standard and Poor's Corporation. Ratings at these levels have been a key to National Western Life's marketing efforts, and maintaining, or even improving, the ratings is a critical factor in the Company's future success. The Company's superior capital base can also be leveraged in potential future business acquisitions or purchases of blocks of insurance. We are always open to such additions should the right opportunities arise.

MARKETING AND PRODUCTS

National Western Life's history of success is also directly tied to its diversified and innovative approach to developing and marketing products. We sell a variety of insurance products through our Domestic and International Divisions to effectively target our market niches. However, to continue this success, we must adapt and meet the needs of an ever-changing society. An example of National Western Life's willingness to meet challenges by adapting to changing market conditions is the addition of an equity-indexed annuity to our existing domestic product portfolio. This new product is a flexible premium deferred annuity which combines features associated with traditional fixed annuities, with the option

NATIONAL WESTERN LIFE REACHED ANOTHER MILESTONE THIS YEAR AS STOCKHOLDERS' EQUITY EXCEEDED THE \$400 MILLION MARK, AN INCREASE OF 13.6% FOR 1997.

to have interest rates that are linked in part to an equity index, the S&P 500[®] Composite Stock Price Index. Because we do not offer variable annuities or mutual funds, this new product provides a key equity-based alternative to the Company's existing fixed annuity products. The initial market response to the equity-indexed annuity has been very favorable, as significant sales have been made in early 1998. We also plan to introduce two similar equity-indexed investment products in the international market in 1998. Following our conservative investment philosophy, we have implemented an investment hedging program to offset the potential higher returns to be paid on these products, thereby virtually eliminating the Company's exposure to equity market risks.

**DISCONTINUED
BROKERAGE OPERATIONS**

Progress continues to be made in the potential resolution of The Westcap Corporation's Chapter 11 bankruptcy. Westcap, a wholly owned subsidiary of National Western Life, has been in bankruptcy since April, 1996. Westcap, the Creditors' Committee, and National Western Life have recently reported to the bankruptcy court tentative agreements that could lead to the settlement of all claims of the creditors of Westcap and the claims of Westcap against National Western Life, with the exception of the claims of Chicago City Colleges against National Western Life. If the plan is ultimately approved and confirmed, the Company's obligations could total approximately \$15 million for complete releases from all claims, except for the pending claims asserted by Chicago City Colleges against National Western Life in federal court litigation. Although the Company is optimistic regarding the potential settlement, it remains uncertain at this time whether the tentative agreements will be approved by all the parties, including the bankruptcy court. As a result, no amounts have been accrued in the Company's financial statements at year-end 1997 for potential settlements.

LOOKING FORWARD

While it is important to review our past year's achievements, it is more critical to learn from our efforts as we look forward to next year and the new millennium. To ensure National Western Life continues to grow in all facets of our business, we will adapt and innovate as we evaluate ever-changing market conditions and opportunities. However, as we move forward, we will not forget those long-term strategies and philosophies that have been so instrumental in building this Company, which include conservative investments, strict expense controls, superior customer service, controlled premium growth, and strong capitalization.

We personally want to thank our management, employees, and agents for their outstanding performance in 1997. We also thank you, our stockholders, for your investment and support of our Company as we seek continued success in 1998 and beyond.

Una revisión del rendimiento de National Western Life durante el año de 1997 nos refleja nuevamente ganancias derivadas de nuestro compromiso a comprobadas estrategias a largo plazo. Logros significativos en áreas tales como el manejo de operaciones, estabilidad financiera y capitalización, desarrollo de productos y mercadeo, todo junto añadió valor para nuestros accionistas, asegurados y agentes. La introducción de un producto nuevo e innovador de anualidades, incrementos continuos en los ingresos y en el capital contable de los accionistas, además de un aumento considerable en el valor de las acciones comunes de la Compañía están entre los resultados positivos de otro año de compromiso y arduo trabajo de nuestro equipo. Es nuestro enfoque de equipo, que viene desde una administración dedicada, empleados y agentes, el responsable por el crecimiento de la Compañía en muchas áreas durante los últimos años y que continuará nuestro crecimiento futuro.

