

**UNITED HERITAGE MUTUAL HOLDING COMPANY / FINANCIAL GROUP
BOARD OF DIRECTORS**

**UNITED HERITAGE
MUTUAL HOLDING COMPANY
ANNUAL MEETING NOTICE**

The annual meeting of the members of United Heritage Mutual Holding Company will be held on May 16, 2005 (the third Monday in May) at the Home Office, 707 E. United Heritage Court, Meridian, Idaho, at 10:00 a.m. local time. Members of United Heritage Mutual Holding Company are persons who own a policy issued by either United Heritage Life Insurance Company or Sublimity Insurance Company.

2005 ANNUAL MEETING AGENDA

Comments

*President and CEO, Dennis L. Johnson
Chairman of the Board of Directors, Richard E. Hall
Sublimity President and CEO, G. Richer Budke
UHP&C President & CEO, Brian E. Henman
UHFS President and CEO, Jack J. Winderl*

**Approval of the Minutes
of the 2004 Annual Meeting**

Election of Directors

*The Directors standing for re-election are
Ned E. Clark (1 year term), Julie E. Prafke (1 year term),
Dennis L. Johnson (4 year term),
and James R. Hay (4 year term).*

PROXIES

If you have returned a signed proxy form to the Company, the Board of Directors intends to direct the Chairman of the Board to vote your proxy FOR the re-election of Ned E. Clark, Julie E. Prafke, Dennis L. Johnson and James R. Hay to the Board of Directors at the Annual Meeting. You may revoke your proxy at any time by sending a letter to the Company stating that you would like to revoke your proxy. Please include your United Heritage Life or Sublimity Insurance Company policy number in your letter and sign the letter. Further, if you have not sent in a proxy form and you would like to, please contact the United Heritage Client Services Department at 1-800-657-6351. Finally, if you have not sent in a proxy form and you would like to cast your vote FOR or AGAINST the election of the Directors standing for re-election, you may send a letter to the Company indicating your vote. We must receive your letter by May 11, 2005. Please indicate your policy number in your letter and sign it.



Richard E. Hall, Chairman of the Board - Resides in Boise, ID. Mr. Hall, an attorney, is President and a Founding Partner of the Law firm of Hall, Farley, Oberrecht & Blanton in Boise, ID. He earned his BA from University of Idaho in 1966 and a JD from Harvard Law School in 1969. He has served on the United Heritage Life Insurance Company Board of Directors since 1990 and has been Chairman since May 2000.



Rodney L. Smith, Vice Chairman of the Board - Resides in Red Lodge, MT. Mr. Smith was President of First Interstate Bank in Red Lodge, MT. He had been in banking since 1964 and retired on December 31st, 2004. Mr. Smith has a BA degree in Computer Programming. He has served on the United Heritage Life Insurance Company Board of Directors since 1997 and currently serves on the Audit Committee and Executive Committee.



Dennis L. Johnson, President and CEO - Resides in Boise, ID. Mr. Johnson began his career at United Heritage Life Insurance in 1983 as General Counsel. He was Executive VP and COO and became a member of the Board in 1998. He became President and CEO in 1999. Mr. Johnson earned his BA from Northwest Nazarene University and his JD from the University of Idaho, College of Law. He is Chairman-elect for the Boise Metro Chamber of Commerce to serve 2005-2006.



Ned E. Clark - Resides in Heppner, OR. Mr. Clark is the President and majority shareholder of Horseshoe Hereford Ranch, Inc. and is Chairman of the Board for Bank of Eastern Oregon. He attended Oregon State University and Linfield College. He has served on the United Heritage Life Insurance Company Board of Directors since 1991 and currently is the Chairman of the Audit Committee. He also serves on the Board of United Heritage Marketing Services, Inc.



Richard C. Waitley - Resides in Meridian, ID. Mr. Waitley has been President of Association Management Group for 28 years, which handles association management and lobbying for Idaho and northwest agricultural groups. Mr. Waitley is a University of Idaho graduate with a BS in Agriculture Education. He has served on the United Heritage Life Insurance Company Board of Directors since 1995 and currently serves on the Compensation Committee. He is also Chairman of United Heritage Marketing Services, Inc.



