
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended June 30, 2008

Commission File Number 2-39621



UNITED FIRE & CASUALTY COMPANY

(Exact name of registrant as specified in its charter)

Iowa
(State of Incorporation)

42-0644327
(IRS Employer Identification No.)

118 Second Avenue, S.E., Cedar Rapids, Iowa 52407
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (319) 399-5700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES NO

As of July 28, 2008, 26,792,282 shares of common stock were outstanding.

INDEX

United Fire & Casualty Company and Subsidiaries

	Page
Forward-Looking Information	2
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets as of June 30, 2008 (unaudited) and December 31, 2007	3
Consolidated Statements of Income (unaudited) for the three and six months ended June 30, 2008 and 2007	4
Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2008 and 2007	5
Notes to Unaudited Consolidated Financial Statements	6
Report of Independent Registered Public Accounting Firm	15
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures about Market Risk	26
Item 4. Controls and Procedures	27
Part II. Other Information	
Item 1. Legal Proceedings	27
Item 1A. Risk Factors	27
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3. Defaults Upon Senior Securities	28
Item 4. Submission of Matters to a Vote of Security Holders	28
Item 5. Other Information	28
Item 6. Exhibits	29
Signatures	30
Certification Pursuant to Section 302 - Chief Executive Officer	
Certification Pursuant to Section 302 - Chief Financial Officer	
Certification Pursuant to Section 906 - Chief Executive Officer	
Certification Pursuant to Section 906 - Chief Financial Officer	

FORWARD-LOOKING INFORMATION

It is important to note that our actual results could differ materially from those projected in our forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part I Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A “Risk Factors.”

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Consolidated Balance Sheets

United Fire & Casualty Company and Subsidiaries

(Dollars in Thousands Except Per Share Data)	June 30, 2008	December 31, 2007
(unaudited)		
ASSETS		
Investments		
Fixed maturities		
Held-to-maturity, at amortized cost (fair value \$18,235 in 2008 and \$27,981 in 2007)	\$ 17,873	\$ 27,343
Available-for-sale, at fair value (amortized cost \$1,900,847 in 2008 and \$1,786,915 in 2007)	1,893,322	1,812,810
Equity securities, at fair value (cost \$66,384 in 2008 and \$64,127 in 2007)	150,941	177,720
Trading securities, at fair value (amortized cost \$9,099 in 2008 and \$9,923 in 2007)	9,555	10,793
Mortgage loans	13,127	19,161
Policy loans	7,507	7,622
Other long-term investments	11,922	12,793
Short-term investments	79,043	78,334
	\$ 2,183,290	\$ 2,146,576
Cash and Cash Equivalents	\$ 137,317	\$ 252,565
Accrued Investment Income	28,076	28,431
Premiums Receivable	157,533	121,059
Deferred Policy Acquisition Costs	143,618	128,998
Property and Equipment (primarily land and buildings, at cost, less accumulated depreciation of \$29,931 in 2008 and \$30,198 in 2007)	8,558	10,794
Reinsurance Receivables and Recoverables	48,540	45,475
Prepaid Reinsurance Premiums	2,018	2,645
Income Taxes Receivable	12,835	7,439
Other Assets	47,373	16,572
TOTAL ASSETS	\$ 2,769,158	\$ 2,760,554
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Future policy benefits and losses, claims and loss settlement expenses		
Property and casualty insurance	\$ 526,480	\$ 496,083
Life insurance	1,187,581	1,184,977
Unearned premiums	239,765	224,530
Accrued expenses and other liabilities	68,937	63,937
Deferred income taxes	19,970	39,530
TOTAL LIABILITIES	\$ 2,042,733	\$ 2,009,057
Stockholders' Equity		
Common stock, \$3.33 1/3 par value; authorized 75,000,000 shares; 27,028,444 shares issued and outstanding in 2008 and 27,195,888 shares issued and outstanding in 2007	\$ 90,095	\$ 90,653
Additional paid-in capital	145,835	149,511
Retained earnings	450,301	439,860
Accumulated other comprehensive income, net of tax	40,194	71,473
TOTAL STOCKHOLDERS' EQUITY	\$ 726,425	\$ 751,497
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,769,158	\$ 2,760,554

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Income (Unaudited)

United Fire & Casualty Company and Subsidiaries

(Dollars in Thousands Except Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenues				
Net premiums earned	\$ 123,274	\$ 125,939	\$ 246,217	\$ 248,557
Investment income, net of investment expenses	27,844	30,872	55,899	62,252
Realized investment gains (losses)	944	1,500	(210)	3,494
Other income	184	139	383	247
	\$ 152,246	\$ 158,450	\$ 302,289	\$ 314,550
Benefits, Losses and Expenses				
Losses and loss settlement expenses	\$ 100,707	\$ 60,168	\$ 168,189	\$ 112,045
Increase in liability for future policy benefits	5,360	2,888	11,206	6,996
Amortization of deferred policy acquisition costs	32,029	33,687	64,555	66,621
Other underwriting expenses	5,568	5,731	12,488	12,158
Flood charges and other related expenses	3,753	-	3,753	-
Interest on policyholders' accounts	10,217	10,797	20,663	22,026
	\$ 157,634	\$ 113,271	\$ 280,854	\$ 219,846
Income(loss) before income taxes	\$ (5,388)	\$ 45,179	\$ 21,435	\$ 94,704
Federal income tax expense (benefit)	(3,865)	13,927	2,831	28,842
Net income (loss)	\$ (1,523)	\$ 31,252	\$ 18,604	\$ 65,862
Weighted average common shares outstanding	27,153,114	27,657,420	27,171,955	27,654,419
Basic and diluted earnings (loss) per common share	\$ (0.06)	\$ 1.13	\$ 0.68	\$ 2.38
Cash dividends declared per common share	\$ 0.15	\$ 0.135	\$ 0.30	\$ 0.27

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows (Unaudited)

United Fire & Casualty Company and Subsidiaries

(Dollars in Thousands)	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities		
Net income	\$ 18,604	\$ 65,862
Adjustments to reconcile net income to net cash provided by operating activities:		
Net bond (discount) premium accretion	\$ 1,389	\$ (265)
Depreciation and amortization	1,718	1,752
Stock-based compensation expense	824	748
Realized investment (gains) losses	210	(3,494)
Net cash flows from trading investments	1,384	(1,546)
Deferred income tax expense (benefit)	(2,165)	686
Changes in:		
Accrued investment income	355	319
Premiums receivable	(36,474)	(17,465)
Deferred policy acquisition costs	(923)	(2,121)
Reinsurance receivables	(3,065)	4,638
Prepaid reinsurance premiums	627	2,785
Income taxes receivable/payable	(5,396)	4,706
Other assets	(30,801)	(1,600)
Future policy benefits and losses, claims and loss settlement expenses	47,043	(28,533)
Unearned premiums	15,235	13,293
Accrued expenses and other liabilities	5,655	(10,217)
Deferred income taxes	(548)	(548)
Other, net	2,249	397
Total adjustments	\$ (2,683)	\$ (36,465)
Net cash provided by operating activities	\$ 15,921	\$ 29,397
Cash Flows From Investing Activities		
Proceeds from sale of available-for-sale investments	\$ 920	\$ 2,846
Proceeds from call and maturity of held-to-maturity investments	9,550	14,758
Proceeds from call and maturity of available-for-sale investments	233,587	144,564
Proceeds from short-term and other investments	54,840	36,909
Purchase of available-for-sale investments	(352,123)	(168,322)
Purchase of short-term and other investments	(50,263)	(58,648)
Net purchases of property and equipment	(401)	(856)
Net cash used in investing activities	\$ (103,890)	\$ (28,749)
Cash Flows From Financing Activities		
Policyholders' account balances:		
Deposits to investment and universal life contracts	\$ 88,928	\$ 95,312
Withdrawals from investment and universal life contracts	(102,970)	(134,212)
Payment of cash dividends	(8,163)	(7,467)
Issuance of common stock	118	266
Repurchase of common stock	(5,229)	-
Tax benefit from issuance of common stock	37	77
Net cash used in financing activities	\$ (27,279)	\$ (46,024)
Net Change in Cash and Cash Equivalents	\$ (115,248)	\$ (45,376)
Cash and Cash Equivalents at Beginning of Period	252,565	255,045
Cash and Cash Equivalents at End of Period	\$ 137,317	\$ 209,669

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Notes to Unaudited Consolidated Financial Statements

United Fire & Casualty Company and Subsidiaries

Note 1. Nature of Operations and Basis of Presentation

The terms “United Fire,” “we,” “us,” or “our” refer to United Fire & Casualty Company or United Fire & Casualty Company and its consolidated subsidiaries and affiliate, as the context requires. In the opinion of the management of United Fire, the accompanying unaudited Consolidated Financial Statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, the results of operations and cash flows for the periods presented. The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the year. The Consolidated Financial Statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007. The review report of Ernst & Young LLP as of and for the three- and six-month periods ending June 30, 2008, accompanies the unaudited Consolidated Financial Statements included in Item 1 of Part I.

We maintain our records in conformity with the accounting practices prescribed or permitted by the insurance departments of the states in which we are domiciled. To the extent that certain of these practices differ from U.S. generally accepted accounting principles (“GAAP”), we have made adjustments to present the accompanying Consolidated Financial Statements in conformity with GAAP.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The financial statement categories that are most dependent on management estimates and assumptions include investments, deferred policy acquisition costs, and future policy benefits and losses, claims and loss settlement expenses.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, money market accounts and non-negotiable certificates of deposit with original maturities of three months or less. We made payments for income taxes of \$13.8 million for the six-month period ended June 30, 2008, compared to \$31.7 million for the six-month period ended June 30, 2007. We made no significant payments of interest for the six-month periods ended June 30, 2008 and 2007, other than interest credited to policyholders’ accounts.

Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by shareholders and dividends to shareholders. The primary components of our comprehensive income are net income and the change in net unrealized appreciation on available-for-sale securities, as adjusted for amounts that have been reclassified as realized investment gains and losses.

The table below displays our comprehensive income and the related tax effects for the six-month periods ended June 30, 2008 and 2007.

(Dollars in thousands)	Six months ended June 30,	
	2008	2007
Net income	\$ 18,604	\$ 65,862
Other comprehensive income (loss):		
Change in net unrealized appreciation on investments	(48,991)	(7,359)
Adjustment for net realized (gains) losses included in income	210	(3,494)
Adjustment for employee benefit expense costs included in income	655	593
Other comprehensive income (loss), before tax	(48,126)	(10,260)
Income tax effect	16,847	3,590
Other comprehensive income (loss), after tax	(31,279)	(6,670)
Comprehensive income (loss)	\$ (12,675)	\$ 59,192

Income Taxes

In the six-month period ended June 30, 2008, our effective federal income tax rate was 13.2 percent, compared to 30.5 percent for the six-month period ended June 30, 2007. Our effective tax rate differs from the federal statutory rate of 35.0 percent due principally to the effect of tax-exempt municipal bond interest income, non-taxable dividend income, and the reduction in the valuation allowance on our deferred tax assets.

We file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. We are no longer subject to U.S. federal income tax examination by tax authorities for years before 2004 and state income tax examination for years before 2002. There are no ongoing examinations of income tax returns by federal or state tax authorities.

Contingent Liabilities

We have been named as a defendant in various lawsuits, including actions seeking certification from the court to proceed as a class action suit and actions filed by individual policyholders, relating to disputes arising from damages that occurred as a result of Hurricane Katrina in 2005. As of June 30, 2008, there were in excess of 400 such cases pending, approximately 20 of which were styled as class actions. These cases have been filed in both Louisiana state courts and federal district courts. These cases involve, among other claims, disputes as to the amount of reimbursable claims in particular cases, as well as the scope of insurance coverage under homeowners and commercial property policies due to flooding, civil authority actions, loss of use and business interruption. Certain of these cases also claim a breach of duty of good faith or violations of Louisiana insurance claims-handling laws or regulations and involve claims for punitive or exemplary damages, while other cases claim that under Louisiana's so-called "Valued Policy Law", the insurers must pay the total insured value of a home that is totally destroyed if any portion of such damage was caused by a covered peril, even if the principal cause of the loss was an excluded peril. Other cases challenge the scope or enforceability of the water damage exclusion in the policies.

Several actions pending against various insurers, including us, were consolidated for purposes of pretrial discovery and motion practice under the caption In re Katrina Canal Breaches Consolidated Litigation, Civil Action No. 05-4182 in the United States District Court, Eastern District of Louisiana.

In light of an April 8, 2008 Louisiana Supreme Court decision finding that flood damage was clearly excluded from coverage, state and federal courts have been reviewing the pending suits seeking class certification and other pending suits in order to expedite pre-trial discovery and to move the cases towards trial. However, little has actually occurred, as many courts were waiting on a request that the Louisiana Supreme Court reconsider its decision. That request was denied on July 8, 2008. We expect litigation activity to resume now that the Louisiana Supreme Court has ruled on the flood issue.

In June 2008, a commercial policyholder was awarded approximately \$21.0 million in additional Hurricane Katrina damages by a Federal Court jury sitting in New Orleans. The claims associated with this litigation represent what we consider to be our single largest exposure as a result of that hurricane. In response to this verdict, we recorded an incurred loss, net of reinsurance, of \$10.8 million for the three-month period ended June 30, 2008. However, we have filed an appeal of this verdict as we believe that the award includes damages that were attributable to flooding (and thus excluded from coverage) and that there were other errors at trial prejudicial to us.

We intend to continue to defend the cases related to losses incurred as a consequence of Hurricane Katrina. We have established our loss and loss settlement expense reserves on the assumption that the application of the Valued Policy Law will not result in our having to pay damages for perils not otherwise covered. We believe that, in the aggregate, these reserves should be adequate. However, our evaluation of these claims and the adequacy of recorded reserves may change if we encounter adverse developments in the further defense of these claims.

We consider all of our other litigation pending at June 30, 2008, to be ordinary, routine, and incidental to our business.

Flood Charges and Other Related Expenses

In June 2008, our corporate headquarters was forced to close temporarily due to historic flooding in Cedar Rapids, Iowa that caused extensive damage to the first and lower levels of our buildings. We recorded \$3.8 million of flood-related expenses in the three-month period ended June 30, 2008, which primarily relate to costs incurred to cleanup the affected areas and the write off of property and equipment destroyed by the flood, and we anticipate incurring additional expenses for reconstruction and other related costs. A portion of these costs will be subject to recovery under our insurance. No such recovery has been recorded against the expenses incurred.

Fair Value Measurement

In February 2007, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities.” SFAS No. 159 permits entities to choose to measure and report many financial instruments and certain other assets and liabilities at fair value. The objective of SFAS No. 159 is to improve financial reporting by providing entities the opportunity to reduce the complexity in accounting for financial instruments and to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We have elected not to report any financial assets or liabilities at fair value under SFAS No. 159 in our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements.” SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurement. Where applicable, SFAS No. 157 simplifies and codifies previously issued guidance on fair value. Although SFAS No. 157 does not require any new fair value measurements, its application may, in certain instances, change current practice. We adopted SFAS No. 157 effective January 1, 2008.

SFAS No. 157 establishes a fair value hierarchy that requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Our financial instruments are categorized into a three level hierarchy, which is based upon the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the

hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets recorded at fair value are categorized in the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, as applicable, that the reporting entity has the ability to access at the measurement date.

Level 2: Quoted prices in markets, other than quoted prices included in Level 1, that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, as applicable Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets;
- c) Inputs other than quoted market prices that are observable for the asset or liability; and
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement of the asset or liability, as applicable. Such inputs may reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table presents the categorization for our assets measured at fair value on a recurring basis in our Consolidated Balance Sheets at June 30, 2008:

Description	June 30, 2008	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) ⁽¹⁾	Significant Unobservable Inputs (Level 3)
Available-for-sale fixed maturities	\$ 1,893,322	\$ —	\$ 1,891,845	\$ 1,477
Equity securities	148,622	143,798	3,487	1,337
Trading securities	9,555	—	9,555	—
Total	\$ 2,051,499	\$ 143,798	\$ 1,904,887	\$ 2,814

(1) For securities without a readily ascertainable market value (Level 2), we utilize pricing services and broker quotes to estimate fair value. Such estimated fair values do not necessarily represent the values for which these securities could have been sold at the reporting date.

The following table provides a summary of the changes in fair value of our Level 3 assets for the three-month period ended June 30, 2008:

(Dollars in Thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Available-for-sale fixed maturities	Equity securities	Total
Balance at April 1, 2008	\$ 1,527	\$ 1,276	\$ 2,803
Unrealized gains (losses) ⁽¹⁾	—	61	61
Purchases (disposals)	(50)	—	(50)
Balance at June 30, 2008	\$ 1,477	\$ 1,337	\$ 2,814

(1) Included in other comprehensive income.

The following table provides a summary of the changes in fair value of our Level 3 assets for the six-month period ended June 30, 2008:

(Dollars in Thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			Total
	Available-for-sale fixed maturities	Equity securities		
Balance at January 1, 2008	\$ 1,527	\$ 1,277	\$	2,804
Unrealized gains (losses) ⁽¹⁾	—	60		60
Purchases (disposals)	(50)	—		(50)
Balance at June 30, 2008	\$ 1,477	\$ 1,337	\$	2,814

(2) Included in other comprehensive income.

Securities Lending

In April 2008, we began participating in a securities lending program from which net investment income is generated by the lending of certain investments to other institutions for short periods of time. Borrowers of these securities must deposit collateral with Northern Trust Company, a third-party custodian, equal to at least 102% of the market value of the securities loaned (in the form of cash or securities) plus accrued interest. The market values of the loaned securities are monitored on a daily basis by Northern Trust Company. Additional collateral is added by the borrower or refunded to the borrower by Northern Trust Company as the market values of the loaned securities fluctuate, maintaining collateral values of at least 102% at all times. All collateral is held by Northern Trust Company and we have the right to access the collateral only if the institution borrowing our securities is in default under the lending agreement. Therefore, we do not recognize the receipt of the collateral held by Northern Trust Company or the obligation to return the collateral in our Consolidated Financial Statements. We also maintain effective control of the loaned securities and have the right and ability to redeem the securities loaned on short notice. Therefore, we continue to classify these securities as invested assets in our Consolidated Financial Statements. At June 30, 2008, we had securities totaling \$44.5 million on loan under the program.

Recently Issued Accounting Standards

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." SFAS 141(R) will significantly change the accounting for business combinations in a number of areas, including the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development and restructuring costs. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and early adoption is prohibited. We do not expect the adoption of SFAS 141(R) to have a material impact on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS 160 will revise the treatment of noncontrolling interests in consolidated balance sheets and consolidated statements of income. Noncontrolling interests will become a part of stockholder's equity in the consolidated balance sheets and consolidated income statements will report income attributable to the company and to noncontrolling interests separately. SFAS 160 is effective for fiscal years beginning after December 15, 2008 and early adoption is prohibited. We do not expect the adoption of SFAS 160 to have any impact on our Consolidated Financial Statements.

Note 2. Stock-Based Compensation

At our annual stockholders' meeting on May 21, 2008, United Fire stockholders approved the United Fire 2008 Stock Plan, which was an amendment and restatement of the United Fire Nonqualified Employee Stock Option Plan. The key changes to the plan increased the number of shares of our common stock available for issuance from 1,000,000 to 1,900,000 and provided for stock awards, stock appreciation rights, and incentive stock options, as defined in Section 422 of the Internal Revenue Code.

The 2008 Stock Plan authorizes the issuance of stock awards, stock appreciation rights, incentive stock options, and nonqualified stock options for up to 1,900,000 shares of United Fire common stock to employees, with 1,020,525 awards available for future issuance at June 30, 2008. The plan is administered by the board of directors. The board

has the authority to determine which employees will receive awards under the plan, when awards will be granted, and the terms and conditions of the awards. The board may also take any action it deems necessary and appropriate for the administration of the plan. Pursuant to the plan, the board may, in its sole discretion, grant awards to employees of United Fire or any of its affiliated companies who are in positions of substantial responsibility with United Fire. Stock awards are generally granted free of charge to the eligible employees of United Fire as designated by the board of directors.

The activity in our 2008 Stock Plan is displayed in the following table.

Authorized Shares Available for Future Award Grants	Six Months Ended June 30, 2008	Inception to Date
Balance at December 31, 2007	310,908	1,000,000
Additional authorization from 2008 Stock Plan	900,000	900,000
Number of awards granted	(193,683)	(921,475)
Number of awards forfeited or expired	3,300	42,000
Ending balance	1,020,525	1,020,525
Number of awards exercised	4,250	171,342

We also have a nonemployee director stock option and restricted stock plan that authorizes United Fire to grant restricted stock and nonqualified stock options to purchase 150,000 shares of United Fire's common stock, with 70,003 options available for future issuance at June 30, 2008. The board has the authority to determine which nonemployee directors receive awards under the plan, when options and restricted stock shall be granted, the option price, the option expiration date, the date of grant, the vesting schedule of options or whether the options shall be immediately vested, the terms and conditions of options and restricted stock (other than those terms and conditions set forth in the plan) and the number of shares of common stock to be issued pursuant to an option agreement or restricted stock agreement. The board may also take any action it deems necessary and appropriate for the administration of the plan.

The activity in our nonemployee stock option plan is displayed in the following table.