RESULTADOS DE OPERACIÓN Y CONDICIÓN FINANCIERA

Mientras National Western Life reconoció ganancias sólidas en 1996 de \$46.2 millones, las ganancias netas de 1997 fueron ligeramente más bajas con \$41.6 millones. Las ganancias de 1997 fueron afectadas por las pérdidas de la discontinuación de las operaciones de corretaje con \$1,000,000, pérdidas realizables netas en inversiones de \$1,032,000, aumento en los reclamos de beneficios de seguro de vida, y amortización de los costos diferidos de adquisición de póliza. Los costos diferidos de adquisición de póliza, los cuales son principalmente comisiones capitalizadas de los agentes, son amortizados en relación directa a las futuras ganancias brutas anticipadas de los negocios de seguros de vida y de anualidades. Aumentos en las futuras ganancias brutas anticipadas resultaron en ajustes retroactivos a los costos diferidos de adquisición de póliza los cuales bajaron la amortización en 1996 comparado con los resultados de 1997.

LA INTRODUCCIÓN DE UN PRODUCTO NUEVO E INNOVADOR DE ANUALIDADES, INCREMENTOS CONTÍNUOS EN LOS INGRESOS Y EN EL CAPITAL CONTABLE DE LOS ACCIONISTAS, ADEMÁS DE UN AUMENTO CONSIDERABLE EN EL VALOR DE LAS ACCIONES COMUNES DE LA COMPAÑÍA ESTÁN ENTRE LOS RESULTADOS POSITIVOS DE OTRO AÑO DE COMPROMISO Y ARDUO TRABAJO DE NUESTRO EQUIPO.

Asimismo, otros ingresos en 1997 declinaron \$1.5 millones, neto de impuestos, mientras que en 1996 se incluyeron ingresos no recurrentes principalmente como resultado de las recuperaciones relacionadas con los litigios.

A pesar que las ganancias fueron ligeramente más bajas en 1997, continuamos alcanzando un crecimiento considerable en activos, renta y capital. National Western Life alcanzó en este año otro récord importante ya que el capital contable de los accionistas excedió la cifra de \$400 millones, un aumento del 13.6% para 1997. Adicionalmente, los activos totales crecieron a \$3.23 mil millones a fines del año de 1997, mientras que las rentas de seguros, excluyendo las ganancias realizadas y las pérdidas en inversiones, aumentaron a \$313.9 millones.

Una sólida posición de capital y continuo crecimiento de capital es, y continuará siendo, una de las estrategias más importantes de National Western Life. Esta estrategia se logra a través de una filosofía de inversión conservadora, administración efectiva de activos/pasivos y un crecimiento controlado de primas. Ponemos un alto énfasis en la posición del capital de la Compañía debido a los beneficios y oportunidades que ofrece. Como una compañía de seguros de vida de tamaño mediano, nosotros tenemos que escoger cuidadosamente nuestros nichos de mercado y nuestras metas de negocios para tener éxito. Una de estas metas es proveer protección superior a nuestros asegurados a través de una sólida

capitalización. Mientras nuestros asegurados se benefician de esta estrategia, nuestros accionistas se benefician a través de aumentos en el valor en libros de nuestra compañía y mediante mejorados resultados de mercadeo. Esta estrategia continua produciendo resultados positivos para nuestros accionistas mientras el precio en el mercado de las acciones comunes de Clase A de National Western Life nuevamente tuvieron un aumento considerable a \$101.50 al cierre de 1997, reflejando un aumento de casi 17% para este año. Una posición sólida de capital es también muy importante en la clasificación de las compañías de seguros la cual se refleja en la clasificación de National Western Life de "A- (Excelente)" con la Compañía A.M. Best y "A+(Buena)" con la Corporación Standards and Poor's. La clasificación en estos niveles ha sido una clave para los esfuerzos de mercadeo de National Western Life. Mantener y/o mejorar esta clasificación es un factor crítico en el éxito futuro de la Compañía. La base de capital superior de la Compañía puede ser una palanca para las posibles adquisiciones futuras del negocio o para la compra de bloques de seguros. Nosotros estamos siempre listos para tales adiciones cuando las oportunidades correctas se presenten.