Julie E. Prafke - Resides in Spokane, WA. Ms. Prafke is the President of Humanix Personnel Services. She received her AA from North Idaho College, BA from Eastern Washington University and her MBA from City University in Spokane, WA. She has been on the United Heritage Life Insurance Company Board of Directors since 1995 and currently is Chairperson of the Compensation Committee, as well as serving as a Director of United Heritage Marketing Services, Inc. She is also the Chairperson of the Spokane Valley Chamber of Commerce for 2003-2005.

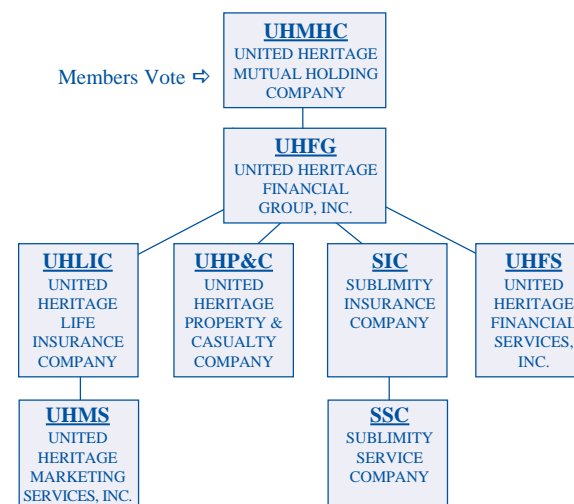


Steven D. Hauschild - Resides in Spokane, WA. Mr. Hauschild has been in the banking industry since 1980. He has served in management positions for major financial institutions as a prior approval officer, regional loan production senior manager, and senior manager for credit review/internal controls. He received his BBA from Gonzaga University, Spokane, WA and MBA from Washington State University, Pullman, WA. He has served on the United Heritage Life Insurance Company Board of Directors since 2000 and is currently serving on the Audit and Investment Committees, as well as a Director of United Heritage Marketing Services, Inc.



James R. Hay - Resides in McMinnville, OR. Mr. Hay graduated from Oregon State University in 1964 with a BS in Agriculture. He earned an MS in Agriculture Science in 1966 also at Oregon State University. From 1966 to 1976 he was employed as an "Extension Agent" for Oregon State University. He worked at Key Bank from 1976-1999. He was VP and Manager of their Oregon Agriculture Department when he retired. He has been a Director of Seven H Enterprises, a timber holding company since 1978. He joined the Sublimity Insurance Company Board of Directors in 1982 and was elected Vice Chairman in March 1999.

**MUTUAL HOLDING COMPANY
ORGANIZATIONAL STRUCTURE**



**United Heritage Life Insurance Co.
Marketing Directors**

*John J. Bellamy, AAPA,
Vice President Marketing - Annuities
Meridian, ID*

*R. Shane Nelson
Vice President - Group
Boise, ID*

*Patty Woods Klingberg, CPC, CSA - PreNeed
Meridian, ID*

Regional Directors

*James R. Barlow - Gilbert, AZ
Timothy A. Barton - Pepin, WI
Scott E. Englund, FLMI - Nampa, ID
Robert A. Hanson - PreNeed - Stanchfield, MN
Keith A. Kimball - Buckley, WA
D. Michael Milwee - Garland, TX
Calvin C. Mickelson - PreNeed - Grove, OK*

UNITED HERITAGE
Mutual Holding Company



2004

Annual Report



P.O. Box 7777
Meridian, Idaho 83680-7777
unitedheritage.com
Toll Free 1-800-657-6351

*United Heritage Financial Group
United Heritage Life Insurance Co.
United Heritage Property & Casualty Co.
United Heritage Financial Services, Inc.
Sublimity Insurance Co.*



PRESIDENT'S MESSAGE



2004 was an outstanding year for all of the United Heritage Financial Group companies. We experienced growth in income, equity, sales, and assets. Improved financial markets and an expanding economy played a part. But, more importantly, careful underwriting and steady growth contributed to our overall strong performance.