Authorized Shares Available for Future Option Grants	Six Months Ended June 30, 2008	Inception to Date
Balance at December 31, 2007	100,003	150,000
Number of options granted	(30,000)	(86,000)
Number of options forfeited or expired	—	6,003
Ending balance	70,003	70,003
Number of options exercised	-	-

For each of the three-month periods ended June 30, 2008 and 2007, we recognized stock-based compensation expense of \$.4 million. For each of the six-month periods ended June 30, 2008 and 2007, we recognized stock-based compensation expense of \$.8 million. As of June 30, 2008, we have approximately \$5.9 million in stock-based compensation expense that has yet to be recognized through our results of operations over the next five years. This compensation expense is recognized as the underlying stock options vest.

Note 3. Employee Benefit Plans

Among the employee benefit plans we offer, the two most significant plans are a noncontributory defined benefit pension plan and an employee/retiree health and dental benefit plan.

All of our employees are eligible to participate in the noncontributory defined benefit pension plan after they have completed one year of service, attained 21 years of age, and met the hourly service requirements with United Fire.

Under our pension plan, retirement benefits are a function of the number of years of service and the level of compensation. Our policy is to fund this plan on a current basis to the extent that the contribution is deductible under existing tax regulations.

All of our eligible employees and retirees are able to participate in our health and dental benefit plan. The plan is composed of two programs: (1) the self-funded retiree health and dental benefit plan and (2) the self-funded employee health and dental benefit plan. The plan provides health and dental benefits to our employees and retirees (and covered dependents) who have met the service and participation requirements stipulated by the plan. The plan's contract administrators are responsible for making medical and dental care benefit payments. The plan requires participants to submit claims for reimbursement or payment to the claims administrator within 12 months after the end of the calendar year in which the charges were incurred.

Our pension and postretirement benefit costs are displayed in the following table.

(Dollars in Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Pension costs	\$ 807	\$ 640	\$ 1,514	\$ 1,279
Other postretirement benefit costs	413	365	863	731

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007 that we expected to contribute \$4.0 million to our pension plan in 2008. For the six-month period ended June 30, 2008, we have contributed \$1.5 million to the pension plan. We do not anticipate that the total contribution in 2008 will vary significantly from the expected contribution.

Note 4. Segment Information

We have two reportable business segments in our operations: property and casualty insurance and life insurance. All of our property and casualty offices target a similar customer base, market the same products, and use the same marketing strategies, and are therefore aggregated. All of our insurance is sold domestically; we have no revenues allocable to foreign operations.

Our management evaluates the two segments on the basis of both statutory accounting practices prescribed by our states of domicile and GAAP. We analyze results based on profitability (i.e., loss ratios), expenses, and return on equity. The basis we use to determine and analyze segments and to measure segment profit have not changed from that reported in our Annual Report on Form 10-K for the year ended December 31, 2007.

The following analysis has been reconciled to amounts reported in our unaudited Consolidated Financial Statements to adjust for inter-segment eliminations.

(Dollars In Thousands)	Property and Casualty Insurance		Life Insurance		Total
Six Months Ended June 30, 2008					
Net premiums earned	\$	228,366	\$	17,985	\$ 246,351
Investment income, net of investment expenses		18,144		37,808	55,952
Realized investment gains (losses)		1,332		(1,542)	(210)
Other income (loss)		(29)		412	383
Revenues		247,813		54,663	302,476
Intersegment Eliminations		(84)		(103)	(187)
Total Revenues	\$	247,729	\$	54,560	\$ 302,289
Net Income	\$	14,368	\$	4,236	\$ 18,604
Assets	\$	1,331,166	\$	1,437,992	\$ 2,769,158
Six Months Ended June 30, 2007					
Net premiums earned	\$	232,481	\$	16,182	\$ 248,663
Investment income, net of investment expenses		22,411		39,864	62,275
Realized investment gains		2,468		1,028	3,496
Other income		13		234	247
Revenues		257,373		57,308	314,681
Intersegment Eliminations		(69)		(62)	(131)
Total Revenues	\$	257,304	\$	57,246	\$ 314,550
Net Income	\$	60,025	\$	5,837	\$ 65,862
Assets	\$	1,309,535	\$	1,450,945	\$ 2,760,480

Note 5. Earnings Per Common Share

Basic earnings per share is computed by dividing net income or loss available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share give effect to all dilutive common shares outstanding during the period. The dilutive shares we consider in our diluted earnings per share calculation relate to our outstanding stock options and restricted stock awards.

We determine the dilutive effect of our outstanding awards using the “treasury stock” method. Under this method, we assume the exercise of all of the outstanding awards whose exercise price is less than the weighted-average fair market value of our common stock during the period. This method also assumes that the proceeds from the hypothetical award exercises are used to repurchase shares of our common stock at the weighted-average fair market value of the stock during the period. The net of the assumed awards exercised and assumed common shares repurchased represent the number of dilutive common shares, which we add to the denominator of the earnings per share calculation.

The components of basic and diluted earnings per share are displayed in the following tables:

(In Thousands Except Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income (loss)	\$ (1,523)	\$ 31,252	\$ 18,604	\$ 65,862
Weighted-average common shares outstanding	27,153	27,657	27,172	27,654
Basic earnings (loss) per common share	\$ (0.06)	\$ 1.13	\$ 0.68	\$ 2.38

Net income (loss)	\$ (1,523)	\$ 31,252	\$ 18,604	\$ 65,862
Weighted-average common shares outstanding	27,153	27,657	27,172	27,654
Add dilutive effect of stock awards ⁽¹⁾	-	78	-	77
Weighted-average common and potential shares outstanding	27,153	27,735	27,172	27,731
Diluted earnings (loss) per common share	\$ (0.06)	\$ 1.13	\$ 0.68	\$ 2.38
Stock options excluded from diluted calculation ⁽¹⁾	834	141	834	141

(1) Outstanding options and restricted stock awards to purchase shares of common stock were excluded from the diluted earnings per share calculation because the effect of including them would have been anti-dilutive.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of
United Fire & Casualty Company

We have reviewed the consolidated balance sheet of United Fire & Casualty Company as of June 30, 2008, and the related consolidated statements of income for the three-month and six-month periods ended June 30, 2008 and 2007, and the consolidated statements of cash flows for the six-month periods ended June 30, 2008 and 2007. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of United Fire & Casualty Company as of December 31, 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended, not presented herein, and in our report dated February 27, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2007, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP
Ernst & Young LLP

Chicago, Illinois
August 1, 2008

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ORGANIZATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying financial statements. It includes the following sections:

- Forward-Looking Statements
- Critical Accounting Policies
- Overview and Outlook
 - Our Business
 - Financial Overview
- Results of Operations
 - Consolidated Financial Highlights
 - Property and Casualty Insurance Segment Results
 - Life Insurance Segment Results
 - Investment Results
- Liquidity and Capital Resources
 - Liquidity
 - Capital Resources
 - Stockholders' Equity
- Statutory and Other Financial Measures

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about our operations, anticipated performance and other similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor under the Securities Act of 1933 and the Securities Exchange Act of 1934 for forward-looking statements. The forward-looking statements are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our company, the industry in which we operate, and beliefs and assumptions made by management. Words such as "expects," "anticipates," "intends," "plans," "believes," "continues," "seeks," "estimates," "predicts," "should," "could," "may," "will continue," "might," "hope" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part II Item 1A "Risk Factors" of this document. Among other factors that could cause our actual outcomes and results to differ are:

- Additional government and NASDAQ policies relating to corporate governance, and the cost to comply.
- The valuation of pension and other postretirement benefit obligations.
- The calculation and recovery of deferred policy acquisition costs.
- Our relationship with our reinsurers.
- Our relationship with our agents.

These are representative of the risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from what is expressed in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report or as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission (the "SEC"), we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties and that potentially may result in materially different results under different assumptions and conditions. Our discussion and analysis of our results of operations and financial condition are based upon our Consolidated Financial Statements, which we have prepared in accordance with GAAP. As we prepare these financial statements, we must make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Our critical accounting policies most sensitive to estimates include the following: the valuation of investments; the valuation of reserves for losses, claims, and loss settlement expenses; the valuation of reserves for future policy benefits; and the calculation of the deferred policy acquisition cost asset. These critical accounting policies are more fully described in our Management's Discussion and Analysis of Results of Operations and Financial Condition presented in our Annual Report on Form 10-K for the year ended December 31, 2007.

OVERVIEW AND OUTLOOK

Our Business

We operate property and casualty and life insurance businesses, marketing our products through independent agents. Although we maintain a broad geographic presence that includes most of the United States, more than half of our property and casualty premiums are written in Iowa, Texas, Colorado, Missouri and Indiana. Approximately three-fourths of our life insurance premiums are written in Iowa, Minnesota, Wisconsin, Nebraska, North Dakota and Illinois.

We conduct our operations through two distinct segments: property and casualty insurance and life insurance. We manage these segments separately because they generally do not share the same customer base, and they each have different pricing and expense structures. We evaluate segment profit based upon operating and investment results. Segment profit or loss described in the following sections of the Management's Discussion and Analysis is reported on a pre-tax basis.

Financial Overview

During the second quarter of 2008, we were affected by an adverse court decision, a deteriorating investment environment, a surge in catastrophe losses, and a record-breaking flood that caused extensive damage to our corporate headquarters in Cedar Rapids, Iowa. The combination of these events had a significant impact on our overall performance.

On June 6, 2008, we received notice of an adverse decision by a Federal Court jury in New Orleans, Louisiana, in a lawsuit related to Hurricane Katrina. The judge in this case let the jury verdict stand which per Louisiana law required us to place \$29.0 million on deposit with the State of Louisiana. This amount is recorded on our Consolidated Financial Statements as a miscellaneous receivable within other assets. We have also recorded a net loss after reinsurance of \$10.8 million (\$7.0 million after-tax), which is included in our second quarter loss results, but is not included in the catastrophe losses that we are reporting for the second quarter of 2008. We are appealing the jury's decision.

During the second quarter, the investment environment deteriorated sharply, which we attribute to the credit and mortgage crisis. Although we have no direct exposure to these markets, we, like the rest of the insurance industry, are feeling an indirect impact on the fair value of our investments. The area most impacted was our holdings of investments in financial institutions. Our portfolio is made up predominantly of fixed-income investments, which is in line with our conservative approach to the management of investments.

Our company had losses from 19 catastrophes occurring in the second quarter totaling approximately \$12.0 million, which is nearly four times the amount we had for the same period in 2007. Of this amount, the largest loss was approximately \$3.0 million from the tornado that struck Parkersburg, Iowa, on May 25, 2008. Despite this surge in catastrophe-related losses, we remain confident in our risk selection and concentrations of risk.

In June 2008, our corporate headquarters was forced to close temporarily due to historic flooding in Cedar Rapids, Iowa, that caused extensive damage to the first and lower levels of our buildings. Our disaster recovery plan was effective in allowing us to access and restore all of our major automated processing systems within 24 hours of the flood, as well as have a temporary office for more than 200 employees up and running within one week. The efforts of our employees in our home office and our branch offices in implementing the disaster recovery plan was truly heroic, with many working around the clock to get us back in operation.

Our employees in the Cedar Rapids area continue to work from a temporary office. There have been a few minor technical issues to resolve, but we have worked around them and are not only maintaining our current book of business, but actively processing new business.

Our company recorded \$3.8 million of flood-related expenses in the second quarter, which primarily relate to costs incurred to cleanup the affected areas and the write off of property and equipment destroyed by the flood, and we anticipate incurring additional expenses for reconstruction and other related costs. A portion of these costs will be subject to recovery under our insurance. No such recovery has been recorded against the expenses incurred. We feel the impact of the flood on our company is more emotional than financial, with several employees personally affected by the flood and many company keepsakes forever lost. Through this experience we have learned a great deal, making us a stronger company.

Despite everything we've endured this quarter, we are hopeful that we will experience a return to normal during the second half of the year. The reconstruction at our corporate headquarters remains on schedule, and we plan to have our employees begin reoccupying the buildings later this summer.

In the second quarter, our life insurance segment produced a net income of \$2.6 million. This segment provides us with a stable flow of net income, which is especially important with the continuing soft market conditions in the property and casualty industry. The double digit increase in new premium of traditional life products in the first six months of 2008 is encouraging.

RESULTS OF OPERATIONS

Consolidated Financial Highlights

(Dollars in Thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	%	2008	2007	%
Revenues						
Net premiums earned	\$ 123,274	\$ 125,939	-2.1 %	\$ 246,217	\$ 248,557	-0.9 %
Investment income, net of investment expenses	27,844	30,872	-9.8 %	55,899	62,252	-10.2 %
Realized investment gains (losses)	944	1,500	-37.1 %	(210)	3,494	-106.0 %
Other income	184	139	32.4 %	383	247	55.1 %
	\$ 152,246	\$ 158,450	-3.9 %	\$ 302,289	\$ 314,550	-3.9 %
Benefits, Losses and Expenses						
Losses and loss settlement expenses	\$ 100,707	\$ 60,168	67.4 %	\$ 168,189	\$ 112,045	50.1 %
Increase in liability for future policy benefits	5,360	2,888	85.6 %	11,206	6,996	60.2 %
Amortization of deferred policy acquisition costs	32,029	33,687	-4.9 %	64,555	66,621	-3.1 %
Other underwriting expenses	5,568	5,731	-2.8 %	12,488	12,158	2.7 %
Flood charges and other related expenses	3,753	-	N/A %	3,753	-	N/A %
Interest on policyholders' accounts	10,217	10,797	-5.4 %	20,663	22,026	-6.2 %
	\$ 157,634	\$ 113,271	39.2 %	\$ 280,854	\$ 219,846	27.8 %
Income (loss) before income taxes	\$ (5,388)	\$ 45,179	-111.9 %	\$ 21,435	\$ 94,704	-77.4 %
Federal income tax expense (benefit)	(3,865)	13,927	-127.8 %	2,831	28,842	-90.2 %
Net Income (Loss)	\$ (1,523)	\$ 31,252	-104.9 %	\$ 18,604	\$ 65,862	-71.8 %

Our results for the three- and six-month periods ended June 30, 2008 deteriorated when compared to the three- and six-month periods ended June 30, 2007, due to the reasons described under the Financial Overview section of this Form 10-Q. For the six months ended June 30, 2008, with relatively flat premiums earned, losses and loss settlement expenses were 50.1 percent greater than the six months ended June 30, 2007, due to increased catastrophe losses, an increase in severity in our other liability lines and the previously described adverse court decision. The difference in realized investment gains between the six months ended June 30, 2008 and the six months ended June 30, 2007 was due to the call of fixed maturity securities in our life insurance segment, as well as a change in the market value of our trading securities portfolio.

In the six-month period ended June 30, 2008, our effective federal income tax rate was 13.2 percent, compared to 30.5 percent for the six-month period ended June 30, 2007. The decrease in the effective tax rate was due principally to the effect of tax-exempt municipal bond interest income, non-taxable dividend income, and the reduction in the valuation allowance on our deferred tax assets in comparison to the level of pretax income reported for each period.

Property and Casualty Insurance Segment Results

Property & Casualty Insurance Financial Results: (Dollars in Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net premiums written ⁽¹⁾	\$ 121,069	\$ 128,913	\$ 244,512	\$ 249,255
Net premiums earned	\$ 115,014	\$ 118,176	\$ 228,366	\$ 232,481
Losses and loss settlement expenses	(98,126)	(55,593)	(161,739)	(103,167)
Amortization of deferred policy acquisition costs	(29,071)	(30,589)	(58,722)	(60,355)
Other underwriting expenses	(3,987)	(3,856)	(8,632)	(8,075)
Underwriting income (loss)	\$ (16,170)	\$ 28,138	\$ (727)	\$ 60,884
Investment income, net of underwriting expenses	\$ 9,268	\$ 11,150	\$ 18,060	\$ 22,343
Realized investment gains	1,205	1,149	1,332	2,467
Other income (loss)	(18)	5	(29)	13
Flood charges and other related expenses	(3,753)	-	(3,753)	-
Income (loss) before income taxes	\$ (9,468)	\$ 40,442	\$ 14,883	\$ 85,707
GAAP Ratios:				
Net loss ratio	85.3 %	47.0 %	70.8 %	44.4 %
Expense ratio ⁽³⁾	28.8 %	29.1 %	29.5 %	29.4 %
Combined ratio ⁽¹⁾	114.1 %	76.1 %	100.3 %	73.8 %
Combined ratio (without catastrophes) ^{(1) (2)}	102.4 %	73.4 %	93.1 %	71.4 %

(1) Please refer to the Statutory and other financial measures section of this report for further explanation of this measure.

(2) This number does not include \$10.8 million that was incurred in the second quarter of 2008 from a lawsuit related to Hurricane Katrina.

(3) The expense ratio does not include the \$3.8 million in flood charges which were incurred in the second quarter of 2008.

In the first six months of 2008, our property and casualty insurance segment's pre-tax income was \$14.9 million, compared to pre-tax income of \$85.7 million in the first six months of 2007. The deterioration in our pre-tax income is attributable to increased catastrophe losses, an increase in severity in our other liability lines and an adverse court decision that occurred during the first six months of 2008 as compared to the first six months of 2007. Additionally, investment income decreased \$4.3 million in the first six months of 2008 as compared to the first six months of 2007 as a result of lower market interest rates. Realized investment gains were \$1.1 million lower during the six-months ended June 30, 2008 than in the six-months ended June 30, 2007, which is primarily due to a decrease in the market value of our trading securities resulting from a change in current market conditions.

Six months ended June 30	2008			2007		
(Dollars in Thousands)	Net Premiums Earned	Net Losses & Loss Settlement Expenses Incurred	Net Loss Ratio	Net Premiums Earned	Net Losses & Loss Settlement Expenses Incurred	Net Loss Ratio
Commercial lines:						
Other liability ⁽¹⁾	\$ 67,348	\$ 33,187	49.3 %	\$ 67,563	\$ 17,907	26.5 %
Fire and allied lines ⁽²⁾	54,624	61,417	112.4	59,878	33,892	56.6
Automobile	49,981	35,186	70.4	48,439	28,405	58.6
Workers' compensation	25,998	14,533	55.9	23,668	9,576	40.5
Fidelity and surety	10,152	1,479	14.6	9,857	404	4.1
Miscellaneous	421	(36)	(8.6)	432	111	25.7
Total commercial lines	\$ 208,524	\$ 145,766	69.9 %	\$ 209,837	\$ 90,295	43.0 %
Personal lines:						
Fire and allied lines ⁽³⁾	\$ 10,629	\$ 7,678	72.2 %	\$ 10,459	\$ 6,676	63.8 %
Automobile	6,303	5,322	84.4	7,140	4,117	57.7
Miscellaneous	157	904	N/A	158	319	N/A
Total personal lines	\$ 17,089	\$ 13,904	81.4 %	\$ 17,757	\$ 11,112	62.6 %
Reinsurance assumed	\$ 2,753	\$ 2,069	75.2 %	\$ 4,887	\$ 1,760	36.0 %
Total	\$ 228,366	\$ 161,739	70.8 %	\$ 232,481	\$ 103,167	44.4 %

(1) "Other liability" is business insurance covering bodily injury and property damage arising from general business operations, accidents on the insured's premises and products manufactured or sold.

(2) "Fire and allied lines" includes fire, allied lines, commercial multiple peril and inland marine.

(3) "Fire and allied lines" includes fire, allied lines, homeowners and inland marine.

The commercial lines pricing environment continues to be competitive, with an average of low-single digit percentage decreases in premium pricing during the second quarter. Each of our underwriting branches continued to experience pressure on renewals, especially midsize and large accounts. We also began to experience more competition in the workers' compensation line in the Midwestern states. For the first time in this soft market cycle we are seeing competition in our coastal business, which includes the states of Florida, Alabama and Texas. The personal lines pricing environment also continues to be very competitive both in the auto and homeowners lines of business. The premium level, however, remained unchanged from the first quarter of 2008.

Although the commercial premium pricing decrease during the second quarter was modest, it is a continuation of a trend of gradual decreases in premium level for some lines of business dating back to the third quarter of 2004. Policy retention remained strong in both personal and commercial lines of business, with a slight percentage increase in commercial lines and a slight percentage decrease in personal lines from the first quarter of 2008.

Life Insurance Segment Results

Life Insurance Financial Results:	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2008	2007	2008	2007
Revenues				
Net premiums written ⁽¹⁾	\$ 8,143	\$ 7,431	\$ 17,567	\$ 15,381
Net premiums earned	\$ 8,260	\$ 7,763	\$ 17,851	\$ 16,076
Investment income, net of investment expenses	18,576	19,722	37,839	39,909
Realized investment gains (losses)	(261)	351	(1,542)	1,027
Other income	202	134	412	234
Total Revenues	\$ 26,777	\$ 27,970	\$ 54,560	\$ 57,246
Benefits, Losses and Expenses				
Losses and loss settlement expenses	\$ 2,581	\$ 4,575	\$ 6,450	\$ 8,878
Increase in liability for future policy benefits	5,360	2,888	11,206	6,996
Amortization of deferred policy acquisition costs	2,958	3,098	5,833	6,266
Other underwriting expenses	1,581	1,875	3,856	4,083
Interest on policyholders' accounts	10,217	10,797	20,663	22,026
Total Benefits, Losses and Expenses	\$ 22,697	\$ 23,233	\$ 48,008	\$ 48,249
Income Before Income Taxes	\$ 4,080	\$ 4,737	\$ 6,552	\$ 8,997

(1) Please refer to the Statutory and other financial measures section of this report for further explanation of this measure.