MERCADEO Y PRODUCTOS

El historial de éxito de National Western Life está también unido a su enfoque diversificado e innovador del desarrollo y mercadeo de productos. Nosotros vendemos una gran variedad de productos a través de nuestra División Doméstica y nuestra División Internacional para así llegar a satisfacer las necesidades de nuestros nichos de mercado. Por otro lado, para continuar con este éxito, tenemos que adaptarnos y cumplir con las necesidades de una sociedad que cambia continuamente. Un ejemplo del empeño de National Western Life para cumplir con los retos al adaptarse a las condiciones cambiantes del mercado, es la adición de una anualidad indexada a valores a nuestra actual cartera doméstica de productos. Este nuevo producto es una anualidad diferida de primas flexibles

NATIONAL WESTERN LIFE ALCANZÓ EN ESTE AÑO OTRO RÉCORD IMPORTANTE YA QUE EL CAPITAL CONTABLE DE LOS ACCIONISTAS EXCEDIÓ LA CIFRA DE \$400 MILLONES, UN AUMENTO DEL 13.6% PARA 1997.

la cual combina las características de las tradicionales anualidades fijas, con la opción de tener tasas de interés que están vinculadas en parte a un índice de valores, Índice Compuesto de Precios de Valores del S&P 500®. Debido a que no ofrecemos anualidades variables o fondos mútuos, este producto nuevo provee una alternativa clave de valores a los productos existentes de anualidades fijas. La reacción inicial del mercado a la anualidad indexada a valores ha sido muy favorable, ya que se han hecho ventas considerables a principios de 1998. También planeamos introducir dos contratos indexados a valores al mercado internacional en 1998. Siguiendo nuestra filosofía conservadora de inversiones, hemos implementado un programa de inversiones de cobertura para compensar los posibles altos rendimientos a pagar en estos productos, con lo cual casi se elimina cualquier exposición de la Compañía a los riesgos del mercado de valores.

DESCONTINUACIÓN DE LAS OPERACIONES DE CORRETAJE

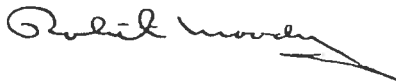
Continuamos progresando en la posible resolución del Capítulo 11 del Código de Quiebra de la Corporación Westcap. Westcap, una subsidiaria de completa propiedad de National Western Life, ha estado en bancarrota desde abril de 1996. Westcap, el Comité de Acreedores, y National Western Life han reportado recientemente a la Corte de Quiebra posibles acuerdos que podrían llegar a un convenio de todos los reclamos de los acreedores en contra de Westcap y los reclamos de Westcap en contra de National Western Life,

exceptuando los reclamos de Chicago City Colleges en contra de National Western Life. Si el plan es finalmente aprobado y confirmado, la deuda de la Compañía podría llegar a un total aproximado de \$15 millones para completamente liberar todos los reclamos, excepto de los reclamos pendientes presentados por Chicago City Colleges en contra de National Western Life en litigio de la corte federal. Si bien la Compañía está optimista con relación al posible convenio, todavía es incierto si los acuerdos serán aprobados por todas las partes, incluyendo la Corte de Quiebra. Como resultado, cantidades no han sido acumuladas en los estados financieros de la Compañía al cierre de 1997 por posibles convenios.

MIRANDO HACIA EL FUTURO

Mientras es importante revisar los logros del pasado año, es más crítico aprender de nuestros esfuerzos al mismo tiempo que nos proyectamos al próximo año y al nuevo milenio. Para asegurar que National Western Life continúe creciendo en todas las facetas de nuestro negocio, nos adaptaremos e innovaremos al mismo tiempo que evaluamos las condiciones cambiantes del mercado y las oportunidades que se presenten. Sin embargo, según nos movemos adelante, no olvidaremos estas estrategias a largo plazo y las filosofías que han sido de tanta utilidad para edificar esta Compañía, las cuales incluyen inversiones conservadoras, control estricto de gastos, servicio superior al cliente, crecimiento controlado de primas, y una sólida capitalización.