Our three insurance companies had record net income: United Heritage Life, \$3.6 million; Sublimity Insurance Company, \$1 million; and United Heritage Property & Casualty Company, \$1.1 million. In addition, the balance sheets were strengthened significantly with additions to surplus (equity) by each of these companies. United Heritage Financial Services had record top line revenue and profitable net income as we reinvested to expand this business.

The combined net income for all Companies, after United Heritage Financial Group and intercompany expenses, was \$5.26 million. The insurance companies' income is reported on a statutory basis and that of United Heritage Financial Services, Inc. is reported on a GAAP basis. This net income represents excellent 2004 results for all of our operating companies.

It is my pleasure, on behalf of the Board of Directors of United Heritage Mutual Holding Company, to thank our constituents for the successes of this past year. Our agents and financial registered representatives, regional marketing directors, Board members, officers, and employees deserve the credit for this outstanding year. Together, we are pleased to be able to report on these fine results for the year 2004 to our members, clients, and friends.

Sincerely,

Dennis L. Johnson
President & CEO

United Heritage Mutual Holding Company
United Heritage Financial Group
United Heritage Life Insurance Company

**UNITED HERITAGE
FINANCIAL GROUP, INC.**

As a holding company, the primary assets of United Heritage Financial Group are the common stock of United Heritage Life Insurance Company, United Heritage Property & Casualty Company, United Heritage Financial Services, Inc., and Sublimity Insurance Company. Combined Assets are \$419,762,341. Combined Capital & Surplus totals \$44,913,267.

**UNITED HERITAGE
LIFE INSURANCE COMPANY**

United Heritage Life Insurance Company has been in business since 1934, offering a diverse line of products in the 22 contiguous states west of the Mississippi River. We have recently been admitted into the state of Hawaii, where we are in the process of introducing select product lines. We are also admitted in Illinois, but are not operating therein at this time. Our product lines include life insurance, preneed, final expense, fixed annuities, and group life and disability.

ASSETS	\$ 394,098,935
LIABILITIES	\$ 360,050,880
CAPITAL & SURPLUS	\$ 34,048,055
NET INCOME	\$ 3,670,604
PREMIUM & ANNUITY	
CONSIDERATIONS	\$ 46,560,199
LICENSED AGENTS	1,302

UHLIC Board of Directors

<i>Richard E. Hall</i>	<i>Boise, ID</i>
<i>Chairman of the Board</i>	
<i>Rodney L. Smith</i>	<i>Red Lodge, MT</i>
<i>Vice Chairman of the Board</i>	
<i>Dennis L. Johnson</i>	<i>Boise, ID</i>
<i>President & CEO</i>	

<i>Ned E. Clark</i>	<i>Heppner, OR</i>
<i>Richard C. Waitley</i>	<i>Meridian, ID</i>
<i>Julie E. Prafke</i>	<i>Spokane, WA</i>
<i>Steven D. Hauschild</i>	<i>Spokane, WA</i>

UHLIC Senior V. P. & Chief Marketing Officer
Robert J. McCarvel

**SUBLIMITY
INSURANCE COMPANY**

Sublimity Insurance Company, which became a United Heritage company in May of 2003, provides home, automobile, farm and umbrella products to responsible insurance consumers in Oregon and Idaho. Our staff is comprised of technically knowledgeable insurance professionals who are committed to providing an "old-fashioned" level of service. Since 1896, Sublimity has offered reliable protection and friendly, responsive service to its policyholders and agents.