In the first six months of 2008, our life insurance segment recorded pre-tax income of \$6.6 million, compared to \$9.0 million for the first six months of 2007. The deterioration in our pre-tax income was the result of a combination of factors. Realized investment gains and losses decreased \$2.6 million in the first six months of 2008 as compared to the first six months of 2007, primarily due to the call of fixed maturity securities in our life insurance segment. Investment income decreased 5.2 percent in the first six months of 2008, primarily due to a significant decrease in short-term interest rates as well as a decrease in our portfolio of invested assets, as compared to this period in 2007. Somewhat offsetting these decreases was an increase in net premiums earned in the first six months of 2008, due to the growth in sales of our traditional products, primarily single premium whole life insurance.

The liability for future policy benefits was \$2.5 million greater in the second quarter 2008 and \$4.2 million greater for the first six months of 2008, as compared to the same periods in 2007, primarily due to an increase in sales of our traditional life insurance products.

The reduction in annuity balances was the primary contributor to the decrease in interest on policyholders' accounts in 2008 as compared to 2007, as well as a decline in credited interest rates on in-force annuity contracts.

The principal product of our life insurance segment is the single premium deferred annuity. Pursuant to GAAP, we do not report annuity deposits as net premiums earned. Rather, we record annuity deposits as liabilities for future policyholder benefits. Revenues from annuities consist of policy surrender charges and investment income earned on policyholder deposits. During the second quarter of 2008, we recorded \$34.1 million in annuity deposits compared to \$27.2 million in the second quarter of 2007. During the first six months of 2008, we recorded \$62.5 million in annuity deposits compared to \$66.4 million in the first six months of 2007.

In the second quarter of 2008, we experienced a net cash outflow of \$14.1 million related to our annuity business, compared to a \$24.9 million net cash outflow during the second quarter of 2007. In the first six months of 2008, we experienced a net cash outflow of \$25.4 million related to our annuity business, compared to a \$55.5 million net cash outflow during the first six months of 2007. Our net cash outflows are representative of the challenges we have been facing in retaining our existing annuitants and attracting new annuitants with a rate of interest that is competitive in the marketplace while still allowing for an acceptable profit margin.

Investment Results

We recorded net investment income (before tax) of \$55.9 million for the six-month period ended June 30, 2008, compared to \$62.3 million for the six-month period ended June 30, 2007. The decrease between years was the result of lower market interest rates for this period in 2008 as compared to the same period in 2007 and the contraction of our annuity business.

Realized investment gains and losses decreased \$3.7 million in the first six months of 2008, as compared to the first six months of 2007, due to the call of fixed maturity securities in our life insurance segment, as well as a change in the market value of our trading securities portfolio.

We continually monitor the difference between our cost basis and the estimated fair value of our investments. Our accounting policy for impairment recognition requires other-than-temporary impairment charges to be recorded when we determine that it is more likely than not that we will be unable to collect all amounts due according to the contractual terms of the fixed maturity security or that the anticipated recovery in market value of the equity security will not occur in a reasonable amount of time. Impairment charges on investments are recorded based on the fair value of the investments at the measurement date and are included in net realized investment gains and losses. Factors considered in evaluating whether a decline in value is other-than-temporary include: the length of time and the extent to which the fair value has been less than cost; the financial conditions and near-term prospects of the issuer; and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery. During the six-months ended June 30, 2008 and 2007, we had no investment write-downs. Based upon our review, we do not believe that our portfolio will be materially affected by recent conditions or events in the sub-prime market.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Liquidity measures our ability to generate sufficient cash flows to meet our short- and long-term cash obligations. Our sources of cash inflows are primarily a result of premiums, annuity deposits, sales or maturity of investments, and investment income. Historically, we have generated substantial cash inflows from operations because cash from premium payments is usually received in advance of cash payments made to settle losses. When investing the cash generated from operations, we invest in securities with maturities that correlate to the anticipated timing of payments for losses and loss settlement expenses of the underlying insurance policies. The majority of our assets are invested in available-for-sale fixed maturities.

Our cash outflows are primarily a result of losses and loss settlement expenses, commissions, premium taxes, income taxes, operating expenses, dividends, annuity withdrawals, and investment purchases. Cash outflows may be variable because of the uncertainty regarding settlement dates for losses. In addition, the timing and amount of catastrophe losses are inherently unpredictable and could increase our liquidity requirements.

Cash flow and liquidity is categorized into three sources: 1) operating activities; 2) investing activities; and 3) financing activities, which are displayed in the following table:

Cash Flow Summary (Dollars in Thousands)	Six Months Ended March 31,	
	2008	2007
Cash provided by (used in):		
Operating activities	\$ 15,921	\$ 29,397
Investing activities	(103,890)	(28,749)
Financing activities	(27,279)	(46,024)
Net increase (decrease) in cash and cash equivalents	\$ (115,248)	\$ (45,376)

The decrease in cash provided by operating activities during the six-months ended June 30, 2008 compared to the same period in 2007 reflects the deterioration in our net income during 2008 due to increased catastrophe losses, an increase in severity in our other liability lines and an adverse court decision during the second quarter.

We have significant cash inflows from sales of investments and from scheduled and unscheduled investment security maturities, redemptions and prepayments. These cash flows totaled \$298.9 million for the six-month period ended June 30, 2008 and \$199.1 million for the six-month period ended June 30, 2007. We invest in fixed maturities that mature at regular intervals in order to meet our scheduled obligations to pay policy benefits and losses, claims and loss settlement expenses.

Cash used in financing activities has been impacted by the level of surrenders and withdrawals experienced in our life insurance segment's annuity portfolio in recent years, which resulted in negative annuity and universal life cash flows of \$14.0 million during the six-months ended June 30, 2008, compared to negative annuity and universal life cash flows of \$38.9 million during the six-months ended June 30, 2007.

If our operating, investment and financing cash flows are not sufficient to support our operations, we have additional short-term investments that we could utilize for this purpose. At June 30, 2008, our consolidated invested assets included \$79.0 million of short-term investments, which consist primarily of fixed maturities that mature within one year. We may also borrow up to \$50.0 million on our existing bank line of credit, which expires on July 9, 2009. We did not utilize our line of credit in the first six months of 2008, other than to secure letters of credit utilized in our reinsurance operations. As of June 30, 2008, \$2 million of the line of credit was allocated for that purpose.

Capital Resources

Capital resources demonstrate our overall financial strength and ability to raise new capital to meet our needs. At June 30, 2008 our consolidated total assets were \$2.77 billion, compared to \$2.76 billion at December 31, 2007. Invested assets, primarily composed of fixed maturity securities, decreased \$36.7 million, or 1.7 percent, from December 31, 2007. The decrease in invested assets we experienced this year was primarily due to a change in net unrealized appreciation of \$62.5 million, which is the result of depressed market prices in our fixed securities and stocks, particularly our holdings of investments in financial institutions. Offsetting this decrease was an increase of \$102.1 million in purchases exceeding sales, calls and maturities since December 31, 2007.

The composition of our investment portfolio at June 30, 2008 is presented in the following table:

(Dollars in Thousands)	Property & Casualty Insurance Segment		Life Insurance Segment		Total	
		Percent of Total		Percent of Total		Percent of Total
Fixed maturities ⁽¹⁾	\$ 730,427	82.6%	\$ 1,180,768	90.9%	\$ 1,911,195	87.7%
Equity securities	131,628	14.9	19,313	1.5	150,941	6.9
Trading securities	9,555	1.1	—	—	9,555	0.4
Mortgage loans	—	—	13,127	1.0	13,127	0.6
Policy loans	—	—	7,507	0.6	7,507	0.3
Other long-term investments	11,922	1.3	—	—	11,922	0.5
Short-term investments	1,200	0.1	77,843	6.0	79,043	3.6
Total	\$ 884,732	100.0%	\$ 1,298,558	100.0%	\$ 2,183,290	100.0%

(1) Available-for-sale fixed maturities are carried at fair value, while held-to-maturity fixed maturities are carried at amortized cost.

At June 30, 2008, \$1,893.3 million, or 99.1 percent of our fixed income security portfolio was classified as available-for-sale, compared to \$1,812.8 million, or 98.5 percent, at December 31, 2007. We classify our remaining fixed maturities as held-to-maturity, which are reported at amortized cost, or trading. We record trading securities, primarily convertible redeemable preferred debt securities, at fair value, with any changes in fair value recognized in earnings.

In April 2008, we began participating in a securities lending program from which net investment income is generated by the lending of certain investments to other institutions for short periods of time. Borrowers of these securities must deposit collateral with Northern Trust Company, a third-party custodian, equal to at least 102% of the market value of the securities loaned (in the form of cash or securities) plus accrued interest. The market values

of the loaned securities are monitored on a daily basis by Northern Trust Company. Additional collateral is added by the borrower or refunded to the borrower by Northern Trust Company as the market values of the loaned securities fluctuate, maintaining collateral values of at least 102% at all times. All collateral is held by Northern Trust Company and we have the right to access the collateral only if the institution borrowing our securities is in default under the lending agreement. Therefore, we do not recognize the receipt of the collateral held by Northern Trust Company or the obligation to return the collateral in our Consolidated Financial Statements. We also maintain effective control of the loaned securities and have the right and ability to redeem the securities loaned on short notice. Therefore, we continue to classify these securities as invested assets in our Consolidated Financial Statements. At June 30, 2008, we had securities totaling \$44.5 million on loan under the program.

At June 30, 2008, cash and cash equivalents totaled \$137.3 million compared to \$252.6 million at December 31, 2007. This decrease is attributable to purchases exceeding calls and maturities by \$102.1 million and common stock repurchases of \$5.2 million during 2008.

(Dollars in Thousands)	Property & Casualty Segment	Life Insurance Segment	Total
Deferred acquisition costs at December 31, 2007	\$ 58,291	\$ 70,707	\$ 128,998
Current deferred costs	60,297	5,181	65,478
Current amortization	(58,722)	(5,833)	(64,555)
Ending unamortized deferred acquisition costs	\$ 59,866	\$ 70,055	\$ 129,921
Change in "shadow" deferred acquisition costs	N/A	13,697	13,697
Recorded deferred acquisition costs at June 30, 2008	\$ 59,866	\$ 83,752	\$ 143,618

Our consolidated deferred policy acquisition costs increased \$14.6 million, or 11.3 percent, to \$143.6 million at June 30, 2008 from December 31, 2007. Our property and casualty insurance segment's deferred policy acquisition costs increased \$1.6 million, or 2.7 percent, to \$59.9 million at June 30, 2008 from December 31, 2007. The increase is due to growth in our unearned premiums, which has allowed us to capitalize more acquisition costs than in the prior year. Our life insurance segment's deferred policy acquisition costs increased \$13.0 million, or 18.4 percent, to \$83.8 million at June 30, 2008 from December 31, 2007. The life insurance segment's deferred policy acquisition cost asset is primarily related to universal life and annuity business, which is affected by the changes in unrealized gains and losses on certain available-for-sale securities. As a result of decreases in these unrealized gains during the six-month period ended June 30, 2008, due primarily to increasing interest rates, deferred policy acquisition costs increased by \$13.7 million.

Stockholders' Equity

Stockholders' equity decreased from \$751.5 million at December 31, 2007 to \$726.4 million at June 30, 2008, a decrease of 3.3 percent. The decreases to stockholders' equity included a decrease in net unrealized appreciation of \$31.7 million and stockholder dividends of \$8.2 million. Partially offsetting this decrease is net income of \$18.6 million. At June 30, 2008, book value per common share was \$26.88 compared to \$27.63 at December 31, 2007.

STATUTORY AND OTHER FINANCIAL MEASURES

We believe that disclosure of certain non-GAAP financial measures enhances investor understanding of our financial performance. The following non-GAAP financial measures are utilized in this report:

Premiums written is a measure of our overall business volume. Net premiums written are composed of direct and assumed premiums written, net of what we are charged for reinsurance policies. Direct premiums written is the amount of premiums charged for policies issued during the period. Assumed premiums written is consideration or payment we receive in exchange for reinsurance we provide to other insurance companies. We report these premiums as revenue as they are earned over the underlying policy period. We report premiums written applicable to the unexpired term of a policy as unearned premium subject to reinsurance. We evaluate premiums written as a measure of business production for the period under review.

(Dollars in Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net premiums written	\$ 129,212	\$ 136,344	\$ 262,079	\$ 264,636
Net change in unearned premium	(5,380)	(9,141)	(15,235)	(13,294)
Net change in prepaid reinsurance premium	(558)	(1,264)	(627)	(2,785)
Net premiums earned	\$ 123,274	\$ 125,939	\$ 246,217	\$ 248,557

Catastrophe losses utilize the designations of the Insurance Services Office (“ISO”) and are reported with loss and loss settlement expense amounts net of reinsurance recoverables, unless specified otherwise. According to the ISO, a catastrophe loss is a single unpredictable incident or series of closely related incidents causing severe insured losses that cause \$25.0 million or more in industry-wide direct insured losses to property and that affect a significant number of insureds and insurers (“ISO catastrophes”). We also include as catastrophes those events we believe are, or will be, material to our operations, either in amount or in number of claims made. The frequency and severity of catastrophic losses we experience in any year affect our results of operations and financial position. In analyzing the underwriting performance of our property and casualty insurance segment, we evaluate performance both including and excluding catastrophe losses. Portions of our catastrophe losses may be recoverable under our catastrophe reinsurance agreements. We include a discussion of the impact of catastrophes because we believe it is meaningful for investors to understand the variability in periodic earnings.

(Dollars in Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
ISO catastrophes ⁽¹⁾	\$ 12,605	\$ 2,892	\$ 15,621	\$ 5,331
Non-ISO catastrophes	754	289	758	316
Total catastrophes ⁽¹⁾	\$ 13,359	\$ 3,181	\$ 16,379	\$ 5,647

(1) This number does not include \$10.8 million that was incurred in the second quarter of 2008 from a lawsuit related to Hurricane Katrina.

Combined ratio is a commonly used financial measure of underwriting performance. A combined ratio below 100 percent generally indicates a profitable book of business. The combined ratio is the sum of two separately calculated ratios, the loss and loss settlement expense ratio (referred to as the “net loss ratio”) and the underwriting expense ratio (the “expense ratio”). When prepared in accordance with GAAP, the net loss ratio is calculated by dividing the sum of losses and loss settlement expenses by net premium earned. The expense ratio is calculated by dividing non-deferred underwriting expenses and amortization of deferred policy acquisition costs by net premiums earned. When prepared in accordance with statutory accounting principles, the net loss ratio is calculated by dividing the sum of losses and loss settlement expenses by net premium earned; the expense ratio is calculated by dividing underwriting expenses by net premiums written.

Underwriting income is the gain or loss by an insurance company from the business of insurance. Underwriting income is equal to net premiums earned less incurred losses, loss settlement expenses, amortization of deferred policy acquisition costs, and other underwriting expenses. We use this financial measure in evaluating the results of our operations and to analyze the profitability of our property and casualty segment separately from our investment results.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risk arising from potential losses due to adverse changes in interest rates and market prices. Our primary market risk exposure is changes in interest rates, although we have exposure to changes in equity prices and limited exposure to foreign currency exchange rates.

Active management of market risk is integral to our operations. Our investment guidelines define the overall framework for managing our market and other investment risks, including accountability and controls. In addition, each of our subsidiaries has specific investment policies that delineate the investment limits and strategies that are appropriate given each entity’s liquidity, surplus, product, and regulatory requirements. We respond to market risk by rebalancing our existing asset portfolio and by managing the character of future investment purchases.

There have been no material changes in our market risk or market risk factors from that reported in our Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting

As required by Rule 15d-15(e) under the Securities Exchange Act of 1934, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on this evaluation, no such change in our internal control over financial reporting occurred during the fiscal quarter to which this report relates.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a detailed discussion of legal proceedings of the Company, refer to Note 1—*Contingent Liabilities* in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q.

ITEM 1A. RISK FACTORS

Our business is subject to a number of risks, including those identified in Part I, Item 1A of our 2007 Annual Report on Form 10-K filed with the SEC on February 27, 2008, that could have a material effect on our business, results of operations, financial condition, and/or liquidity and that could cause our operating results to vary significantly from period to period. The risks described in the above mentioned document are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could have a material effect on our business, results of operations, financial condition and/or liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
4/1/08 – 4/30/08	45,364	\$ 33.18	45,364	637,503
5/1/08 – 5/31/08	—	—	—	637,503
6/1/08 – 6/30/08	122,400	28.87	122,400	515,103

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At United Fire's Annual Stockholders' Meeting on May 21, 2008, the following proposal was adopted by the margins indicated.

Proposal 1: Election of five Class A directors for a term of three years or until such time as their respective successors have been elected.

Proposal 1:		Number of Shares	
		Voted For	Withheld Vote
Douglas M. Hultquist	Class A Director	24,520,808	1,416,079
Casey D. Mahon	Class A Director	25,003,461	934,056
Scotty McIntyre Jr.	Class A Director	24,694,617	1,242,900
Randy A. Ramlo	Class A Director	24,863,279	1,074,238
Frank S. Wilkinson Jr.	Class A Director	25,703,594	233,923

Proposal 2: To approve the United Fire & Casualty Company 2008 Stock Plan, which amended and restated the United Fire & Casualty Company Nonqualified Employee Stock Option Plan, which would expire in 2008.

Proposal 2:	Number of Shares		
	Voted For	Voted Against	Abstaining
United Fire & Casualty Company 2008 Stock Plan	23,314,258	708,488	19,907

Proposal 3: To approve two amendments to the Fourth Amended and Restated Articles of Incorporation of United Fire & Casualty Company.

Proposal 3:	Number of Shares		
	Voted For	Voted Against	Abstaining
Amendments to the Articles of Incorporation	25,777,623	110,000	49,893

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit number	Exhibit description	Filed herewith	Incorporated by reference			
			Form	Period ending	Exhibit	Filing date
3.1	Fourth Restated Articles of Incorporation	X				
3.2	First Amendment to Fourth Restated Articles of Incorporation	X				
3.3	Second Amendment to Fourth Restated Articles of Incorporation	X				
3.4	Third Amendment to Fourth Restated Articles of Incorporation	X				
3.5	Bylaws of United Fire & Casualty Company		10-K	12/31/06	3.4	03/01/07
10.1	United Fire & Casualty Company 2008 Stock Plan*		8-K		99.1	05/22/08
10.2	Form of Stock Award in connection with the United Fire & Casualty Company 2008 Stock Plan*		8-K		99.2	05/22/08
10.3	Form of Non-statutory Stock Option Agreement in connection with the United Fire & Casualty Company 2008 Stock Plan*		8-K		99.3	05/22/08
10.4	Form of Incentive Stock Option Agreement in connection with the United Fire & Casualty Company 2008 Stock Plan*		8-K		99.4	05/22/08
10.5	2008 Stock Plan Option Agreement for Randy A. Ramlo*	X				
10.6	2008 Stock Plan Option Agreement for Dianne M. Lyons*	X				
10.7	2008 Stock Plan Option Agreement for Michael T. Wilkins*	X				
10.8	2008 Stock Plan Option Agreement for Barrie W. Ernst*	X				
10.9	2008 Stock Plan Stock Award Agreement for Randy A. Ramlo*	X				
10.10	2008 Stock Plan Stock Award Agreement for Dianne M. Lyons*	X				
10.11	2008 Stock Plan Stock Award Agreement for Michael T. Wilkins*	X				
10.12	2008 Stock Plan Stock Award Agreement for Barrie W. Ernst*	X				
11	Statement Re Computation of Per Share Earnings. All information required by Exhibit 11 is presented within Note 5 of the Notes to Unaudited Consolidated Financial Statements, in accordance with the provisions of SFAS No. 128	X				
31.1	Certification of Randy A. Ramlo pursuant to Section 302 of the Sarbanes—Oxley Act of 2002	X				
31.2	Certification of Dianne M. Lyons pursuant to Section 302 of the Sarbanes—Oxley Act of 2002	X				
32.1	Certification of Randy A. Ramlo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002	X				
32.2	Certification of Dianne M. Lyons pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002	X				

*Indicates a management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED FIRE & CASUALTY COMPANY

(Registrant)

August 1, 2008

(Date)

/s/ Randy A. Ramlo

Randy A. Ramlo
President, Chief Executive Officer

/s/ Dianne M. Lyons

Dianne M. Lyons
Vice President, Chief Financial Officer and
Principal Accounting Officer

Blacklined to show the Second Amendment and Third Amendment.

FOURTH RESTATED
ARTICLES OF INCORPORATION

OF

UNITED FIRE & CASUALTY COMPANY

ARTICLE I
NAME

The name of this corporation shall be UNITED FIRE & CASUALTY COMPANY.

ARTICLE II
PRINCIPAL PLACE OF BUSINESS

The principal place of business of this corporation shall be at Cedar Rapids, in the County of Linn, State of Iowa.

ARTICLE III
CORPORATE PERIOD

The corporate period of this corporation began on the date of the issuance of a Certificate of Incorporation, to-wit: January 2, 1946. It shall have perpetual existence from said date unless and until dissolved by the vote of two-thirds (2/3) of the voting stock outstanding and entitled to vote at any annual meeting of the Stockholders or at any special meeting called for that Purpose.

ARTICLE IV
OBJECTS, PURPOSES, AND GENERAL
NATURE OF BUSINESS

Section 1. General Nature of Business. The general nature of the business of this corporation shall be that of insurance and reinsurance business on the stock plan, and it shall operate as a stock company as authorized by Chapter 515 of the Code of Iowa, 1977, as amended, with all the rights, powers and privileges granted by Chapter 515 or Chapter 491 of the Code of Iowa, 1977, as amended, or which may now or hereafter be conferred upon such corporations by law.