Queremos agradecerle personalmente a nuestra administración, empleados y agentes por su actuación sobresaliente en 1997. También le agradecemos a ustedes, nuestros accionistas por su inversión y apoyo en nuestra Compañía en la busca del éxito para 1998 y para el futuro.



Robert L. Moody
*Chairman of the Board and
Chief Executive Officer*
*Presidente de la Junta Directiva y
Director Ejecutivo*



Ross R. Moody
*President and
Chief Operating Officer*
*Presidente y Funcionario
Ejecutivo de Operaciones*

National Western Life's conservative investment philosophy continues to be a cornerstone in the Company's management strategies and a primary reason for continued operating success. The Company's primary investment objectives are obtaining maximum possible yields while protecting principal and providing adequate liquidity to meet current and long-term cash needs of the Company. These objectives are achieved while emphasizing preservation of principal, diversification of assets, liquidity, and prudent handling of policyholders' and stockholders' funds. In accordance with this philosophy, National Western Life's investment portfolio consists primarily of high quality, liquid investment grade debt securities, with lower holdings of mortgage loans, policy loans, and other investments.

DEBT SECURITIES

National Western Life maintains a diversified debt securities portfolio which consists of various types of fixed income securities including primarily corporate, mortgage-backed securities, and public utilities. Investments in mortgage-backed securities include U.S. government agency and private issue pass-through securities and collateralized mortgage obligations.

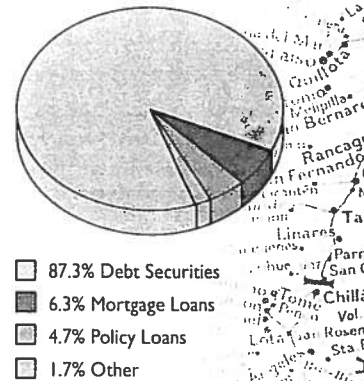
An important aspect of the Company's investment philosophy is managing the cash flow stability of the portfolio. Because expected maturities of securities may differ from contractual maturities due to prepayments, extensions, and calls, the Company takes steps to manage and minimize these risks. The Company has lowered its prepayment and extension risks by reducing holdings of mortgage-backed securities and by adding noncallable corporate securities in recent years. Also, the Company's mortgage-backed securities consist primarily of planned amortization class I collateralized mortgage obligations (CMOs) which have more predictable cash flow patterns than pass-through securities. These securities are designed to amortize in a more predictable manner than other CMO classes or pass-throughs.

In addition to managing prepayment, extension, and call risks, the Company closely manages the credit quality of its investments in debt securities. Thorough credit analysis is performed on potential corporate investments, including examination of a company's credit and industry outlook, financial ratios and trends, and event risks. The Company continues to follow its conservative investment philosophy by minimizing its holdings of below investment grade debt securities, as these securities generally have greater default risk than higher rated corporate debt. The Company's strong credit risk management and commitment to quality have resulted in minimal defaults in the debt securities portfolio in recent years. In fact, at December 31, 1997, no securities were in default and on nonaccrual status. Also at year-end 1997, over 72% of National Western Life's debt securities portfolio was rated "A" or better by a nationally recognized statistical rating organization, while less than 2% of the portfolio was below investment grade quality.

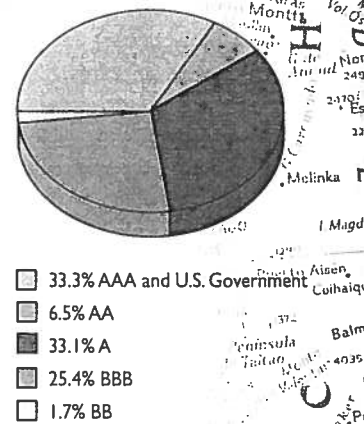
OTHER INVESTMENTS

While the debt securities portfolio comprises 87.3% of the Company's investments, mortgage loans and policy loans are the primary holdings in the remainder of the portfolio. Investments in real estate and equity securities remain small. The Company minimizes its holdings in investments other than debt securities, as they are typically higher risk assets. To provide enhanced portfolio returns while still minimizing credit and default risks, National Western Life applies strict underwriting guidelines to its mortgage loan investments. The Company invests in loans on high quality, income producing properties and seeks diversification of property types and geographic locations to enhance yields and spread risks. The mortgage loan portfolio represented 6.3% of the Company's total investments as of December 31, 1997. No loans were in default at year-end 1997, and reductions in interest income due to restructured loans and loans in default were not significant for the year.