*G. Richer Budke
President & CEO,
SIC*

ASSETS	\$ 11,769,751
LIABILITIES	\$ 6,450,671
CAPITAL & SURPLUS	\$ 5,319,080
NET INCOME	\$ 1,030,694
DIRECT WRITTEN PREMIUM	\$ 10,224,722
AGENCY LOCATIONS	141

Sublimity Board of Directors

<i>Robert J. Schumacher</i>	<i>Sublimity, OR</i>
<i>Chairman of the Board</i>	
<i>James R. Hay</i>	<i>McMinnville, OR</i>
<i>Vice Chairman of the Board</i>	
<i>G. Richer Budke</i>	<i>Salem, OR</i>
<i>President & CEO</i>	
<i>Harold L. Gilbert</i>	<i>Aumsville, OR</i>
<i>Ray D. Edwards</i>	<i>Lake Oswego, OR</i>
<i>Dennis L. Johnson</i>	<i>Boise, ID</i>

Sublimity V. P. Marketing & Underwriting
Andrew L. Trower, CPCU



**UNITED HERITAGE
PROPERTY & CASUALTY COMPANY**

United Heritage Property & Casualty Company, formerly Idaho Mutual Insurance Company, began operations in 1908. In November of 2000, Idaho Mutual joined United Heritage as United Heritage Property & Casualty Company. In 2002 the company was admitted to Oregon, and entered Utah in 2004. Insurance is written on Homeowners, Farmowners, Home & Family, Landlord, and Business policies. Thanks to all our employees and agents for an outstanding 2004. We showed substantial increases in Assets, Capital & Surplus, Direct Written Premium, and Net Income, which resulted in an unusually low Combined Ratio of 81.2%.



*Brian E. Henman
President & CEO,
UHP&C*

ASSETS	\$ 12,836,873
LIABILITIES	\$ 7,247,821
CAPITAL & SURPLUS	\$ 5,589,052
NET INCOME	\$ 1,105,702
DIRECT WRITTEN PREMIUM	\$ 11,214,292
AGENCY LOCATIONS	158

UHP&C Board of Directors

<i>Glenn S. Osborn</i>	<i>Wilder, ID</i>
<i>Chairman of the Board</i>	
<i>Richard H. Chipman</i>	<i>Boise, ID</i>
<i>Vice Chairman of the Board</i>	
<i>Brian E. Henman</i>	<i>Meridian, ID</i>
<i>President & CEO</i>	
<i>George R. Banta, Jr.</i>	<i>Caldwell, ID</i>
<i>James R. Nall, Jr.</i>	<i>Meridian, ID</i>
<i>Glenn Smith</i>	<i>Boise, ID</i>
<i>Jack J. Winderl</i>	<i>Boise, ID</i>

UHP&C Senior V. P. Marketing
Sharon L. Locke

**UNITED HERITAGE
FINANCIAL SERVICES, INC.**

United Heritage Financial Services, Inc. was founded in 1994, and is a NASD general securities broker-dealer offering a full range of investment products in 29 states. During 2004, UHFS entered Florida, Michigan and Illinois. The company continues to grow and expand its investment services for our clients. Investment offerings include stocks, bonds, municipal bonds, options, mutual funds, variable life and annuities, 401(k)s, and investment advisory services. The Company's home office is located on the first floor of the United Heritage corporate headquarters in Meridian, Idaho. UHFS continued to invest in technology and improved services for our clients in 2004. Our conversion to a new clearing firm "Pershing" offers a new investment platform for our registered representatives and their clients.



*Jack J. Winderl
President & CEO,
UHFS*

ASSETS	\$ 1,356,499
LIABILITIES	\$ 281,857
CAPITAL & SURPLUS	\$ 1,074,642
NET INCOME	\$ 46,086
GROSS DEALER COMMISSIONS	\$ 3,637,291
LICENSED REPRESENTATIVES	133

UHFS Board of Directors

<i>Richard E. Hall</i>	<i>Boise, ID</i>
<i>Chairman of the Board</i>	
<i>Rodney L. Smith</i>	<i>Red Lodge, MT</i>
<i>Vice Chairman of the Board</i>	
<i>Jack J. Winderl</i>	<i>Boise, ID</i>
<i>President & CEO</i>	
<i>Dennis L. Johnson</i>	<i>Boise, ID</i>
<i>Kent M. Delana</i>	<i>Boise, ID</i>

UHFS Marketing Director
John J. Bellamy

Member NASD/SIPC