Section 2. Objects and Purposes. Without in any manner limiting the rights, powers and privileges conferred by law, the objects and purposes of this corporation shall be that of conducting and carrying on insurance and reinsurance business of the kinds specified in Section 515.48 of the Code of Iowa, 1977, as heretofore or hereafter amended, and the insuring of any additional risk not specifically included within any of the classes specifically described in said Section and which is a proper subject of insurance, is not prohibited by law, or contrary to sound public policy and which is approved by the Iowa Commissioner of Insurance in the manner as provided in said Section, provided, however, that the authority of this corporation to insure certain risks specified in Section 515.48, Code of Iowa, 1977, as amended, is limited in the respects provided in Section 515.49 of said Code.

ARTICLE V
CAPITAL STOCK

~~Section 1. a. Authorized Capital Stock. The authorized capital stock of this corporation is Ninety nine Million Nine Hundred Ninety nine Thousand Nine Hundred Ninety nine Dollars and Ninety nine Cents divided into (i) 30,000,000 shares of common stock (“Common Stock”) having a par value of Three Dollars Thirty three and One third Cents (\$3.33 1/3) per share, of which there are currently 10,036,819 and (ii) 10,000,000 shares of serial preferred stock, having no par value per share (the “Preferred Stock”), of which there are no shares currently outstanding.~~ Authorized Capital Stock. The authorized capital stock of this corporation is Two Hundred Forty-nine Million Nine Hundred Ninety-nine Thousand Nine Hundred Ninety-nine Dollars and Ninety-nine Cents divided into (i) 75,000,000 shares of common stock (“Common Stock”) having a par value of Three Dollars Thirty-three and One-third Cents (\$3.33 1/3) per share; and (ii) 10,000,000 shares of serial preferred stock, having no par value per share (“Preferred Stock”).

~~b. Preferred Stock. The Board of Directors of this corporation is authorized, subject to limitations prescribed by the Iowa Business Corporation Act and the provisions of the Articles of Incorporation, as amended and restated, of this corporation, by resolution or resolutions, from time to time and by filing articles of amendment with the Secretary of State of the State of Iowa in accordance with the applicable provisions of the Iowa Business Corporation Act, to provide for the issuance of the shares of Preferred Stock in series, to establish from time to time the number of shares to be included in each such series and to fix the preferences, limitations, and relative rights of the series.~~ Preferred Stock. The Board of Directors of this corporation is authorized, subject to limitations prescribed by the Iowa Business Corporation Act and the provisions of the Articles of Incorporation, as amended and restated, of this corporation, by resolution or resolutions, from time to time and by filing articles of amendment with the Secretary of Sate of the Sate of Iowa in accordance with the applicable provisions of the Iowa Business Corporation Act, to provide for the issuance of the shares of Preferred Stock in series, to establish from time to time the number of shares to be included in each such series and to fix the preferences, limitations and relative rights of the series.

Section 2. Preemptive Rights Denied. No holder of the Common Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever, whether now or hereafter authorized and whether issued for cash or other consideration.

Section 3. Voting Rights. Each share of Common Stock shall entitle the holder thereof to one vote upon all matters as to which a vote of the Stockholders is to be taken at any annual or special meeting of Stockholders.

~~Section 4. Closing Transfer Books—Record Date. For the purpose of determining Stockholders entitled to notice of, or to vote at, any meeting of Stockholders, or any adjournment thereof, or entitled to receive payment of any dividends, or in order to make a determination of Stockholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, not exceeding fifty (50) days. If the stock transfer books shall be closed for such purpose, such books shall be closed for at least ten (10) days immediately preceding such meeting.~~

~~For the purpose of determining stockholders entitled to vote at a meeting of stockholders or to receive dividends or for other proper purposes, the Bylaws may provide or, in the absence of an applicable Bylaw, the Directors may fix, in lieu of the closing of the stock transfer books, the record date for any such determination of stockholders, which record date shall be, in any case, not more than fifty (50) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date upon which the particular action requiring such determination of stockholders is to be taken. If the stock record books are not closed and no record date is fixed, the record date shall be the date ten (10) days after the mailing of the notice of the stockholders meeting or after the declaration of the dividend, as the case may be. When a determination of Stockholders entitled to vote at any meeting of Stockholders has been made as herein provided, such determination shall apply to any adjournment thereof.~~

Section 4. Closing Transfer Books -- Record Date. For the purpose of determining Stockholders entitled to notice of, or to vote at, any meeting of Stockholders, or any adjournment thereof, or entitled to receive payment of any dividends, or in order to make a determination of Stockholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, not exceeding sixty (60) days. If the stock transfer books shall be closed for such purpose, such books shall be closed for at least ten (10) days immediately preceding such meeting.

For the purpose of determining stockholders entitled to vote at a meeting of stockholders or to receive dividends or for other proper purposes, the Bylaws may provide or, in the absence of an applicable Bylaw, the Directors may fix, in lieu of the closing of the stock transfer books, the record date for any such determination of stockholders, which record date shall be, in any case, not more than sixty (60) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date upon which the particular action requiring such determination of stockholders is to be taken. If the stock record books are not closed and no record date is fixed, the record date shall be the date ten (10) days after the mailing of the notice of the stockholders meeting or after the declaration of the dividend, as the case may be. When a determination of Stock-holders entitled to vote at any meeting of Stockholders has been made as herein provided, such determination shall apply to any adjournment thereof.

Section 5. Dividends. Out of any earned surplus or net profits or other fund legally available for the declaration of dividends of this corporation after making such provision, if any, as the Board of Directors may deem necessary for working capital, dividends may be declared and paid upon Common Stock, share and share alike.

Section 6. Quorum. A majority of the Common Stock outstanding represented in person or by written proxy shall constitute a quorum for the transaction of business.

Section 7. Transfer of Stock. All shares of stock shall be transferable but only by assignment in writing, and such assignment shall not be complete as against the corporation until entered upon the records of the corporation.

Section 8. Issuance Only for Cash or Property. No stock shall be issued until the corporation has received the payment in full therefor in cash or property, provided, however, that when stock is to be issued for anything other than money such issue of stock must be approved by the Insurance Commissioner of the State of Iowa, as provided in Sections 492.6 and 492.7 of the Code of Iowa, 1977. Without action by or consent of the Stockholders, the Board of Directors may issue all or so much of the authorized Common Stock for such consideration as it shall determine, but not less than par value thereof, and any and all such stock so issued, when the consideration therefor as so fixed by said Board has been fully paid or delivered, shall be fully paid stock and not liable to any further call or assessment.

Section 9. Increase of Capital. Subject to the limitations and restrictions hereinbefore provided for, the capital stock hereby authorized may be increased by a vote of two-thirds (2/3) of the Common Stock of the corporation then issued and outstanding.

ARTICLE VI STOCKHOLDERS' MEETINGS

Section 1. Election and Composition of Board of Directors.

(a) Election by Shareholders. The business and affairs of this corporation shall be conducted by a Board of Directors consisting of not less than nine (9) nor more than fifteen (15) members, to be elected by the stockholders in the manner hereinafter provided.

(b) Number Fixed by Board. At least fifteen (15) days prior to each annual meeting of the stockholders the Board of Directors shall fix the number of directors which shall comprise the Board of Directors for the ensuing year and give notice thereof to stockholders. If the number of directors of the class to be elected by the stockholders at the meeting following the fixing of such number by the Board is increased over the number of such class elected at the last election of such class by the shareholders, then each other class of directors shall be increased by the same number and the additional directors of each such other class shall be elected by the Board to hold office from the time of the stockholders annual meeting until the expiration of the term of the class to which they are elected. If the Board of Directors fails to fix the number of directors which shall comprise the Board of Directors for the ensuing year or fails to give the notice herein prescribed to the stockholders, then the number of directors to be elected at the next annual meeting to comprise the class to be elected at such meeting shall be the same number of directors that was elected at the last prior election of such class.

(c) Classes of Directors. The Board of Directors shall be divided into classes to be designated Class A, Class B and Class C respectively. At the first election to be held immediately following the adoption of these Articles and their becoming effective four (4) Class A Directors shall be elected for a term of three (3) years, three (3) Class B Directors for a term of two (2) years, and three (3) Class C Directors for a term of one (1) year. In nominating directors for election at such first election, the nominees shall be designated as to class. After such first annual election only one class shall be elected at each annual meeting of stockholders, each class to be elected for a term of three years.

(d) Proportionate Representation. The holder or holders, jointly or severally, of not less than one-fifth but less than a majority of the shares of the Common Stock of the corporation shall be entitled to nominate Directors for election at the annual Stockholders meeting. In the event such nomination is made there shall be elected, to the extent that the total number to be elected by Common Stockholders is divisible, such proportionate number from the persons so nominated as the shares of stock held by persons making such nominations bear to the whole number of shares issued; provided, the holder or holders of the minority shares of stock shall only be entitled to one-fifth (disregarding fractions) of the total number of Directors to be elected by the Common Stockholders for each one-fifth of the entire capital stock of such corporation so held by them; and provided further that this Section shall not be construed to prevent the holders of a majority of the stock of the corporation from electing the majority of the Directors to be elected by the Common Stockholders.

(e) Vacancies. Vacancies in the Board of Directors occurring between annual meetings may be filled by the Board of Directors for the remainder of the unexpired term of the Director whose office is vacated.

Section 2. Stockholders' Meetings.

(a) Annual Meetings. The annual meeting of the Stockholders shall be held on the third Wednesday in the month of May in each year unless such day shall be a legal holiday, in which case said meeting shall be held on the day following.

(b) Special Meetings. Special meetings of the Stockholders may be called at any time by the President upon giving notice as herein provided, and shall be called by him upon the written request of Stockholders representing at least fifty-one percent (51%) of the total Common Stock outstanding. In the event of the President's failure or refusal to issue a call upon such request, the Stockholders representing at least fifty-one percent (51%) of the total stock outstanding may join in issuing a call to Stockholders for a special meeting.

(c) Notices and Calls of Regular and Special Meetings. All calls or requests for regular or special Stockholders' meetings shall state what business is to be presented at the meeting, shall be in writing, and shall be made by the President of the corporation or under the signature of the owners of at least fifty-one percent (51%) of the total stock outstanding, giving ten (10) days written notice in person or by United States mail addressed to the Stockholders of record, which notice shall be considered given when addressed and mailed to the addressee at the address, as shown by the records of the corporation, of the person, firm or corporation appearing of record as a Stockholder.

Section 3. Place of Meetings. All meetings of the Stockholders shall be held at the office of the corporation in Cedar Rapids, Iowa.

Section 4. Amendments Changing Section 1 of this Article VI. Any amendment changing any of the provisions of Section 1 of this Article VI shall require the affirmative vote of two-thirds (2/3) of the Common Stock of the corporation issued and outstanding.

ARTICLE VII BOARD OF DIRECTORS AND OFFICERS

Section 1. Term of Office of Members of Board. The Directors elected by the Stockholders or Directors appointed to fill a vacancy shall serve until their successors have been elected and qualify.

Section 2. Officers. The Board of Directors shall meet annually immediately following the annual meeting of the Stockholders. The Board of Directors shall elect a President, one or more Vice Presidents, a Secretary, and a Treasurer, and such other officials, including an Executive Committee, as they may determine or as may be provided by the Bylaws of this corporation. Any person may hold one or more offices at the same time. No officer of the corporation need be a Stockholder or a Director except the President.

Section 3. Director's Qualification. Every Director shall be a Stockholder, and if any Director shall sell or transfer his stock in this corporation, such Director shall at once cease to be a Director.

Section 4. Special Powers of Board. The Board of Directors may adopt, alter or repeal the Bylaws of the corporation and may generally do any act or thing deemed necessary for the conduct and management of the business of the corporation, subject only to the limitations imposed by law or by these Articles, including, without being limited thereto, the power to qualify the corporation for the transaction of business anywhere in the United States and Canada if it shall conclude that it is to the best interests of the corporation to do so, and shall be authorized to take whatever action may be necessary in the premises, and in the event an Executive Committee is elected, said Board may vest said Executive Committee with the right to exercise any or all of the powers of Directors when the said Board is not in session, excepting the power to adopt, amend or alter Bylaws or fill vacancies on the Board of Directors or officers.

Section 5. Quorum of Board. A majority of the Board of Directors shall constitute a quorum for the transaction of business.

Section 6. General Powers of Officers. The officers elected by the Board of Directors shall have such power, perform such duties and shall be entitled to such compensation as may be prescribed by the Board of Directors, and the Board shall have the right to remove any officer with or without cause and to fill vacancies in office by a majority vote at a Directors' meeting.

Section 7. Present Directors. The following persons were duly elected as Directors of the corporation at the last annual meeting of the Stockholders, they are now serving as such, and their terms of office will continue until their successors have been elected and have qualified, to-wit:

Scott McIntyre, Jr.	George D. Milligan
John A. Rife	Mary K. Quass
Jack B. Evans	Byron G. Riley
Christopher R. Drahozal	Kyle D. Skogman
Casey D. Mahon	Frank S. Wilkinson, Jr.
Thomas K. Marshall	

Section 8. Present Officers. At the last annual meeting of the Board of Directors the following persons were elected to the offices set opposite their respective names, which offices they now hold pursuant to their said election and qualification:

Scott McIntyre, Jr.	Chairman of the Board of Directors
Jack B. Evans	Vice Chairman of the Board of Directors
John A. Rife	President and Chief Executive Office
Richard B. Swain	Senior Vice President
Kevin L. Kubik	Vice President and Chief Investment Officer
Kent G. Baker	Vice President and Chief Financial Officer
E. Dean Fick	Vice President - Claims
John R. Cruise	Vice President - Reinsurance
Wilburn J. Hollis	Vice President - Human Resources
Robert B. Kenward	Vice President - Information Services
Stanley A. Wiebold	Vice President - Underwriting
Galen E. Underwood	Treasurer
Dianne Lyons	Controller

Shona FreseCorporate Secretary
David A. Lange Corporate Secretary

~~Section 9. Personal Liability—Directors. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Iowa Code Section 490.833, (iv) for any transaction from which the director derived an improper personal benefit. If the Iowa Business Corporation Act, Iowa Code Chapter 490 is amended after approval by the shareholders of this article to authorize corporate action further eliminating or limiting the personal liability of the directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Iowa Business Corporation Act, as so amended.~~

~~Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director or former director of the corporation for acts, errors or omissions occurring prior to the date of repeal or modification.~~

Section 9. Personal Liability - Directors. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on the corporation or the shareholders; (3) a violation of section 490.833 of the Iowa Business Corporation Act; or (4) an intentional violation of criminal law. If the Iowa Business Corporation Act is hereafter amended to authorize the further elimination or limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be eliminated or limited to the fullest extent permitted by the Iowa Business Corporation Act, as so amended.

Section 10. Indemnification of Directors. The corporation shall indemnify a director for liability, as defined in section 490.850(5) of the Iowa Business Corporation Act, to any person for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) receipt of a financial benefit to which the person is not entitled; (2) an intentional infliction of harm on the corporation or its shareholders; (3) a violation of section 490.833 of the Iowa Business Corporation Act; or (4) an intentional violation of criminal law. Without limiting the foregoing, the corporation shall exercise all of its permissive powers as often as necessary to indemnify and advance expenses to its directors to the fullest extent permitted by law .

Section 11. Effect of Repeal or Amendment. Any repeal or amendment of Section 9 or Section 10 by the shareholders of the corporation shall not adversely affect any right of a director or former director of the corporation arising at any time with respect to events occurring prior to such repeal or amendment.

ARTICLE VIII STOCKHOLDER'S PRIVATE PROPERTY EXEMPT FROM CORPORATE DEBTS

The private property of the Stockholders of this corporation shall not be liable for corporate debts and this Article shall not be amended or changed except by the unanimous consent of all the Stockholders of the corporation in writing.

ARTICLE IX EXECUTION OF WRITTEN INSTRUMENTS

All deeds, mortgages, conveyances and contracts relating to real property of the corporation shall be signed on behalf of this corporation by its President, or one of its Vice Presidents, and countersigned by its Secretary, or one of its Assistant Secretaries. All notes, bonds, stock certificates, or other contracts or evidences of indebtedness and all releases and assignments shall be signed by the President, or one of its Vice Presidents, and countersigned by its Secretary, or one of its Assistant Secretaries. All releases of mortgage liens, liens, judgments or other claims that

are required by law to be made of record shall be executed on behalf of the corporation by the President, or any one of its Vice Presidents, or the Secretary, or Treasurer of the corporation.

ARTICLE X
CORPORATE SEAL

This corporation shall have a corporate seal upon which shall be inscribed “UNITED FIRE & CASUALTY COMPANY, CEDAR RAPIDS, IOWA, CORPORATE SEAL.”

ARTICLE XI
MERGER, CONSOLIDATION OR SALE OF ALL ASSETS

The affirmative vote of two-thirds (2/3) of all outstanding shares of this corporation shall be required to approve any plan of merger, consolidation, or sale or exchange of all or substantially all of the assets of this corporation. If any shares of this corporation are held by or for any corporation with which this corporation is to be merged or consolidated or to which the assets are to be sold or exchanged, or by any person, firm, or corporation in control of or controlled by any such corporation, then the favorable vote of two-thirds (2/3) of all other shares shall be required to approve such plan.

ARTICLE XII
AMENDMENTS

Except as otherwise provided herein or by law these Articles may be amended at any annual meeting of the Stockholders or special meeting of Stockholders called or that purpose by a vote of two-thirds (2/3) of the shares of the corporation issued and outstanding.

IN WITNESS WHEREOF, we, the President and Secretary of United Fire & Casualty Company, have executed this instrument and do sign and acknowledge the same for and on behalf of said corporation this 28th day of March, 2002.

/s/
John A. Rife, President

/s/
Shona Frese, Corporate Secretary

STATE OF IOWA)
) ss:
COUNTY OF LINN)

On this day of , 2002, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared John A. Rife and Shona Frese, each of whom to me is personally known, and each of whom by me being severally sworn, on oath for himself did say that John A. Rife is President and Shona Frese is Corporate Secretary of United Fire & Casualty Company, that the Seal affixed to the foregoing instrument is the seal of said corporation, and that the foregoing Fourth Restated Articles of Incorporation were signed and sealed on behalf of said corporation, and John A. Rife, as President, and Shona Frese, as Secretary, did severally acknowledge the execution of said instrument to be the voluntary act and deed of said corporation, by it voluntarily executed.

/s/
Notary Public in and for Linn
County, State of Iowa

FIRST AMENDMENT
TO THE
FOURTH RESTATED
ARTICLES OF INCORPORATION
OF
UNITED FIRE & CASUALTY COMPANY

TO THE SECRETARY OF STATE OF THE STATE OF IOWA:

Pursuant to the provisions of Section 490.601 and Section 490.602 of the Iowa Business Corporation Act, Code of Iowa, as amended, United Fire & Casualty Company, an Iowa corporation (the "Corporation"), does hereby adopt the following Articles of Amendment to its Fourth Restated Articles of Incorporation:

ARTICLES OF AMENDMENT

I. The name of the corporation is UNITED FIRE & CASUALTY COMPANY.

II. The Fourth Restated Articles of Incorporation are amended by adding the following Section A to Article V of the Fourth Restated Articles of Incorporation:

ARTICLE V(A)

\$25 6.375% CUMULATIVE CONVERTIBLE
REDEEMABLE PREFERRED STOCK, SERIES A, NO PAR VALUE

Section 1. Number; Designation; Registered Form.

(a) The shares of this series shall be designated as "\$25 6.375% Cumulative Convertible Redeemable Preferred Stock, Series A, no par value" (the "Preferred Stock"). The number of shares constituting the Preferred Stock shall be.

(b) All shares of Preferred Stock redeemed, purchased, exchanged, converted or otherwise acquired by the Corporation shall be retired and canceled and, upon the taking of any action required by applicable law, shall be restored to the status of authorized but unissued shares of preferred stock of the Corporation, without designation as to series, and may thereafter be reissued.

(c) Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Section 10 below.

Section 2. Ranking. The Preferred Stock will rank, with respect to dividend rights and rights upon liquidation, winding up or dissolution:

- (a) junior to Senior Stock and the Corporation's existing and future debt obligations;
- (b) on a parity with Parity Stock; and
- (c) senior to Junior Stock.

Section 3. Dividends.

(a) If the conditions to payment set forth in Section 3(b) below are satisfied, the Board of Directors shall declare cumulative dividends at the annual rate of 6.375% of the Liquidation Preference, to be payable on each Dividend Payment Date, as set forth below. Dividends are payable in arrears on March 15, June 15, September 15

and December 15 of each year (each, a “Dividend Payment Date”), beginning on June 15, 2002. If any of those dates is not a Business Day, then dividends will be payable on the next succeeding Business Day. The dividends payable on any Dividend Payment Date will accrue and are cumulative from the date the Preferred Stock is first issued. Dividends will be payable to holders of record as they appear in the Corporation's stock records at the close of business on March 1, June 1, September 1 and December 1 of each year (each, a “Dividend Payment Record Date”). Dividends payable on the shares of Preferred Stock for any period other than a full quarterly period will be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) To pay dividends on any Dividend Payment Date, the following conditions must be met: (A) the Corporation shall have earned profits arising from the Corporation's business, which shall not include contributed capital or contributed surplus, and dividends shall be paid only from such earned profits; (B) the Corporation shall have funds legally available to make such payment; (C) after giving effect to the payment of the dividend, the Corporation must (i) be able to pay its debts as they become due in the usual course of business or (ii) have total assets equal to or more than the sum of the Corporation's total liabilities plus the amount needed to satisfy upon dissolution any preferential rights of stockholders who hold securities that are senior to the Preferred Stock; and (D) payment of dividends shall not, as determined by the Board of Directors, continue or cause a default under any provision of applicable law or the Articles of Incorporation, as amended, or the by-laws of the Corporation or any agreement or other instrument binding upon the Corporation or its Subsidiaries or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Corporation or any of its Subsidiaries.