ALLOCATION OF INVESTMENTS



SECURITIES CREDIT QUALITY



National Western Life coordinates marketing efforts through Domestic and International Divisions to effectively target market niches and service its policyholders and agents. Of total 1997 direct premiums collected, 82.4% were from the United States domestic market, while the remaining 17.6% were from the international market. Most of the Company's premium production is from the domestic market due to sales of annuity products, which are sold primarily in the United States. The Company's life insurance sales continue to be very strong in the international market, as over 64% of 1997 life insurance premiums collected were from countries outside the U.S. For the year ended December 31, 1997, direct premiums collected for life insurance and annuities were \$328 million, with annuities totaling \$241 million and life insurance totaling \$87 million.

DOMESTIC DIVISION

The Company's Domestic Division concentrates marketing efforts on federal employees, seniors, and specific employee groups in private industry, as well as individual sales. The products marketed are annuities, universal life insurance, and traditional life insurance, which includes both term and whole life products. National Western Life markets and distributes its domestic products primarily through independent marketing organizations (IMOs). These IMOs assist the Company in recruiting, contracting, and managing agents. Current marketing plans are to increase the number of IMOs under contract by adding qualified, select organizations each year that are able to meet minimum production standards.

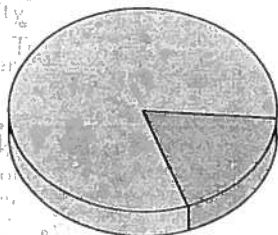
During late 1997, the Domestic Division added a key product to its existing portfolio with the introduction of an equity-indexed annuity. This product is a flexible premium deferred annuity which combines the features associated with traditional fixed annuities, with the option to have interest rates that are linked in part to an equity index, the S&P 500® Composite Stock Price Index. Significant initial sales indicate this product is attractive to customers, as it has guaranteed minimum interest rates, coupled with the potential for significantly higher returns based on an equity index component. Also, because the Company does not offer variable annuities or mutual funds, this new product provides a key equity-based alternative to the Company's existing fixed annuity products.

INTERNATIONAL DIVISION

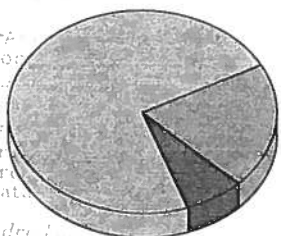
The Company's International Division focuses marketing efforts on foreign nationals in upper socioeconomic classes with substantial financial resources. Insurance sales are primarily in countries in Central and South America, the Caribbean, and increasingly the Pacific Rim. Marketing to numerous countries in these different regions provides diversification that helps to minimize large fluctuations in sales that can occur due to various economic, political, and competitive pressures that may occur from one country to another. Products sold in the international market are primarily universal life and traditional life insurance products. The Company minimizes exposure to foreign currency risks, as almost all foreign policies require payment of premiums and claims in United States dollars.

The International Division's sales production is from independent broker-agents, many of whom have been selling National Western Life products for 20 or more years. Currently marketing plans include expanding sales networks in specifically targeted South American and Pacific Rim countries, which have higher growth potential than other countries. These plans also include the introduction of two new equity-indexed investment products similar to the Domestic Division's new equity-indexed annuity. While National Western Life increases its sales efforts in the international arena, the Company remains committed to its conservative, yet competitive, underwriting practices which historically have resulted in claims experience similar to that in the United States.