(c) Nothing in this Article V(A) shall prohibit the payment of dividends on Common Stock provided the Corporation is, at the time of payment of such dividend, current in the payment of all dividends to be paid pursuant to the provisions of Section 3(a).

Section 4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, each holder of Preferred Stock shall be entitled to payment, out of the assets of the Corporation available for distribution, of an amount equal to the Liquidation Preference attributable to the shares held by such holder, plus an amount equal to all accrued and unpaid dividends on those shares to, but excluding, the date of liquidation, dissolution or winding up, before any distribution is made on any Junior Stock, including Common Stock. After payment in full of the Liquidation Preference and an amount equal to all accrued and unpaid dividends to which holders of shares of Preferred Stock are entitled, such holders shall not be entitled to any further participation in any distribution of the assets of the Corporation. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts payable with respect to shares of Preferred Stock and all other Parity Stock are not paid in full, the holders of shares of Preferred Stock and the holders of the Parity Stock shall share equally and ratably in any distribution of assets of the Corporation in proportion to the full Liquidation Preference and an amount equal to all accrued and unpaid dividends, if any, to which each such holder is entitled.

(b) Neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation nor the consolidation, merger or amalgamation of the Corporation with or into any other entity or the consolidation, merger or amalgamation of any other entity with or into the Corporation shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption. Shares of Preferred Stock shall be redeemable as provided below.

(a) Mandatory Redemption. On May 15, 2014, the Corporation will be obligated, subject to having legally available funds, and only if the Corporation is not prohibited from doing so by Iowa law or contractual obligations, to redeem all Outstanding shares of Preferred Stock for cash at the Redemption Price.

(b) Redemption at the Corporation's Option.

(i) The shares of Preferred Stock shall not be redeemable at any time prior to May 15, 2005. After such date, the Corporation will have the option to redeem any Outstanding shares of Preferred Stock, out of funds legally available for payment on account of such redemption, at the Redemption Price upon not less than 30 nor more than 60 days' prior Notice.

(ii) Notwithstanding the foregoing, the Corporation may pay such Redemption Price only if the Corporation has funds legally available for such payment and the redemption is not prohibited by Iowa law or contractual restrictions that prevent the Corporation from paying the Redemption Price. In the case of any partial redemption, the Corporation will select the shares of Preferred Stock to be redeemed on a pro rata basis, by lot or any other method that the Corporation, in its discretion, deems fair and appropriate. However, the Corporation may, without regard to proportionality or any other factor, redeem all of the shares of Preferred Stock held by any holders of fewer than 100 shares of Preferred Stock (or all the shares of Preferred Stock held by holders who would hold fewer than 100 shares of Preferred Stock as a result of such redemption).

(iii) If fewer than all the shares of Preferred Stock represented by any share certificate are to be so redeemed, then, for the purposes of determining the number of such shares that will remain after redemption, any shares represented thereby which were converted before termination of the conversion right with respect to such shares shall be regarded as not having formed a part of the shares elected for redemption.

(iv) If the Corporation elects to redeem the Preferred Stock in the manner described in this Section 5(b), the Corporation shall give Notice of such redemption (the "Redemption Notice") to the holders of record of shares of Preferred Stock not fewer than 30 days nor more than 60 days before the Redemption Date provided, however, that no failure to give such Redemption Notice nor any deficiency therein shall affect the validity of the procedure for the redemption of any shares of the Preferred Stock to be redeemed except as to the holder or holders to whom the Corporation has failed to give said Redemption Notice or except as to the holder or holders whose Redemption Notice was defective. All such Redemption Notices shall identify the Preferred Stock to be redeemed (including CUSIP number) and shall state:

(A) the Redemption Date;

(B) the Redemption Price;

(C) if fewer than all Outstanding shares of Preferred Stock are to be redeemed, the identification (and, in the case of partial redemption, the certificate number, the total number of shares represented thereby and the number of such shares being redeemed on the Redemption Date) of the particular shares of Preferred Stock to be redeemed;

(D) that, on the Redemption Date, the Redemption Price will become due and payable upon each such share of Preferred Stock to be redeemed and that dividends thereon will cease to accrue on and after said date;

(E) the conversion price, the date on which the right to convert Preferred Stock to be redeemed will terminate and the place or places where such Preferred Stock may be surrendered for conversion; and

(F) the place or places where such Preferred Stock is to be surrendered for payment of the Redemption Price.

The Redemption Notice shall be given by the Corporation or, at the Corporation's request, by the Registrar in the name and at the expense of the Corporation; provided, that if the Corporation so requests, it shall provide the Registrar adequate time, as reasonably determined by the Registrar, to deliver the Redemption Notice in a timely fashion.

(v) Prior to any Redemption Date, the Corporation shall deposit with the Registrar or with a Paying Agent (or, if the Corporation is acting as its own Paying Agent, segregate and hold in trust) an amount of consideration sufficient to pay the Redemption Price of all shares of Preferred Stock which are to be redeemed on that date other than any Preferred Stock called for redemption on that date that have been converted into shares of Common Stock prior to the date of such deposit. If any shares of Preferred Stock called for redemption are converted, any consideration deposited with the Registrar or with any Paying Agent or so segregated and held in trust for the redemption of such shares of Preferred Stock shall, if then held by the Corporation, be discharged from such trust, or if held by the Registrar or any Paying Agent, be paid or delivered to the Corporation upon the written request or order of the Corporation signed in the name of the Corporation by (i) its Chairman of the Board of Directors, its President or a Vice President and (ii) its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary.

(vi) Notice of redemption having been given as aforesaid, the Redemption Price of the Preferred Stock to be redeemed shall, on the Redemption Date, become due and payable, and from and after such date (unless the Corporation shall default in the payment of the Redemption Price), such shares of Preferred Stock shall no longer be Outstanding, dividends on such Preferred Stock shall cease to accrue, such shares shall cease to be convertible into Common Stock and all rights of the holders thereof as stockholders of the Corporation (except the right to receive the Redemption Price without interest) shall cease. Upon book-entry transfer or surrender of any certificate representing any such share of Preferred Stock for redemption in accordance with said notice, such Redemption Price shall thereupon be paid.

(vii) If any certificate that represents more than one share of Preferred Stock, not all of which are subject to redemption, is surrendered at any office or agency of the Corporation designated for that purpose (with, if the Corporation or the Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Registrar duly executed by, the holder thereof or such holder's attorney duly authorized in writing), the Corporation shall execute, and the Registrar shall deliver to the holder of such shares of Preferred Stock without service charge, a new certificate or certificates, representing any number of shares of Preferred Stock, as requested by such holder, in an aggregate amount equal to the number of shares not redeemed and represented by the certificate so surrendered.

c) In the case of any redemption pursuant to Section 5(a) or Section 5(b):

(i) Payment of the Redemption Price for Preferred Stock is conditioned upon book-entry transfer or physical delivery of the certificates representing the Preferred Stock, together with necessary endorsements, to the Transfer Agent at any time after delivery of the Redemption Notice. Payment of the Redemption Price for the Preferred Stock will be made promptly following the later of the Redemption Date and the time of book-entry transfer or physical delivery of certificates representing the Preferred Stock.

(ii) If the Transfer Agent holds money sufficient to pay the Redemption Price of Preferred Stock on the Redemption Date in accordance with the terms of this Article V(A), then, on the Redemption Date, the Preferred Stock will cease to be Outstanding, whether or not book-entry transfer is made or certificates representing the Preferred Stock are delivered to the Transfer Agent. At such time, all rights of a holder as a holder of Preferred Stock shall terminate, other than the right to receive the Redemption Price.

(d) If the Redemption Date falls after a Dividend Payment Record Date and before the related Dividend Payment Date, the holders of the shares of Preferred Stock at the close of business on that Dividend Payment Record Date will be entitled to receive the dividend payable on those shares on the corresponding Dividend Payment Date. However, the Redemption Price payable on such Redemption Date will not include dividends accruing on that Dividend Payment Record Date and payable on the corresponding Dividend Payment Date.

Section 6. Voting Rights.

(a) Holders of the Preferred Stock will not have any voting rights except as set forth below in this Section 6 or as otherwise from time to time required by law. So long as any shares of the Preferred Stock remain

Outstanding, the Corporation shall not, without the consent of the holders of at least two-thirds of the shares of Preferred Stock Outstanding at the time (i) issue shares of or increase the authorized number of shares of any class or series of Senior Stock or (ii) amend the Articles of Incorporation or the provisions of this Article V(A), whether by merger, consolidation, or otherwise, if the amendment would alter or change any power, preference or special right of the Outstanding Preferred Stock so as to materially and adversely affect the holders thereof. Notwithstanding the foregoing, none of the following shall be deemed to be an amendment that alters or changes such powers, preferences or special rights of the Outstanding Preferred Stock so as to materially and adversely affect the holders of the Preferred Stock: the issuance of shares of Common Stock; any increase in the authorized number of shares of Common Stock or Preferred Stock; the authorization and issuance of other classes or series of Common Stock, Parity Stock or Junior Stock; an amendment of the Corporation's bylaws so as to change the number of directors of the Corporation, so long as the number of directors is not increased above fifteen; or any increase, decrease or change in the par value of any class or series of Capital Stock, including the Preferred Stock.

(b) (i) If dividends on the Preferred Stock (or any Parity Stock upon which rights described in this Section 6(b)(i) have been conferred) are in arrears and unpaid for six or more Dividend Periods (whether or not consecutive) (a "Voting Rights Triggering Event"), then the number of directors constituting the Board of Directors will be increased by two directors, and the holders of the then outstanding shares of Preferred Stock, together with the holders of Parity Stock upon which like rights have been conferred and are exercisable, voting as a single class regardless of series, shall have the right and power to elect two additional directors to serve on the Board of Directors. For so long as the Preferred Stock remains outstanding, the Board of Directors shall ensure that the Corporation has a number of directors sufficient to allow the holders of the Preferred Stock to exercise their rights upon a Voting Rights Triggering Event without any action required by the holders of any other Capital Stock of the Corporation.

(ii) The voting rights set forth in Section 6(b)(i) above will continue until such time as all dividends in arrears on the Preferred Stock are paid in full, at which time the term of any directors elected pursuant to the provisions of Section 6(b)(i) above (subject to the right of holders of any other preferred stock to elect directors pursuant to the terms of the instruments governing such preferred stock) shall terminate forthwith, and the number of directors constituting the Board of Directors shall be decreased by such number until the occurrence of any subsequent Voting Rights Triggering Event. At any time after voting power to elect directors shall have become vested and be continuing in the holders of Preferred Stock pursuant to Section 6(b)(i) hereof, or if vacancies shall exist in the offices of directors elected by such holders, a proper officer of the Corporation may, and upon the written request of the holders of record of at least 25% of the shares of Preferred Stock then outstanding addressed to the secretary of the Corporation shall, call a special meeting of the holders of Preferred Stock (and the holders of Parity Stock upon which like rights have been conferred and are exercisable) for the purpose of electing the directors which such holders of Preferred Stock and such Parity Stock are entitled to elect; provided, however, that no such special meeting shall be called if the next annual meeting of stockholders of the Corporation is to be held within 60 days after the voting power to elect directors shall have become vested, in which case such meeting shall be deemed to have been called for such next annual meeting. If such meeting shall not be called by a proper officer of the Corporation within twenty days after actual delivery of a request to the secretary of the Corporation at its principal executive offices, then the holders of record of at least 25% of the outstanding shares of Preferred Stock may designate in writing one of such holders to call such meeting at the expense of the Corporation, and such meeting may be called by the person so designated upon the notice required for the annual meetings of stockholders of the Corporation and shall be held at the place for holding the annual meetings of stockholders. Any holder of Preferred Stock or such Parity Stock so designated shall have, and the Corporation shall provide, access to the lists of holders of Preferred Stock and the holders of such Parity Stock. If no special meeting of the holders of Preferred Stock and the holders of such Parity Stock is called as provided in this Section 6(b)(ii), then such meeting shall be deemed to have been called for the next annual meeting of stockholders of the Corporation or special meeting of the holders of any other Capital Stock of the Corporation.

(iii) At any meeting held for the purposes of electing directors at which the holders of Preferred Stock (together with the holders of Parity Stock upon which like rights have been conferred and are exercisable) shall have the right, voting together as a separate class, to elect directors as aforesaid, the presence in

person or by proxy of the holders of at least a majority in voting power of the outstanding shares of Preferred Stock (and such Parity Stock) shall be required to constitute a quorum thereof.

(iv) Any vacancy occurring in the office of a director elected by the holders of Preferred Stock (and the holders of Parity Stock upon which like rights have been conferred and are exercisable) may be filled by the remaining director elected by the holders of Preferred Stock (and such Parity Stock) naming a director, unless and until such vacancy shall be filled by the holders of Preferred Stock (and such Parity Stock).

v) If an event occurs at any time that results in the holders of any Parity Stock having active voting rights to elect directors to the Board of Directors, then holders of Preferred Stock shall, whether or not such event otherwise constitutes a Voting Rights Triggering Event pursuant to Section 6(b)(i), have the voting rights set forth in Section 6(b)(i), and such event shall be deemed (for purposes of this Section 6(b)(v) only) to constitute a Voting Rights Triggering Event. In addition, if during a time in which directors elected by the holders of Preferred Stock pursuant to this Section 6(b) are serving on the Board of Directors ("Previously-Elected Directors") an event occurs that results in holders of Parity Stock having voting rights to elect (voting together with the holders of Preferred Stock) at least two directors to the Board of Directors, the holders of Preferred Stock shall vote together as one class with the holders of such Parity Stock to elect such new directors, and upon the election of the new directors the Previously-Elected Directors shall (unless such Previously-Elected Directors are elected as new directors) cease to serve on the Board of Directors.

Section 7. Conversion Rights.

(a) Each share of Preferred Stock shall be convertible at any time at the option of the holder thereof into fully paid and non-assessable shares of Common Stock. The Preferred Stock will be convertible into Common Stock at an initial conversion price per share equal to 122% of the per share price in the trade of Common Stock on the Nasdaq National Market System last occurring prior to the close of trading on such market on May 3, 2002, adjusted as described below in Section 8. The number of shares of Common Stock deliverable upon conversion of a share of Preferred Stock will be equal to the Liquidation Preference divided by the conversion price then in effect.

(b) Conversion of shares of Preferred Stock may be effected by any holder upon the surrender to the Corporation, at the principal office of the Corporation or at the office of the Transfer Agent, as may be designated by the Board of Directors, of the certificate or certificates for such shares of Preferred Stock to be converted accompanied by a written notice stating that such holder elects to convert all or a specified whole number of such shares in accordance with the provisions of this Section 7 and specifying the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. Other than such taxes, the Corporation shall pay any documentary, stamp or similar issue or transfer taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant hereto. As promptly as practicable after the surrender of such certificate or certificates and the receipt of such notice relating to the conversion and payment of all required transfer taxes, if any (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered (i) certificates representing the number of validly issued, fully paid and non-assessable full shares of Common Stock to which the holder of shares of Preferred Stock being converted (or such holder's transferee) shall be entitled, and (ii) if less than the full number of shares of Preferred Stock evidenced by the surrendered certificate or certificates is being converted, a new certificate or certificates, of like tenor, for the number of shares of Preferred Stock evidenced by such surrendered certificate or certificates less the number of shares being converted. Such conversion shall be deemed to have been made at the close of business on the date of giving such notice and of such surrender of the certificate or certificates representing the shares of Preferred Stock to be converted so that the rights of the holder thereof as to the shares being converted shall cease except for the right to receive shares of Common Stock, in each case, in accordance herewith, and the person entitled to receive the shares of Common Stock shall be treated for all purposes as having become the record holder of such shares of Common Stock at such time.

(c) Shares of Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date.

(d) In case any shares of Preferred Stock are to be redeemed, the right of conversion shall cease and terminate, as to the shares of Preferred Stock to be redeemed, at the close of business on the Business Day immediately preceding the date fixed for redemption, unless the Corporation shall default in the payment of the Redemption Price of those shares.

(e) In connection with the conversion of any shares of Preferred Stock, no fractions of shares of Common Stock shall be issued. In lieu thereof, the Corporation shall deliver cash in respect of such fractional shares, based on the market price of our Common Stock. For purposes of this Section 7(e), the market price of our Common Stock means the average of the Sale Prices of our Common Stock for the twenty consecutive trading days immediately preceding the conversion date.

(f) The Corporation shall at all times reserve and keep available, free from preemptive rights, for issuance upon the conversion of shares of Preferred Stock a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the conversion of all Outstanding shares of Preferred Stock. Prior to the delivery of any Common Stock that the Corporation shall be obligated to deliver upon conversion of the Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation. All shares of Common Stock delivered upon conversion of the Preferred Stock will upon delivery be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights.

Section 8. Adjustments to the Conversion Price.

(a) The conversion price shall be subject to adjustment from time to time as follows:

(i) Stock Splits and Combinations. In case the Corporation shall at any time or from time to time after the issuance date of the shares of Preferred Stock (A) subdivide or split the outstanding shares of Common Stock, (B) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares or (C) issue by reclassification of the shares of Common Stock any shares of Capital Stock of the Corporation, then, and in each such case, the conversion price in effect immediately prior to that event or the close of business on the record date therefor, whichever is earlier, shall be adjusted so that the holder of any shares of Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock or other securities of the Corporation which the holder would have owned or have been entitled to receive after the occurrence of any of the events described above, had those shares of Preferred Stock been surrendered for conversion immediately prior to the occurrence of that event or the record date therefor, whichever is earlier. Notwithstanding the foregoing, this Section 8(a)(i) shall not pertain to stock dividends provided for in Section 8(a)(ii) below, which shall be governed by Section 8(a)(ii).

(ii) Stock Dividends in Common Stock. In case the Corporation, at any time or from time to time after the issuance date of the shares of Preferred Stock, pays a dividend or makes a distribution in shares of Common Stock on any class of Capital Stock of the Corporation, and the total number of shares of Common Stock constituting such dividend or distribution exceeds 1.0% of the total number of shares of Common Stock outstanding at the close of business on the record date fixed for determination of stockholders entitled to receive the dividend or distribution, the conversion price in effect immediately prior to the close of business on the record date fixed for determination of stockholders entitled to receive the dividend or distribution shall be adjusted by multiplying (A) that conversion price by (B) a fraction, the numerator of which is the number of shares of Common Stock outstanding at the close of business on that record date and the denominator of which is the sum of that number of shares and the total number of shares issued in that dividend or distribution.

In case the total number of shares constituting that dividend or distribution does not exceed 1.0% of the total number of shares of Common Stock outstanding at the close of business on the record date fixed for that dividend or distribution, the shares of Common Stock shall be considered to be issued as a dividend or distribution at the time of any next succeeding dividend or distribution in which the number of shares of Common Stock issued, together with the number of shares issued in all previous such dividends and distributions for which no adjustment to the conversion price has been made, exceeds 1.0% of the total number of shares of Common Stock outstanding at the close of business on the record date for the first such dividend or distribution.

(iii) Issuance of Rights or Warrants. In case the Corporation issues to all holders of Common Stock rights or warrants expiring within 45 days of issuance entitling those holders to subscribe for or purchase Common Stock at a price per share less than the Current Market Price, the conversion price in effect immediately prior to the close of business on the record date fixed for determination of stockholders entitled to receive those rights or warrants shall be adjusted by multiplying (A) that conversion price by (B) a fraction, the numerator of which is the sum of the number of shares of Common Stock outstanding at the close of business on that record date and the number of shares of Common Stock that the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at the Current Market Price and the denominator of which is the sum of the number of shares of Common Stock outstanding at the close of business on that record date and the number of additional shares of Common Stock so offered for subscription or purchase. For purposes of this Section 8(a)(iii), the issuance of rights or warrants to subscribe for or purchase securities convertible into Common Stock shall be deemed to be the issuance of rights or warrants to subscribe for or purchase the Common Stock into which those securities are convertible at an aggregate offering price equal to the sum of the aggregate offering price of those securities and the minimum aggregate amount (if any) payable upon conversion of those securities into Common Stock. Such adjustment will be made successively whenever any such event occurs.

(iv) Distribution of Indebtedness, Securities or Assets. In case the Corporation shall distribute to all holders of Common Stock (whether by dividend or in a merger, amalgamation or consolidation or otherwise) evidences of indebtedness, shares of Capital Stock of any class or series, other securities or assets (other than (A) Common Stock, (B) rights or warrants referred to in subparagraph (iii) above, (C) a dividend payable exclusively in cash, (D) a dividend payable in shares of Capital Stock or similar equity interests in the case of a Spin-Off, referred to in the succeeding paragraph, and (E) as a result of a Fundamental Change referred to in subparagraph (vi) below), then the conversion price in effect immediately prior to the close of business on the record date fixed for determination of stockholders entitled to receive that distribution shall be adjusted by multiplying (Y) that conversion price by (Z) a fraction, the numerator of which is the Current Market Price of the Common Stock and the denominator of which is the Current Market Price of the Common Stock plus the Fair Market Value of the portion of those evidences of indebtedness, shares of Capital Stock, other securities, cash and assets so distributed applicable to one share of Common Stock. Such adjustment shall be made successively whenever any such event shall occur.