1997 PREMIUMS AND DEPOSITS BY MARKET



1997 PREMIUMS AND DEPOSITS BY PRODUCT



73.4% Annuities
20.1% Universal Life Insurance
6.5% Traditional Life and Other

SUMMARY OF SELECTED FINANCIAL DATA

(In thousands except per share data)	1997	1996	1995	1994	1993
INCOME STATEMENT					
Revenues:					
Life and annuity premiums	\$ 15,812	16,611	17,390	18,938	18,624
Universal life and investment annuity contract revenues	80,250	75,966	69,783	64,711	67,778
Net investment income	217,446	214,302	201,816	190,021	180,252
Other income	354	2,718	661	1,462	1,847
Realized gains (losses) on investments	(1,588)	1,612	(2,415)	1,626	3,206
Total revenues	312,274	311,209	287,235	276,758	271,707
Expenses:					
Policyholder benefits	35,285	33,313	37,336	32,790	34,646
Amortization of deferred policy acquisition costs	39,934	30,361	33,675	32,131	33,159
Universal life and investment annuity contract interest	145,200	151,475	142,940	129,064	130,875
Other insurance operating expenses	27,560	25,722	27,084	29,394	28,959
Total expenses	247,979	240,871	241,035	223,379	227,639
Federal income taxes	21,723	24,123	10,566	16,207	14,696
Earnings before cumulative effect of change in accounting principle and discontinued operations	42,572	46,215	35,634	37,172	29,372
Cumulative effect of change in accounting for income taxes	-	-	-	-	5,520
Earnings (losses) from discontinued operations	(1,000)	-	(16,350)	(2,936)	21,832
Net earnings	\$ 41,572	46,215	19,284	34,236	56,724
Diluted Earnings Per Share: ^(A)					
Earnings before cumulative effect of change in accounting principle and discontinued operations	\$ 12.09	13.17	10.20	10.66	8.44
Cumulative effect of change in accounting for income taxes	-	-	-	-	1.58
Earnings (losses) from discontinued operations	(0.28)	-	(4.68)	(0.84)	6.27
Net earnings	\$ 11.81	13.17	5.52	9.82	16.29
BALANCE SHEET					
Total assets	\$ 3,225,563	3,120,829	2,958,459	2,915,054	2,941,051
Total liabilities	\$ 2,824,700	2,767,969	2,646,472	2,639,920	2,698,333
Stockholders' equity	\$ 400,863	352,860	311,987	275,134	242,718

Note: (A) Amounts are restated in accordance with the implementation of Statement of Financial Accounting Standards No. 128, "Earnings Per Share."

ROBERT L. MOODY

Chairman of the Board, Chief Executive Officer,
National Western Life Insurance Company
Investments
Galveston, Texas
NWL Director - 1964 to present

ROSS R. MOODY

President, Chief Operating Officer,
National Western Life Insurance Company
Austin, Texas
NWL Director - 1981 to present

ARTHUR O. DUMMER

President,
The Donner Company
Salt Lake City, Utah
NWL Director - 1980 to present

HARRY L. EDWARDS

Retired, Former President and
Chief Operating Officer,
National Western Life Insurance Company
Austin, Texas
NWL Director - 1969 to present

E. DOUGLAS MCLEOD

Director of Development,
The Moody Foundation
Galveston, Texas
NWL Director - 1979 to present

CHARLES D. MILOS, JR.

Senior Vice President - Investment Analyst,
National Western Life Insurance Company
Galveston, Texas
NWL Director - 1981 to present

FRANCES A. MOODY

Executive Director,
Center for Non-profit Management,
The Moody Foundation
Dallas, Texas
NWL Director - 1990 to present

RUSSELL S. MOODY

Investments
Austin, Texas
NWL Director - 1988 to present

LOUIS E. PAULS, JR.

President,
Louis Pauls & Company
Galveston, Texas
NWL Director - 1971 to present

E.J. PEDERSON

Executive Vice President,
The University of Texas Medical Branch
Galveston, Texas
NWL Director - 1992 to present

ROBERT L. MOODY
Chairman of the Board and Chief Executive Officer

ROSS R. MOODY
President and Chief Operating Officer

ROBERT L. BUSBY, III, CPA, FLMI, CLU, ChFC
Senior Vice President - Chief Administrative Officer,
Chief Financial Officer and Treasurer

CHARLES P. BALEY, FLMI, CLU
Senior Vice President - Information Services

RICHARD M. EDWARDS
Senior Vice President - International Marketing

PAUL D. FACEY, FSA, MAAA, FCIA, FLMI
Senior Vice President - Chief Actuary

CHARLES D. MILOS, JR.
Senior Vice President - Investment Analyst

ARTHUR W. PICKERING, CLU
Senior Vice President - Domestic Marketing

PATRICIA L. SCHEUER, CFA
Senior Vice President - Chief Investment Officer

ROBERT J. ANTONOWICH, CLU, ChFC, LLIF
Vice President - Marketing

ROBERT B. CARLTON
Vice President - Marketing

CAROL JACKSON
Vice President - Human Resources

VINCENT L. KASCH, CPA
Vice President - Controller and Assistant Treasurer

JAMES A. KINCL
Vice President - Salary Savings

DORIS KRUSE, ALHC, ACS
Vice President - Policy Benefits

PAUL G. MCGILLIVRAY, CFP
Vice President - Marketing

JAMES R. NAISER, FLMI
Vice President - Systems Development

JAMES P. PAYNE, JD
Vice President - Secretary

AL R. STEGER, FLMI, CLU, ChFC, AALU
Vice President - Risk Selection

B. BEN TAYLOR, ASA, MAAA
Vice President - Actuarial Services

LARRY D. WHITE, FLMI
Vice President - Policyowner Services

SCOTT E. ARENDALE
Assistant Vice President - International Sales
Department

LARRY E. CARSON, CPA, FLMI
Assistant Vice President - Assistant Controller

ROBIN R. HULSEY, FLMI, ACS
Assistant Vice President - Administrative Services

JO NELL MORRIS, FLMI, ACS
Assistant Vice President - Policyowner Services

ELLEN C. OTTE
Assistant Secretary

JOHN R. PATTON, JD
Assistant Vice President - Staff Counsel

DONNA L. RICHARDSON, FLMI, AIAA, ACS, SILAF
Assistant Vice President - Agent Contracting
& Licensing

LURA L. ROGERS, ACS
Assistant Vice President - Domestic Marketing

MARGARET M. SIMPSON, ACS
Assistant Secretary



EXECUTIVE OFFICES

National Western Life Insurance Company,
850 East Anderson Lane, Austin, Texas 78752-1602, Telephone: (512) 836-1010.

ACCOUNTANTS

KPMG Peat Marwick LLP, 111 Congress Avenue, Suite 1100, Austin, Texas 78701.

GENERAL COUNSEL

Will D. Davis, Heath Davis & McCalla, Attorneys at Law, Austin, Texas.

SUBSIDIARIES

NWL 806 Main, Inc., Austin, Texas, principal activity: investments.
NWL Investments, Inc., Austin, Texas, principal activity: investments.
NWL Properties, Inc., Austin, Texas, principal activity: investments.
NWL Services, Inc., Reno, Nevada, principal activity: investments.
NWL Financial, Inc., Austin, Texas, principal activity: investments.
The Westcap Corporation, Houston, Texas, principal activity: U.S. government
and municipal securities dealer in reorganization bankruptcy.

STOCK TRANSFER AGENT

Boston EquiServe, Investor Relations Department,
Mail Stop: 45-02-64, P.O. Box 8040, Boston, Massachusetts 02266-8040,
Telephone: (781) 575-3170.

Communications regarding stock transfer requirements, lost certificates, and change of address should be directed to the transfer agent or to the Office of the Corporate Secretary of National Western Life Insurance Company.

STOCK INFORMATION

Shares of National Western Life Insurance Company are traded on The Nasdaq Stock Market under the symbol NWLIA.

ANNUAL STOCKHOLDERS' MEETING

The annual meeting of stockholders will be at 10:00 a.m. (CDT) on June 19, 1998, at National Western Life Insurance Company's executive offices.

FORM 10-K

National Western Life Insurance Company's 1997 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is included in this annual report. Additional copies are available upon request without charge.

INVESTOR RELATIONS

Direct inquiries to Chief Financial Officer, 850 East Anderson Lane, Austin, Texas 78752-1602, Telephone: (512) 719-2230.