In case of a Spin-Off, the conversion price in effect immediately before the close of business on the record date fixed for determination of stockholders entitled to receive the relevant dividend or distribution will be adjusted by multiplying (x) that conversion price by (y) a fraction, the numerator of which is the Current Market Price of the Common Stock and the denominator of which is the Current Market Price of the Common Stock plus the Fair Market Value of the portion of those shares of Capital Stock or similar equity interests so distributed plus the fair market value of any other cash and assets distributed in conjunction with the Spin-Off applicable to one share of Common Stock.

(v) Extraordinary distribution in cash. In case the Corporation pays a dividend or makes a distribution in cash on the Common Stock, and the amount of cash constituting the dividend or distribution exceeds 15% of the Sale Price of the Common Stock on the day that the Common Stock trades ex-distribution, the conversion price in effect immediately before the close of business on the record date fixed for determination of stockholders entitled to receive the dividend or distribution will be adjusted by multiplying (A) that conversion price by (B) a fraction, the numerator of which is the Current Market Price of the Common Stock and the denominator of which is the Current Market Price of the Common Stock plus the amount per share of such dividend or distribution.

vi) Fundamental Changes. In case any transaction or event (including, without limitation, any merger, consolidation, sale of assets, tender or exchange offer, reclassification, compulsory share exchange or liquidation) shall occur in which all or substantially all outstanding shares of Common Stock are converted into or exchanged or acquired for or constitute the right to receive stock, other securities, cash, property or assets (each, a “Fundamental Change”), the holder of each share of Preferred Stock Outstanding immediately prior to the occurrence of such Fundamental Change that remains Outstanding after such Fundamental Change shall have the right upon any subsequent conversion to receive (but only out of funds legally available) the kind and amount of stock, other securities, cash, property or assets that such holder would have received if that share had been converted immediately prior to the Fundamental Change.

(b) Anything in Section 8(a) to the contrary notwithstanding, the Corporation shall not be required to give effect to any adjustment in the conversion price unless and until the net effect of one or more adjustments (each of which shall be carried forward until counted toward adjustment), determined as above provided, shall have resulted in a change of the conversion price by at least one percent (1%), and when the cumulative net effect of more than one adjustment so determined shall be to change the conversion price by at least 1%, such change in the conversion price shall thereupon be given effect. If, at any time as a result of the provisions of this Section 8, the holders of shares of Preferred Stock upon subsequent conversion shall become entitled to receive any shares of Capital Stock of the Corporation other than Common Stock, the number of such other shares so receivable upon conversion of shares of Preferred Stock shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions contained herein.

(c) There shall be no adjustment of the conversion price in case of the issuance of any Capital Stock of the Corporation in a merger, reorganization, acquisition, reclassification, recapitalization or other similar transaction except as provided in this Section 8. The Corporation shall not be required to make more than one adjustment to the conversion price based on a single event notwithstanding the fact that such event may be covered by more than one subsection of Section 8(a).

(d) In any case in which this Section 8 requires that an adjustment as a result of any event is to become effective from and after a record date, the Corporation may elect to defer until after the occurrence of that event (i) issuing to the holder of any shares of Preferred Stock converted after that record date and before the occurrence of that event the additional shares of Common Stock issuable upon that conversion over and above the shares issuable on the basis of the conversion price in effect immediately prior to adjustment and (ii) delivering cash in lieu of a fractional share of Common Stock.

(e) If the Corporation takes a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and thereafter but before the dividend or distribution to stockholders is made, the Corporation legally abandons its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the conversion price then in effect shall be required by reason of the taking of record.

(f) The Corporation's obligations under this Article V(A) are subject to applicable Federal and state securities laws.

Section 9. Change of Control Put Right.

(a) Upon or after the occurrence of a Change of Control, each holder of shares of Preferred Stock shall have the right, as set forth in this Section 9, to require the Corporation to redeem all or any part of such holder's Outstanding shares of Preferred Stock, out of legally available funds, at the Redemption Price. For shares of Preferred Stock to be redeemed as provided in this Section 9, the Corporation must receive, from the holder of such shares, at the office or agency of the Corporation maintained for that purpose a “Notice of Election of Redemption Upon a Change of Control” in a form acceptable to the Corporation three Business Days prior to the Redemption Date, as described in Section 9(c).

(b) Holders of the Preferred Stock will not have the right set forth in Section 9(a):

(i) if the Sale Price per share of the Common Stock for any five Trading Days within the period of twenty consecutive Trading Days ending immediately after the later of the Change of Control or the public announcement thereof (in the case of a Change of Control under paragraph (a) of the definition of “Change of Control” in Section 10) or the period of twenty consecutive Trading Days ending immediately before the Change of Control (in the case of a Change of Control under paragraph (b) or (c) of the definition of “Change of Control” in Section 10) shall equal or exceed 105% of the conversion price of the Preferred Stock immediately after the later of the Change of Control and the public announcement thereof; or

(ii) if at least 95% of the consideration in the Change of Control transaction consists of Capital Stock of a company quoted on the Nasdaq National Market System (“Nasdaq”) or traded on a U.S. national securities exchange and having a total market capitalization at least equal to the market capitalization of the Corporation immediately prior to the Change of Control, and as a result of the transaction, the Preferred Stock becomes convertible solely into this Capital Stock.

(c)(i) Within 30 days following any Change of Control under paragraph (a) of the definition of “Change of Control” in Section 10, the Corporation shall mail a notice to each holder with a copy to the Transfer Agent stating:

(A) that a Change of Control has occurred and a description of the offer; and

(B) the Redemption Date, which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed.

(ii) No less than 30 days prior to any Change of Control under paragraph (b) or (c) of the definition of “Change of Control” in Section 10, the Corporation shall mail a notice to each holder with a copy to the Transfer Agent stating:

(A) that a Change of Control is scheduled to occur, a description of the Change of Control event and the scheduled Redemption Date; and

(B) that the holder shall have the right to require the Corporation, if the Change of Control actually occurs, to redeem all or a portion of such holder's Outstanding shares of Preferred Stock (pursuant to this Section 9) concurrently with the Change of Control.

(d) The Corporation shall comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 and any other securities laws and regulations to the extent those laws and regulations are applicable to the Corporation in connection with the redemption of Preferred Stock as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with any of the provisions of this Section 9, the Corporation shall comply with the applicable securities laws and regulations and shall be deemed not to have breached its obligations under this Section 9.

(e) On the Redemption Date set forth in the notice mailed to holders pursuant to Section 9(c), the Corporation will, to the extent lawful, (i) redeem all shares of Preferred Stock properly tendered, (ii) deposit with the Transfer Agent an amount equal to the Redemption Price of the shares of Preferred Stock so tendered and (iii) deliver or cause to be delivered to the Transfer Agent shares of Preferred Stock so accepted together with an officers' certificate stating the Liquidation Preference of the shares of Preferred Stock being redeemed by the Corporation. The Transfer Agent shall promptly mail or deliver to each holder of shares of Preferred Stock so tendered the applicable payment for those shares of Preferred Stock, and the Transfer Agent shall promptly mail or deliver to each holder certificates representing, or cause to be transferred by book-entry to each holder, new shares of Preferred Stock equal in Liquidation Preference to any unredeemed portion of the shares of Preferred Stock surrendered, if any. The Corporation shall publicly announce the results of its offer on or as soon as practicable after the Redemption Date for the redemption of shares of Preferred Stock in connection with a Change of Control.

(f) The Corporation shall not be required to redeem any shares of Preferred Stock upon the occurrence of a Change of Control if a third party makes an offer to purchase the Preferred Stock in the manner, for the amount, at the times and otherwise in compliance with the requirements described in this Section 9 and purchases all shares of Preferred Stock validly tendered and not withdrawn.

(g) The right of the holders of shares of Preferred Stock described in this Section 9 will be subject to the Corporation's obligation to repay or repurchase all of its debt obligations or Preferred Stock required to be repurchased or repaid in connection with a transaction or event that constitutes a Change of Control and to Iowa law and any contractual restrictions contained in the Corporation's indebtedness. When the Corporation shall have satisfied these obligations or these obligations are no longer applicable to the Corporation and, subject to the legal availability of funds for this purpose, the Corporation shall then redeem all shares of Preferred Stock tendered for purchase by the Corporation upon a Change of Control pursuant to this Section 9.

Section 10. Certain Definitions. As used in this Article V(A), the following terms shall have the following meanings, unless the context otherwise requires:

“Articles of Incorporation” means the Articles of Incorporation of the Corporation, as amended from time to time.

“Business Day” means any day other than a Saturday, Sunday, or U.S. Federal holiday or day on which the Transfer Agent is not open for business.

“Capital Stock” of any person means any and all shares, interests, participating or other equivalents however designated of corporate stock or other equity participating, including partnership interests, whether general or limited, of such person and any rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such person.

“Change of Control” means, with respect to the Corporation, the occurrence of any of the following:

(a) if any “person” or “group” (as such terms are used in Section 13(d) and Section 14(d) of the Securities Exchange Act of 1934 or any successor provisions to either of the foregoing), including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Securities Exchange Act of 1934, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, except that a person will be deemed to have “beneficial ownership” of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 50% or more of the total voting power of the Voting Stock of the Corporation; or

(b) if the Corporation consolidates or merges with or into any other person, other than a consolidation or merger under a transaction in which the outstanding Voting Stock of the Corporation remains outstanding or is changed into or exchanged for cash, securities or other property with the effect that the beneficial owners of the Corporation's outstanding Voting Stock immediately before that transaction, beneficially own, directly or indirectly, more than 50% of the Voting Stock, measured by voting power rather than number of shares, of the surviving corporation immediately following that transaction; or

(c) the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all the assets of the Corporation and its Subsidiaries considered as a whole.

“Common Stock” means the shares of common stock, par value \$3.33 1/3 per share, of the Corporation.

“Conversion Agent” has the meaning set forth in Section 12(a)(ii).

“Current Market Price” of the Common Stock means (a) in the case of Section 8(a)(iii), the average of the Sale Prices of the Common Stock for the twenty consecutive Trading Days immediately preceding the record date fixed for determination of stockholders entitled to receive rights or warrants, (b) in the case of Section 8(a)(iv), the average of the Sale Prices of the Common Stock for the first twenty consecutive Trading Days from, and including, the first day that the Common Stock trades following a dividend, distribution or spin-off and (c) in the case of Section 8(a)(v), the average of the Sale Prices of Common Stock for the period of twenty consecutive Trading Days from, and including, the first day that the Common Stock trades ex-distribution.

“Dividend Payment Date” has the meaning set forth in Section 3(a).

“Dividend Payment Record Date” has the meaning set forth in Section 3(a).

“Dividend Period” for any Dividend Payment Date means the period from and including the immediately preceding Dividend Payment Date (or if there is no immediately preceding Dividend Payment Date, from and including the date of the issuance of the Preferred Stock to but excluding such Dividend Payment Date.

“Fair Market Value” means (i) in the case of a distribution referred to in the first paragraph of Section 8(a)(iv), the value determined by the Board of Directors, whose determination in good faith shall be conclusive, and (ii) in the case of securities to be distributed to the holders of the Common Stock in connection with a Spin-Off, the average of the Sale Prices of those securities over the first twenty Trading Days after the effective date of the Spin-Off.

“Fundamental Change” has the meaning set forth in Section 8(a)(vi).

“Junior Stock” means the Corporation's Common Stock and each class or series of the Corporation's Capital Stock the terms of which provide that such class or series will rank junior to the Preferred Stock as to the payment of dividends or distributions upon liquidation, winding up or dissolution. Junior Stock includes warrants, rights, calls or options exercisable for or convertible into Junior Stock.

“Liquidation Preference” means \$25 per share of the Preferred Stock.

“Nasdaq” has the meaning set forth in Section 9(b)(ii).

“Notice” means, unless otherwise required by applicable law, actual written notice to the stockholder of record and publication at least once in one daily newspaper of general circulation in New York City. Actual written notice shall be deemed to be delivered on the third day following the deposit of a written Notice in the United States mail or the date such written Notice is actually received by the addressee, whichever shall occur first.

“Outstanding” means, when used with respect to Preferred Stock, as of the date of determination, all shares of Preferred Stock issued pursuant to this Article V(A), except (a) Preferred Stock that has been converted into Common Stock in accordance with Section 7 and Preferred Stock that has been canceled by the Registrar or delivered to the Registrar for cancellation upon purchase or other acquisition thereof by the Corporation; and (b) Preferred Stock for whose payment or redemption money in the necessary amount has been deposited with the Registrar or any Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the holders of such Preferred Stock; provided that, if such Preferred Stock is to be redeemed, Notice of such redemption has been duly given pursuant to this Article V(A) or provision therefor satisfactory to the Registrar has been made; provided, however, that, in determining whether the holders of Preferred Stock have given any request, demand, authorization, direction, notice, consent or waiver or taken any other action hereunder, Preferred Stock owned by the Corporation shall be deemed not to be Outstanding, except that, in determining whether the Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Preferred Stock which the Registrar has actual knowledge of being so owned shall be deemed not to be Outstanding.

“Parity Stock” means each class or series of the Corporation's Capital Stock the terms of which provide that such class or series will rank on a parity with the Preferred Stock as to the payment of dividends or distributions upon liquidation, winding up or dissolution. Parity Stock includes warrants, rights, calls or options exercisable for or convertible into Parity Stock.

“Paying Agent” has the meaning set forth in Section 12(a)(i).

“Redemption Date” shall mean (a) in the case of a redemption pursuant to Section 5(b) and Section 9(a), the date fixed for redemption (provided that, in the event of a redemption triggered by an event described in paragraph (b) or (c) of the definition of “Change of Control,” the Redemption Date shall be the date of the Change of Control), and (b) in the case of a redemption pursuant to Section 5(a), May 15, 2014.

“Redemption Notice” means notice provided by or on behalf of the Corporation to the holders.

“Redemption Price” means, per share of Preferred Stock, the Liquidation Preference thereof, plus an amount equal to accrued and unpaid dividends to, but excluding, the Redemption Date, plus, (a) in the case of a redemption on or after May 15, 2005 but before May 15, 2006, an amount equal to 3.0% of the Liquidation Preference, and (b) in the case of a redemption on or after May 15, 2006, but before May 15, 2007, an amount equal to 1.5% of the Liquidation Preference.

“Registrar” means any registrar and transfer agent duly appointed by the Corporation.

“Sale Price” of the Common Stock on any Trading Day means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such Trading Day as reported by Nasdaq, or, if the Common Stock is listed on a United States national or regional securities exchange, in composite transactions for the principal United States securities exchange on which the Common Stock is traded.

“Senior Stock” means each class or series of the Corporation's Capital Stock the terms of which provide that such class or series will rank senior to the Preferred Stock as to the payment of dividends or distributions upon liquidation, winding up or dissolution. Senior Stock includes warrants, rights, calls or options exercisable for or convertible into Senior Stock.

“Spin-Off” means a dividend or other distribution of shares of Capital Stock of any class or series, or similar equity interests, which are traded on a United States national securities exchange or quoted on Nasdaq, of or relating to a Subsidiary or other business unit of the Corporation.

“Subsidiary” means, with respect to any person, (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of that person (or a combination thereof) and (b) any partnership (i) the sole general partner or the managing general partner of which is such person or a Subsidiary of such person or (ii) the only general partners of which are such person or of one or more Subsidiaries of such person (or any combination thereof).

“Trading Day” means each day on which the quotation system or securities exchange which is used to determine the Sale Price is open for quotation or trading.

“Transfer Agent” means Computershare Investor Services LLC, as the Corporation's initial transfer agent, and thereafter, any successor transfer agent duly appointed by the Corporation.

“Voting Stock” of any person means Capital Stock of such person which ordinarily has voting power for the election of directors, or persons performing similar functions, of such person, whether at all times or only for so long as no senior class of securities has such voting power by reason of any contingency.

Section 11. Currency. All shares of Preferred Stock shall be denominated in U.S. currency, and all payments and distributions thereon or with respect thereto shall be made in U.S. currency. All references herein to “\$” or “dollars” refer to U.S. currency.

Section 12. Paying Agent and Conversion Agent.

(a) The Corporation shall maintain in the City of Cedar Rapids, State of Iowa (i) an office or agency where payments may be made with respect to the Preferred Stock (the “Paying Agent”) and (ii) an office or agency where Preferred Stock may be presented for conversion (the “Conversion Agent”). The Corporation may appoint the Registrar, the Paying Agent and the Conversion Agent and may appoint one or more additional paying agents and one or more additional conversion agents in such other locations as it shall determine. The term “Paying Agent” includes any additional paying agent, and the term “Conversion Agent” includes any additional conversion agent. The Corporation may change any Paying Agent or Conversion Agent without prior notice to any holder. The Corporation shall notify the Registrar of the name and address of any Paying Agent or Conversion Agent appointed by the Corporation. If the Corporation fails to appoint or maintain another entity as Paying Agent or Conversion Agent, the Registrar shall act as such. The Corporation or any of its affiliates may act as Paying Agent, Registrar, co-Registrar or Conversion Agent.

(b) Neither the Corporation nor the Registrar shall be required (i) to issue or register the transfer of or exchange any Preferred Stock during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Preferred Stock under Section 5 and ending at the close of business on the day of such mailing or (ii) to register the transfer of or exchange any Preferred Stock so selected for redemption in whole or in part, except the unredeemed portion of any Preferred Stock being redeemed in part.

(c) Payments made with respect to the Preferred Stock shall be payable at the office or agency of the Corporation maintained for such purpose in the City of Cedar Rapids and at any other office or agency maintained by the Corporation for such purpose. Payments may be payable by United States dollar check mailed to the address of the person entitled thereto as such address shall appear in the Preferred Stock register.

(d) Any payment, redemption or conversion with respect to the Preferred Stock due on any day that is not a Business Day need not be made on such Business Day, but may be made on the next succeeding Business Day with the same force and effect as if made on such due date.

Section 13. Headings. The headings of the Sections of this Article V(A) are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

III. This Amendment was duly adopted by the Board of Directors on the 2nd day of May, 2002.

Dated this 2nd day of May, 2002.

/s/ JOHN A. RIFE

JOHN A. RIFE, President

SECOND AMENDMENT TO THE FOURTH RESTATED
ARTICLES OF INCORPORATION OF UNITED FIRE & CASUALTY COMPANY

TO THE SECRETARY OF STATE OF THE STATE OF IOWA:

Pursuant to the provisions of Section 490.601 and Section 490.602 of the Iowa Business Corporation Act, Code of Iowa, as amended, United Fire & Casualty Company, an Iowa corporation (the "Corporation"), does hereby adopt the following Articles of Amendment to its Fourth Restated Articles of Incorporation:

ARTICLES OF AMENDMENT

I. The name of the corporation is UNITED FIRE & CASUALTY COMPANY.

II. The following amendment to the Fourth Restated Articles of Incorporation was recommended to the shareholders by the Board of Directors and on May 18, 2005 was adopted by the shareholders of United Fire & Casualty Company, all in the manner prescribed by the Iowa Business Corporation Act:

RESOLVED, that Section 1 of Article V of the Amended and Substituted Articles of Incorporation of United Fire & Casualty Company be replaced with the following:

Section 1. a. Authorized Capital Stock. The authorized capital stock of this corporation is Two Hundred Forty-nine Million Nine Hundred Ninety-nine Thousand Nine Hundred Ninety-nine Dollars and Ninety-nine Cents divided into (i) 75,000,000 shares of common stock ("Common Stock") having a par value of Three Dollars Thirty-three and One-third Cents ($\$3.33\frac{1}{3}$) per share; and (ii) 10,000,000 shares of serial preferred stock, having no par value per share ("Preferred Stock").

b. Preferred Stock. The Board of Directors of this corporation is authorized, subject to limitations prescribed by the Iowa Business Corporation Act and the provisions of the Articles of Incorporation, as amended and restated, of this corporation, by resolution or resolutions, from time to time and by filing articles of amendment with the Secretary of State of the State of Iowa in accordance with the applicable provisions of the Iowa Business Corporation Act, to provide for the issuance of the shares of Preferred Stock in series, to establish from time to time the number of shares to be included in each such series and to fix the preferences, limitations and relative rights of the series.

III. The number of shares of United Fire & Casualty Company Common Stock outstanding at the time of adoption of the amendment and the number of shares entitled to vote thereon was 20,353,766. United Fire & Casualty Company does not have any other class of capital stock issued and outstanding.

IV. This number of shares of Common Stock voted for the amendment was 16,210,551; the number of shares of Common Stock that abstained from voting was 18,422; and the number of shares of Common Stock voted against the amendment was 1,603,643. The number of shares of Common Stock voted for the amendment is sufficient for approval of the amendment by the shareholders.

V. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

VI. The amendment shall become effective when filed in the Office of the Secretary of State of the State of Iowa.

Dated this 19th day of May, 2005.

/S/ John A. Rife
JOHN A. RIFE, President & CEO

/S/ Shona Frese
SHONA FRESE, Corporate Secretary

**THIRD AMENDMENT
TO THE
FOURTH RESTATED
ARTICLES OF INCORPORATION
OF
UNITED FIRE & CASUALTY COMPANY**

To the Secretary of State of the State of Iowa:

Pursuant to the provisions of Section 490.1001 and 490.1006 of the Iowa Business Corporation Act, United Fire & Casualty Company adopts the following Articles of Amendment to its Fourth Restated Articles of Incorporation.

ARTICLES OF AMENDMENT

I.

The name of the Corporation is United Fire & Casualty Company.

II.

1. The Fourth Restated Articles of Incorporation, as previously amended, are amended by striking Section 9 of Article VII and by inserting in lieu thereof the following:

Section 9. Personal Liability - Directors. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on the corporation or the shareholders; (3) a violation of section 490.833 of the Iowa Business Corporation Act; or (4) an intentional violation of criminal law. If the Iowa Business Corporation Act is hereafter amended to authorize the further elimination or limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be eliminated or limited to the fullest extent permitted by the Iowa Business Corporation Act, as so amended.

2. The Fourth Restated Articles of Incorporation are amended by adding the following new Sections 10 and 11 to Article VII:

Section 10. Indemnification of Directors. The corporation shall indemnify a director for liability, as defined in section 490.850(5) of the Iowa Business Corporation Act, to any person for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) receipt of a financial benefit to which the person is not entitled; (2) an intentional infliction of harm on the corporation or its shareholders; (3) a violation of section 490.833 of the Iowa Business Corporation Act; or (4) an intentional violation of criminal law. Without limiting the foregoing, the corporation shall exercise all of its permissive powers as often as necessary to indemnify and advance expenses to its directors to the fullest extent permitted by law.

Section 11. Effect of Repeal or Amendment. Any repeal or amendment of Section 9 or Section 10 by the shareholders of the corporation shall not adversely affect any right of a director or former director of the corporation arising at any time with respect to events occurring prior to such repeal or amendment.

3. The Fourth Restated Articles of Incorporation are amended by striking Section 4 of Article V and by inserting in lieu thereof the following:

Section 4. Closing Transfer Books -- Record Date. For the purpose of determining Stockholders entitled to notice of, or to vote at, any meeting of Stockholders, or any adjournment thereof, or entitled to receive payment of any dividends, or in order to make a determination of Stockholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, not exceeding sixty (60) days. If the stock transfer books shall be closed for such purpose, such books shall be closed for at least ten (10) days immediately preceding such meeting.

For the purpose of determining stockholders entitled to vote at a meeting of stockholders or to receive dividends or for other proper purposes, the Bylaws may provide or, in the absence of an applicable Bylaw, the Directors may fix, in lieu of the closing of the stock transfer books, the record date for any such determination of stockholders, which record date shall be, in any case, not more than sixty (60) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date upon which the particular action requiring such determination of stockholders is to be taken. If the stock record books are not closed and no record date is fixed, the record date shall be the date ten (10) days after the mailing of the notice of the stockholders meeting or after the declaration of the dividend, as the case may be. When a determination of Stockholders entitled to vote at any meeting of Stockholders has been made as herein provided, such determination shall apply to any adjournment thereof.

III.

The number of shares of common stock of the corporation outstanding at the time of adoption of the amendment and the number of shares entitled to vote thereon was 27,191,388. The corporation does not have any other class of capital stock issued and outstanding.

The amendment was duly approved by the shareholders in the manner required by Chapter 490 of the Iowa Business Corporation Act. The Board of Directors recommended the amendment to the shareholders, and on May 21, 2008 the shareholders of United Fire & Casualty Company adopted the amendment. The number of shares of common stock voted for the amendment was 25,777,623; the number of shares of common stock that abstained from voting was 49,893; and the number of shares of common stock voted against the amendment was 110,000. The number of shares of common stock voted for the amendment is sufficient for approval of the amendment by the shareholders.

V.

The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

VI.

The amendment shall become effective when filed in the Office of the Secretary of State of the State of Iowa.

UNITED FIRE & CASUALTY COMPANY

By: /s/ _____
Randy A Ramlo, President

/s/ _____
Neal R. Scharmer, Corporate Secretary

**NON-QUALIFIED STOCK OPTION AGREEMENT
FOR PURCHASE OF STOCK UNDER THE
UNITED FIRE & CASUALTY 2008 STOCK PLAN**

Grant Number 002

1. Grant of Option. United Fire & Casualty Company (hereinafter the “Company”), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the “Plan”), does on May 21, 2008 (the “Grant Date”) hereby grant to Randy A. Ramlo (the “Optionee”) the option to purchase 14,340 shares of the common stock of the Company for a price of \$33.43 per share upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. This agreement is not intended to be an incentive stock option agreement as defined in Section 422 of the Code.

2. Vesting Schedule.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains continuously employed throughout the vesting periods set out below, the right to exercise this option shall vest as follows:

Vesting Date	Annual Percentage of Vesting
One (1) year from the Award Date	20%
Two (2) years from the Award Date	20%
Three (3) years from the Award Date	20%
Four (4) years from the Award Date	20%
Five (5) years from the Award Date	20%

b. THIS OPTION WILL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN THE OPTIONEE’S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY’S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY’S SOLE DISCRETION, AND THE OPTIONEE’S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Expiration Date. This option shall expire ten (10) years from the Grant Date.

4. Termination of Optionee’s Status as an Employee. Upon termination of the Optionee’s Continuous Status as an Employee (as such term is defined in the Plan), the Optionee may exercise this option to the extent exercisable on the date of termination. Such exercise must occur within twenty-four (24) months after the date of such termination (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 4, this option shall terminate.

5. Disability of Optionee. Notwithstanding the provisions of Section 4 above, upon termination of the Optionee’s Continuous Status as an Employee as a result of total and permanent disability (as such term is

defined in the Plan), the Optionee may exercise this option, but only to the extent of the right to exercise that would have accrued had the Optionee remained in Continuous Status as an Employee for a period of twelve (12) months after the date on which the Optionee ceased working as a result of the total and permanent disability. If the Optionee's disability originally required him or her to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence the date on which Optionee ceased working shall be deemed to be the date of commencement of the short-term disability leave. Such exercise must occur within eighteen (18) months from the date on which the Optionee ceased working as a result of the total and permanent disability (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 5, this option shall terminate.

6. Death of Optionee. Notwithstanding the provisions of Section 4 above, upon the death of the Optionee:

a. If the Optionee is, at the time of death, an employee of the Company, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee for twelve (12) months after the date of death; or

b. If, at the time of death, this option has not yet expired but Optionee's Continuous Status as an Employee terminated prior to the date of death, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

c. To the extent that this option is not exercised by an authorized representative of Optionee within the time specified in this Section 6, this option shall terminate.

7. Value of Unvested Options. In consideration of the grant of this option, the Optionee agrees that upon and following termination of the Optionee's Continuous Status as an Employee for any reason, and regardless of whether Optionee is terminated with or without cause, notice, or pre-termination procedure or whether Optionee asserts or prevails on a claim that Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested portion of this option shall be deemed to have a value of zero dollars (\$0.00).

8. Exercise of Option.

a. The Optionee shall indicate the intention to exercise this option by notifying the Company electronically, telephonically, or in writing of the intention to do so, indicating the number of shares the Optionee intends to purchase. Payment sufficient to cover the aggregate option exercise price and any federal, state, and local taxes required to be withheld by the Company must accompany the notice of exercise, in one of the three acceptable forms listed in the first sentence of Section 8(b) below.

b. Payment of the option exercise price may be made by cash, by check, or by instructing a broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the aggregate exercise price, all in accordance with Section 11(c) of the Plan. If the Optionee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Optionee may in addition be allowed to pay all or part of the exercise price with shares of the Company's common stock which, as of the exercise date, the officer has owned for six (6) months or more. Shares used by officers to pay the exercise price shall be valued at their fair market value on the exercise date.

c. Prior to the issuance of shares upon exercise of this option, the Optionee shall pay any federal, state, and local income and employment tax withholding obligations applicable to such exercise. If the Optionee is an officer of the Company within the meaning of Section 16 of the Exchange Act, the Optionee may elect to pay such withholding tax obligations by having the Company withhold shares of the Company's common stock having a value equal to the amount required to be withheld. Such an election shall be made in accordance with Section 11(d) of the Plan.

d. This option may not be exercised for a fraction of a share or for fewer than the lesser of ten Shares or the amount of shares subject to this option.

e. An exercise of this option shall be deemed to have occurred upon the satisfaction of the requirements of subsections (a), (b), and (c) of this Section 8. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing the shares as to which this option was exercised, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such shares, notwithstanding the exercise of this option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of this option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 of the Plan.

9. Non-Transferability of Option. This option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10. No Employment Right. The Optionee acknowledges that neither the fact of this option grant nor any provision of this option Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Optionee any right with respect to continuation of employment with the Company or to employment that is not terminable at will. The Optionee further acknowledges and agrees that the Optionee's employment with the Company is not for any minimum or fixed period, is subject to the mutual consent of the Optionee and the Company, and may be terminated by either the Optionee or the Company at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline or procedure.

11. No Right to Damages. The Optionee acknowledges and agrees that, regardless of whether the Optionee is terminated with or without cause, notice or pre-termination procedure or whether the Optionee asserts or prevails on a claim that the Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, the Optionee has no right to, and will not bring any legal claim or action for, any damages for (a) having to exercise any vested portion of this option within any period after termination as specified in Section 4 or (b) cancellation of any unvested, or vested but unexercised, portion of this option.

12. Acknowledgment. By the Optionee's acceptance below, the Optionee acknowledges that the Optionee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Agreement, the Plan, and the current policies referenced in paragraph 2(b) of this Agreement. The Optionee understands and agrees that this option is subject to all the terms, conditions, and restrictions stated in this Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion.

13. Board Approval. This option has been granted pursuant to the Plan and accordingly is subject to approval by an authorized committee of the Board of Directors. If this option has not already been approved, the Company agrees to submit this grant for approval as soon as practical. If such approval is not obtained, this award is null and void.

14. Governing Law. This option shall be governed by the laws of the state of Iowa.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Michael T. Wilkins, Executive Vice President

OPTIONEE'S ACCEPTANCE:

I have read and fully understood this option Agreement and, as referenced in Section 12 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this option Agreement and the other documents referenced in it.

OPTIONEE

Date: May 21, 2008

Print Name: Randy A. Ramlo

**NON-QUALIFIED STOCK OPTION AGREEMENT
FOR PURCHASE OF STOCK UNDER THE
UNITED FIRE & CASUALTY 2008 STOCK PLAN**

Grant Number 001

1. Grant of Option. United Fire & Casualty Company (hereinafter the “Company”), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the “Plan”), does on May 21, 2008 (the “Grant Date”) hereby grant to Dianne M. Lyons (the “Optionee”) the option to purchase 7,872 shares of the common stock of the Company for a price of \$33.43 per share upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. This agreement is not intended to be an incentive stock option agreement as defined in Section 422 of the Code.

2. Vesting Schedule.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains continuously employed throughout the vesting periods set out below, the right to exercise this option shall vest as follows:

Vesting Date	Annual Percentage of Vesting
One (1) year from the Award Date	20%
Two (2) years from the Award Date	20%
Three (3) years from the Award Date	20%
Four (4) years from the Award Date	20%
Five (5) years from the Award Date	20%

b. THIS OPTION WILL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN THE OPTIONEE’S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY’S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY’S SOLE DISCRETION, AND THE OPTIONEE’S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Expiration Date. This option shall expire ten (10) years from the Grant Date.

4. Termination of Optionee’s Status as an Employee. Upon termination of the Optionee’s Continuous Status as an Employee (as such term is defined in the Plan), the Optionee may exercise this option to the extent exercisable on the date of termination. Such exercise must occur within twenty-four (24) months after the date of such termination (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 4, this option shall terminate.

5. Disability of Optionee. Notwithstanding the provisions of Section 4 above, upon termination of the Optionee’s Continuous Status as an Employee as a result of total and permanent disability (as such term is

defined in the Plan), the Optionee may exercise this option, but only to the extent of the right to exercise that would have accrued had the Optionee remained in Continuous Status as an Employee for a period of twelve (12) months after the date on which the Optionee ceased working as a result of the total and permanent disability. If the Optionee's disability originally required him or her to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence the date on which Optionee ceased working shall be deemed to be the date of commencement of the short-term disability leave. Such exercise must occur within eighteen (18) months from the date on which the Optionee ceased working as a result of the total and permanent disability (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 5, this option shall terminate.

6. Death of Optionee. Notwithstanding the provisions of Section 4 above, upon the death of the Optionee:

a. If the Optionee is, at the time of death, an employee of the Company, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee for twelve (12) months after the date of death; or

b. If, at the time of death, this option has not yet expired but Optionee's Continuous Status as an Employee terminated prior to the date of death, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

c. To the extent that this option is not exercised by an authorized representative of Optionee within the time specified in this Section 6, this option shall terminate.

7. Value of Unvested Options. In consideration of the grant of this option, the Optionee agrees that upon and following termination of the Optionee's Continuous Status as an Employee for any reason, and regardless of whether Optionee is terminated with or without cause, notice, or pre-termination procedure or whether Optionee asserts or prevails on a claim that Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested portion of this option shall be deemed to have a value of zero dollars (\$0.00).

8. Exercise of Option.

a. The Optionee shall indicate the intention to exercise this option by notifying the Company electronically, telephonically, or in writing of the intention to do so, indicating the number of shares the Optionee intends to purchase. Payment sufficient to cover the aggregate option exercise price and any federal, state, and local taxes required to be withheld by the Company must accompany the notice of exercise, in one of the three acceptable forms listed in the first sentence of Section 8(b) below.

b. Payment of the option exercise price may be made by cash, by check, or by instructing a broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the aggregate exercise price, all in accordance with Section 11(c) of the Plan. If the Optionee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Optionee may in addition be allowed to pay all or part of the exercise price with shares of the Company's common stock which, as of the exercise date, the officer has owned for six (6) months or more. Shares used by officers to pay the exercise price shall be valued at their fair market value on the exercise date.

c. Prior to the issuance of shares upon exercise of this option, the Optionee shall pay any federal, state, and local income and employment tax withholding obligations applicable to such exercise. If the Optionee is an officer of the Company within the meaning of Section 16 of the Exchange Act, the Optionee may elect to pay such withholding tax obligations by having the Company withhold shares of the Company's common stock having a value equal to the amount required to be withheld. Such an election shall be made in accordance with Section 11(d) of the Plan.

d. This option may not be exercised for a fraction of a share or for fewer than the lesser of ten Shares or the amount of shares subject to this option.

e. An exercise of this option shall be deemed to have occurred upon the satisfaction of the requirements of subsections (a), (b), and (c) of this Section 8. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing the shares as to which this option was exercised, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such shares, notwithstanding the exercise of this option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of this option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 of the Plan.

9. Non-Transferability of Option. This option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10. No Employment Right. The Optionee acknowledges that neither the fact of this option grant nor any provision of this option Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Optionee any right with respect to continuation of employment with the Company or to employment that is not terminable at will. The Optionee further acknowledges and agrees that the Optionee's employment with the Company is not for any minimum or fixed period, is subject to the mutual consent of the Optionee and the Company, and may be terminated by either the Optionee or the Company at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline or procedure.

11. No Right to Damages. The Optionee acknowledges and agrees that, regardless of whether the Optionee is terminated with or without cause, notice or pre-termination procedure or whether the Optionee asserts or prevails on a claim that the Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, the Optionee has no right to, and will not bring any legal claim or action for, any damages for (a) having to exercise any vested portion of this option within any period after termination as specified in Section 4 or (b) cancellation of any unvested, or vested but unexercised, portion of this option.

12. Acknowledgment. By the Optionee's acceptance below, the Optionee acknowledges that the Optionee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Agreement, the Plan, and the current policies referenced in paragraph 2(b) of this Agreement. The Optionee understands and agrees that this option is subject to all the terms, conditions, and restrictions stated in this Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion.

13. Board Approval. This option has been granted pursuant to the Plan and accordingly is subject to approval by an authorized committee of the Board of Directors. If this option has not already been approved, the Company agrees to submit this grant for approval as soon as practical. If such approval is not obtained, this award is null and void.

14. Governing Law. This option shall be governed by the laws of the state of Iowa.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

OPTIONEE'S ACCEPTANCE:

I have read and fully understood this option Agreement and, as referenced in Section 12 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this option Agreement and the other documents referenced in it.

OPTIONEE

Date: May 21, 2008

Print Name: Dianne M. Lyons

**NON-QUALIFIED STOCK OPTION AGREEMENT
FOR PURCHASE OF STOCK UNDER THE
UNITED FIRE & CASUALTY 2008 STOCK PLAN**

Grant Number 003

1. Grant of Option. United Fire & Casualty Company (hereinafter the “Company”), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the “Plan”), does on May 21, 2008 (the “Grant Date”) hereby grant to Michael T. Wilkins (the “Optionee”) the option to purchase 8,463 shares of the common stock of the Company for a price of \$33.43 per share upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. This agreement is not intended to be an incentive stock option agreement as defined in Section 422 of the Code.

2. Vesting Schedule.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains continuously employed throughout the vesting periods set out below, the right to exercise this option shall vest as follows:

Vesting Date	Annual Percentage of Vesting
One (1) year from the Award Date	20%
Two (2) years from the Award Date	20%
Three (3) years from the Award Date	20%
Four (4) years from the Award Date	20%
Five (5) years from the Award Date	20%

b. THIS OPTION WILL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN THE OPTIONEE’S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY’S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY’S SOLE DISCRETION, AND THE OPTIONEE’S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Expiration Date. This option shall expire ten (10) years from the Grant Date.

4. Termination of Optionee’s Status as an Employee. Upon termination of the Optionee’s Continuous Status as an Employee (as such term is defined in the Plan), the Optionee may exercise this option to the extent exercisable on the date of termination. Such exercise must occur within twenty-four (24) months after the date of such termination (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 4, this option shall terminate.

5. Disability of Optionee. Notwithstanding the provisions of Section 4 above, upon termination of the Optionee’s Continuous Status as an Employee as a result of total and permanent disability (as such term is

defined in the Plan), the Optionee may exercise this option, but only to the extent of the right to exercise that would have accrued had the Optionee remained in Continuous Status as an Employee for a period of twelve (12) months after the date on which the Optionee ceased working as a result of the total and permanent disability. If the Optionee's disability originally required him or her to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence the date on which Optionee ceased working shall be deemed to be the date of commencement of the short-term disability leave. Such exercise must occur within eighteen (18) months from the date on which the Optionee ceased working as a result of the total and permanent disability (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 5, this option shall terminate.

6. Death of Optionee. Notwithstanding the provisions of Section 4 above, upon the death of the Optionee:

a. If the Optionee is, at the time of death, an employee of the Company, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee for twelve (12) months after the date of death; or

b. If, at the time of death, this option has not yet expired but Optionee's Continuous Status as an Employee terminated prior to the date of death, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

c. To the extent that this option is not exercised by an authorized representative of Optionee within the time specified in this Section 6, this option shall terminate.

7. Value of Unvested Options. In consideration of the grant of this option, the Optionee agrees that upon and following termination of the Optionee's Continuous Status as an Employee for any reason, and regardless of whether Optionee is terminated with or without cause, notice, or pre-termination procedure or whether Optionee asserts or prevails on a claim that Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested portion of this option shall be deemed to have a value of zero dollars (\$0.00).

8. Exercise of Option.

a. The Optionee shall indicate the intention to exercise this option by notifying the Company electronically, telephonically, or in writing of the intention to do so, indicating the number of shares the Optionee intends to purchase. Payment sufficient to cover the aggregate option exercise price and any federal, state, and local taxes required to be withheld by the Company must accompany the notice of exercise, in one of the three acceptable forms listed in the first sentence of Section 8(b) below.

b. Payment of the option exercise price may be made by cash, by check, or by instructing a broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the aggregate exercise price, all in accordance with Section 11(c) of the Plan. If the Optionee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Optionee may in addition be allowed to pay all or part of the exercise price with shares of the Company's common stock which, as of the exercise date, the officer has owned for six (6) months or more. Shares used by officers to pay the exercise price shall be valued at their fair market value on the exercise date.

c. Prior to the issuance of shares upon exercise of this option, the Optionee shall pay any federal, state, and local income and employment tax withholding obligations applicable to such exercise. If the Optionee is an officer of the Company within the meaning of Section 16 of the Exchange Act, the Optionee may elect to pay such withholding tax obligations by having the Company withhold shares of the Company's common stock having a value equal to the amount required to be withheld. Such an election shall be made in accordance with Section 11(d) of the Plan.

d. This option may not be exercised for a fraction of a share or for fewer than the lesser of ten Shares or the amount of shares subject to this option.

e. An exercise of this option shall be deemed to have occurred upon the satisfaction of the requirements of subsections (a), (b), and (c) of this Section 8. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing the shares as to which this option was exercised, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such shares, notwithstanding the exercise of this option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of this option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 of the Plan.

9. Non-Transferability of Option. This option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10. No Employment Right. The Optionee acknowledges that neither the fact of this option grant nor any provision of this option Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Optionee any right with respect to continuation of employment with the Company or to employment that is not terminable at will. The Optionee further acknowledges and agrees that the Optionee's employment with the Company is not for any minimum or fixed period, is subject to the mutual consent of the Optionee and the Company, and may be terminated by either the Optionee or the Company at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline or procedure.

11. No Right to Damages. The Optionee acknowledges and agrees that, regardless of whether the Optionee is terminated with or without cause, notice or pre-termination procedure or whether the Optionee asserts or prevails on a claim that the Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, the Optionee has no right to, and will not bring any legal claim or action for, any damages for (a) having to exercise any vested portion of this option within any period after termination as specified in Section 4 or (b) cancellation of any unvested, or vested but unexercised, portion of this option.

12. Acknowledgment. By the Optionee's acceptance below, the Optionee acknowledges that the Optionee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Agreement, the Plan, and the current policies referenced in paragraph 2(b) of this Agreement. The Optionee understands and agrees that this option is subject to all the terms, conditions, and restrictions stated in this Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion.

13. Board Approval. This option has been granted pursuant to the Plan and accordingly is subject to approval by an authorized committee of the Board of Directors. If this option has not already been approved, the Company agrees to submit this grant for approval as soon as practical. If such approval is not obtained, this award is null and void.

14. Governing Law. This option shall be governed by the laws of the state of Iowa.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

OPTIONEE'S ACCEPTANCE:

I have read and fully understood this option Agreement and, as referenced in Section 12 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this option Agreement and the other documents referenced in it.

OPTIONEE

Date: May 21, 2008

Print Name: Michael T. Wilkins

**NON-QUALIFIED STOCK OPTION AGREEMENT
FOR PURCHASE OF STOCK UNDER THE
UNITED FIRE & CASUALTY 2008 STOCK PLAN**

Grant Number 006

1. Grant of Option. United Fire & Casualty Company (hereinafter the “Company”), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the “Plan”), does on May 21, 2008 (the “Grant Date”) hereby grant to Barrie W. Ernst (the “Optionee”) the option to purchase 7,114 shares of the common stock of the Company for a price of \$33.43 per share upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. This agreement is not intended to be an incentive stock option agreement as defined in Section 422 of the Code.

2. Vesting Schedule.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains continuously employed throughout the vesting periods set out below, the right to exercise this option shall vest as follows:

Vesting Date	Annual Percentage of Vesting
One (1) year from the Award Date	20%
Two (2) years from the Award Date	20%
Three (3) years from the Award Date	20%
Four (4) years from the Award Date	20%
Five (5) years from the Award Date	20%

b. THIS OPTION WILL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN THE OPTIONEE’S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY’S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY’S SOLE DISCRETION, AND THE OPTIONEE’S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Expiration Date. This option shall expire ten (10) years from the Grant Date.

4. Termination of Optionee’s Status as an Employee. Upon termination of the Optionee’s Continuous Status as an Employee (as such term is defined in the Plan), the Optionee may exercise this option to the extent exercisable on the date of termination. Such exercise must occur within twenty-four (24) months after the date of such termination (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 4, this option shall terminate.

5. Disability of Optionee. Notwithstanding the provisions of Section 4 above, upon termination of the Optionee’s Continuous Status as an Employee as a result of total and permanent disability (as such term is

defined in the Plan), the Optionee may exercise this option, but only to the extent of the right to exercise that would have accrued had the Optionee remained in Continuous Status as an Employee for a period of twelve (12) months after the date on which the Optionee ceased working as a result of the total and permanent disability. If the Optionee's disability originally required him or her to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence the date on which Optionee ceased working shall be deemed to be the date of commencement of the short-term disability leave. Such exercise must occur within eighteen (18) months from the date on which the Optionee ceased working as a result of the total and permanent disability (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above). To the extent that the Optionee does not exercise this option within the time specified in this Section 5, this option shall terminate.

6. Death of Optionee. Notwithstanding the provisions of Section 4 above, upon the death of the Optionee:

a. If the Optionee is, at the time of death, an employee of the Company, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had Optionee continued living and remained in Continuous Status as an Employee for twelve (12) months after the date of death; or

b. If, at the time of death, this option has not yet expired but Optionee's Continuous Status as an Employee terminated prior to the date of death, this option may be exercised, at any time within twelve (12) months following the date of death (but in no event later than the date of expiration of the term of this option as set forth in Section 3 above), by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

c. To the extent that this option is not exercised by an authorized representative of Optionee within the time specified in this Section 6, this option shall terminate.

7. Value of Unvested Options. In consideration of the grant of this option, the Optionee agrees that upon and following termination of the Optionee's Continuous Status as an Employee for any reason, and regardless of whether Optionee is terminated with or without cause, notice, or pre-termination procedure or whether Optionee asserts or prevails on a claim that Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested portion of this option shall be deemed to have a value of zero dollars (\$0.00).

8. Exercise of Option.

a. The Optionee shall indicate the intention to exercise this option by notifying the Company electronically, telephonically, or in writing of the intention to do so, indicating the number of shares the Optionee intends to purchase. Payment sufficient to cover the aggregate option exercise price and any federal, state, and local taxes required to be withheld by the Company must accompany the notice of exercise, in one of the three acceptable forms listed in the first sentence of Section 8(b) below.

b. Payment of the option exercise price may be made by cash, by check, or by instructing a broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the aggregate exercise price, all in accordance with Section 11(c) of the Plan. If the Optionee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Optionee may in addition be allowed to pay all or part of the exercise price with shares of the Company's common stock which, as of the exercise date, the officer has owned for six (6) months or more. Shares used by officers to pay the exercise price shall be valued at their fair market value on the exercise date.

c. Prior to the issuance of shares upon exercise of this option, the Optionee shall pay any federal, state, and local income and employment tax withholding obligations applicable to such exercise. If the Optionee is an officer of the Company within the meaning of Section 16 of the Exchange Act, the Optionee may elect to pay such withholding tax obligations by having the Company withhold shares of the Company's common stock having a value equal to the amount required to be withheld. Such an election shall be made in accordance with Section 11(d) of the Plan.

d. This option may not be exercised for a fraction of a share or for fewer than the lesser of ten Shares or the amount of shares subject to this option.

e. An exercise of this option shall be deemed to have occurred upon the satisfaction of the requirements of subsections (a), (b), and (c) of this Section 8. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing the shares as to which this option was exercised, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such shares, notwithstanding the exercise of this option. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of this option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 of the Plan.

9. Non-Transferability of Option. This option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10. No Employment Right. The Optionee acknowledges that neither the fact of this option grant nor any provision of this option Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Optionee any right with respect to continuation of employment with the Company or to employment that is not terminable at will. The Optionee further acknowledges and agrees that the Optionee's employment with the Company is not for any minimum or fixed period, is subject to the mutual consent of the Optionee and the Company, and may be terminated by either the Optionee or the Company at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline or procedure.

11. No Right to Damages. The Optionee acknowledges and agrees that, regardless of whether the Optionee is terminated with or without cause, notice or pre-termination procedure or whether the Optionee asserts or prevails on a claim that the Optionee's employment was terminable only for cause or only with notice or pre-termination procedure, the Optionee has no right to, and will not bring any legal claim or action for, any damages for (a) having to exercise any vested portion of this option within any period after termination as specified in Section 4 or (b) cancellation of any unvested, or vested but unexercised, portion of this option.

12. Acknowledgment. By the Optionee's acceptance below, the Optionee acknowledges that the Optionee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Agreement, the Plan, and the current policies referenced in paragraph 2(b) of this Agreement. The Optionee understands and agrees that this option is subject to all the terms, conditions, and restrictions stated in this Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion.

13. Board Approval. This option has been granted pursuant to the Plan and accordingly is subject to approval by an authorized committee of the Board of Directors. If this option has not already been approved, the Company agrees to submit this grant for approval as soon as practical. If such approval is not obtained, this award is null and void.

14. Governing Law. This option shall be governed by the laws of the state of Iowa.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

OPTIONEE'S ACCEPTANCE:

I have read and fully understood this option Agreement and, as referenced in Section 12 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this option Agreement and the other documents referenced in it.

OPTIONEE

Date: May 21, 2008

Print Name: Barrie W. Ernst

STOCK AWARD AGREEMENT
UNDER
UNITED FIRE & CASUALTY COMPANY
2008 STOCK PLAN

Award Number 002

1. Award of Stock Awards. United Fire & Casualty Company (hereinafter the "Company"), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the "Plan"), does on May 21, 2008 (the "Award Date") hereby award to Randy A. Ramlo (the "Awardee") 3,919 Stock Awards ("SAs") upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. SAs represent the Company's unfunded and unsecured promise to issue Shares at a future date, subject to the terms of this Award Agreement and the Plan. The Awardee has no rights under the SAs other than the rights of a general unsecured creditor of the Company.

2. Vesting Schedule and Conversion of SAs.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains in Continuous Status as an Employee throughout the five year period beginning with the Award Date, the SAs shall vest and be converted into an equivalent number of Shares that will be distributed to the Awardee (provided that fractional SAs shall be converted into Shares as set out in Section 8(c) of this Award Agreement) 100% on the date that is five (5) years from the Award Date.

b. THE AWARDEE'S RIGHTS IN THE SAS SHALL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN AWARDEE'S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY'S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY'S SOLE DISCRETION, AND AWARDEE'S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Termination. Unless terminated earlier under Section 4, 5, or 6 below, the Awardee's rights under this Award Agreement with respect to the SAs issued under this Award Agreement shall terminate at the time such SAs are converted into Shares.

4. Termination of the Awardee's Status as an Employee. Except as otherwise specified in Section 5 and 6 below, upon termination of the Awardee's Continuous Status as an Employee (as such term is defined in Section 2(h) of the Plan), the Awardee's rights under this Award Agreement in any unvested SAs shall terminate. For the avoidance of doubt, the Awardee's Continuous Status as an Employee terminates at the time the Awardee's actual employer ceases to be the Company or a Subsidiary of the Company, as that term is defined in Section 2(v) of the Plan, and as further described in Section 10(g) of this Award Agreement.

5. Disability of the Awardee. Notwithstanding the provisions of Section 4 above, upon termination of the Awardee's Continuous Status as an Employee as a result of total and permanent disability (as such term is defined in Section 12(c) of the Plan), the vesting date for the SAs, set out in Section 2(a), above, shall accelerate by twelve (12) months as of such date of termination. If the Awardee's disability originally required the Awardee to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence, the date on which the Awardee ceased performing services shall be deemed to be the date of commencement of the short-term disability leave. The Awardee's rights in any unvested SAs that remain unvested after the application of this Section 5 shall terminate at the time the Awardee ceases to be in Continuous Status as an Employee.

6. Death of Awardee. Notwithstanding the provisions of Section 4 above, upon the death of the Awardee:

a. If the Awardee is, at the time of death, in Continuous Status as an Employee, the vesting date for the SAs, set out in Section 2(a) above, shall accelerate by twelve (12) months as of the date of death; and

b. The Awardee's rights in any unvested SAs that remain after the application of Section 6(a) shall terminate at the time of the Awardee's death.

7. Value of Unvested SAs. In consideration of the award of these SAs, the Awardee agrees that upon and following termination of the Awardee's Continuous Status as an Employee for any reason (whether or not in breach of applicable laws) and regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that the Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested SAs under this Award Agreement shall be deemed to have a value of zero dollars (\$0.00).

8. Conversion of SAs to Shares; Responsibility for Taxes.

a. Provided the Awardee has satisfied the requirements of Section 8(b) below, on the vesting of any SAs, such vested SAs shall be converted into an equivalent number of Shares that will be distributed to the Awardee or, in the event of the Awardee's death, to the Awardee's legal representative, as soon as practicable. The distribution to the Awardee, or in the case of the Awardee's death, to the Awardee's legal representative, of Shares in respect of the vested SAs shall be evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means as determined by the Company. If ownership or issuance of Shares is not feasible due to applicable exchange controls, securities regulations, tax laws, or other provisions of applicable law, as determined by the Company in its sole discretion, the Awardee, or in the event of the Awardee's death, the Awardee's legal representative, shall receive cash proceeds in an amount equal to the value of the Shares otherwise distributable to the Awardee, net of the satisfaction of the requirements of Section 8(b) below.

b. Regardless of any action the Company or the Awardee's actual employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax or other tax-related withholding ("Tax Related Items"), the Awardee acknowledges that the ultimate liability for all Tax Related Items legally due by the Awardee is and remains the Awardee's responsibility and that the Company and/or the Awardee's actual employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the SAs, including the grant of the SAs, the vesting of SAs, the conversion of the SAs into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends, and (ii) do not commit to structure the terms of the grant or any aspect of the SAs to reduce or eliminate the Awardee's liability for Tax Related Items.

Prior to the issuance of Shares upon vesting of SAs or the receipt of an equivalent cash payment as provided in Section 8(a) above, Awardee shall pay, or make adequate arrangements satisfactory to the Company or to the Awardee's actual employer (in their sole discretion) to satisfy all withholding obligations of the Company and/or the Awardee's actual employer. In this regard, Awardee authorizes the Company or the Awardee's actual employer to withhold all applicable Tax Related Items legally payable by Awardee from Awardee's wages or other cash compensation payable to Awardee by the Company or the Awardee's actual employer. Alternatively, or in addition, if permissible under applicable law, the Company or the Awardee's actual employer may, in their sole discretion, (i) sell or arrange for the sale of Shares to be issued on the vesting of SAs to satisfy the withholding obligation, and/or (ii) withhold in Shares, provided that the Company and the Awardee's actual employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount. The Awardee shall pay to the Company or to the Awardee's actual employer any amount of Tax Related Items that the Company or the Awardee's actual employer may be required to withhold as a result of Awardee's receipt of SAs, the vesting of SAs, or the conversion of vested SAs to Shares that cannot be satisfied by the means previously described. Except where applicable legal or regulatory provisions prohibit, the standard process for the payment of the Awardee's Tax Related Items shall be for the Company or the Awardee's actual employer to withhold in Shares only to the amount of shares necessary to

satisfy the minimum withholding amount. The Company may refuse to deliver Shares to Awardee if Awardee fails to comply with Awardee's obligation in connection with the Tax Related Items as described herein.

c. In lieu of issuing fractional Shares, on the vesting of a fraction of a SA, the Company shall round the shares to the nearest whole share and any such share which represents a fraction of a SA will be included in a subsequent vest date.

d. Until the distribution to Awardee of the Shares in respect to the vested SAs is evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means, the Awardee shall have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the vesting of SAs. The Company shall cause such distribution to Awardee to occur promptly upon the vesting of SAs. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Awardee is recorded as the owner of the Shares, except as provided in Section 14 of the Plan.

e. By accepting the Award of SAs evidenced by this Award Agreement, the Awardee agrees not to sell any of the Shares received on account of vested SAs at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply so long as Awardee is an Employee of the Company or a Subsidiary of the Company.

9. Non-Transferability of SAs. The Awardee's right in the SAs awarded under this Award Agreement and any interest therein may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, other than by will or by the laws of descent or distribution, prior to the distribution of the Shares in respect of such SAs. SAs shall not be subject to execution, attachment, or other process.

10. Acknowledgment of Nature of Plan and SAs. In accepting the Award, the Awardee acknowledges that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

b. The Award of SAs is voluntary and occasional and does not create any contractual or other right to receive future awards of SAs or benefits in lieu of SAs even if SAs have been awarded repeatedly in the past;

c. All decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d. The Awardee's participation in the Plan is voluntary;

e. The future value of the underlying Shares is unknown and cannot be predicted with certainty;

f. If Awardee receives Shares, the value of such Shares acquired on vesting of SAs may increase or decrease in value;

g. Notwithstanding any terms or conditions of the Plan to the contrary and consistent with Section 4, above, upon involuntary termination of the Awardee's employment (whether or not in breach of applicable laws), (1) the Awardee's right to receive SAs and vest under the Plan, if any, will terminate effective as of the date that the Awardee is no longer actively employed and will not be extended by any notice period mandated under applicable law, (2) the Awardee's right to receive Shares pursuant to the SAs after termination of employment, if any, will be measured by the date of termination of Awardee's active employment and will not be extended by any notice period mandated under applicable law, and (3) the Committee shall have the exclusive discretion to determine when the Awardee is no longer actively employed for purposes of the award of SAs; and

h. The Awardee acknowledges and agrees that, regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, the Awardee has no right to, and will not bring any legal claim or action for, (1) any damages for any portion of the SAs that have been vested and converted into Shares, or (2) termination of any unvested SAs under this Award Agreement.

11. No Employment Right. The Awardee acknowledges that neither the fact of this Award of SAs nor any provision of this Award Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Awardee any right with respect to employment or continuation of current employment with the Company or with the Awardee's actual employer, or to employment that is not terminable at will. The Awardee further acknowledges and agrees that neither the Plan nor this Award of SAs makes the Awardee's employment with the Company or the Awardee's actual employer for any minimum or fixed period, and that such employment is subject to the mutual consent of the Awardee and the Company or the Awardee's actual employer, and may be terminated by either the Awardee or the Company or the Awardee's actual employer at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline, or procedure.

12. Administration. The authority to manage and control the operation and administration of this Award Agreement shall be vested in the Board and the Committee (as such terms are defined in Sections 2(d) and 2(f) of the Plan), and the Board and the Committee shall have all powers and discretion with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of the Award Agreement by the Board or the Committee and any decision made by the Board or the Committee with respect to the Award Agreement shall be final and binding on all parties.

13. Plan Governs. Notwithstanding anything in this Award Agreement to the contrary, the terms of this Award Agreement shall be subject to the terms of the Plan, and this Award Agreement is subject to all interpretations, amendments, rules, and regulations promulgated by the Board or the Committee from time to time pursuant to the Plan.

14. Notices. Any written notices provided for in this Award Agreement that are sent by mail shall be deemed received three business days after mailing, but not later than the date of actual receipt. Notices shall be directed, if to the Awardee, at the Awardee's address indicated by the Company's records and, if to the Company, at the Company's principal executive office.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to SAs awarded under the Plan or future SAs that may be awarded under the Plan by electronic means or request the Awardee's consent to participate in the Plan by electronic means. The Awardee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Acknowledgment. By the Awardee's acceptance as evidenced below, the Awardee acknowledges that the Awardee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Award Agreement, the Plan, and the current policies referenced in Section 2(b) of this Award Agreement. The Awardee understands and agrees that this Award Agreement is subject to all the terms, conditions, and restrictions stated in this Award Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion. The Awardee further acknowledges that the Awardee must accept this Award Agreement in the manner prescribed by the Company no later than the earlier of the first anniversary of Award Date or the first vesting date specified in Section 2 of this Award Agreement.

17. Board Approval. These SAs have been awarded pursuant to the Plan and accordingly this Award of SAs is subject to approval by an authorized committee of the Board of Directors. If this Award of SAs has not already been approved, the Company agrees to submit this Award for approval as soon as practical. If such approval is not obtained, this award is null and void.

18. Governing Law. This Award Agreement shall be governed by the laws of the State of Iowa, without regard to Iowa laws that might cause other law to govern under applicable principles of conflicts of law.

19. Severability. If one or more of the provisions of this Award Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

20. Complete Award Agreement and Amendment. This Award Agreement and the Plan constitute the entire agreement between the Awardee and the Company regarding these SAs. Any prior agreements, commitments or negotiations concerning these SAs are superseded. This Award Agreement may be amended only by written agreement of the Awardee and the Company, without consent of any other person. The Awardee agrees not to rely on any oral information regarding this Award of SAs or any written materials not identified in this Section 20.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Michael T. Wilkins, Executive Vice President

AWARDEE'S ACCEPTANCE:

I have read and fully understood this Award Agreement and, as referenced in Section 16 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this Award Agreement and the other documents referenced in it.

AWARDEE

Date: May 21, 2008

Print Name: Randy A. Ramlo

STOCK AWARD AGREEMENT
UNDER
UNITED FIRE & CASUALTY COMPANY
2008 STOCK PLAN

Award Number 001

1. Award of Stock Awards. United Fire & Casualty Company (hereinafter the "Company"), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the "Plan"), does on May 21, 2008 (the "Award Date") hereby award to Dianne M. Lyons (the "Awardee") 2,151 Stock Awards ("SAs") upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. SAs represent the Company's unfunded and unsecured promise to issue Shares at a future date, subject to the terms of this Award Agreement and the Plan. The Awardee has no rights under the SAs other than the rights of a general unsecured creditor of the Company.

2. Vesting Schedule and Conversion of SAs.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains in Continuous Status as an Employee throughout the five year period beginning with the Award Date, the SAs shall vest and be converted into an equivalent number of Shares that will be distributed to the Awardee (provided that fractional SAs shall be converted into Shares as set out in Section 8(c) of this Award Agreement) 100% on the date that is five (5) years from the Award Date.

b. THE AWARDEE'S RIGHTS IN THE SAS SHALL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN AWARDEE'S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY'S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY'S SOLE DISCRETION, AND AWARDEE'S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Termination. Unless terminated earlier under Section 4, 5, or 6 below, the Awardee's rights under this Award Agreement with respect to the SAs issued under this Award Agreement shall terminate at the time such SAs are converted into Shares.

4. Termination of the Awardee's Status as an Employee. Except as otherwise specified in Section 5 and 6 below, upon termination of the Awardee's Continuous Status as an Employee (as such term is defined in Section 2(h) of the Plan), the Awardee's rights under this Award Agreement in any unvested SAs shall terminate. For the avoidance of doubt, the Awardee's Continuous Status as an Employee terminates at the time the Awardee's actual employer ceases to be the Company or a Subsidiary of the Company, as that term is defined in Section 2(v) of the Plan, and as further described in Section 10(g) of this Award Agreement.

5. Disability of the Awardee. Notwithstanding the provisions of Section 4 above, upon termination of the Awardee's Continuous Status as an Employee as a result of total and permanent disability (as such term is defined in Section 12(c) of the Plan), the vesting date for the SAs, set out in Section 2(a), above, shall accelerate by twelve (12) months as of such date of termination. If the Awardee's disability originally required the Awardee to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence, the date on which the Awardee ceased performing services shall be deemed to be the date of commencement of the short-term disability leave. The Awardee's rights in any unvested SAs that remain unvested after the application of this Section 5 shall terminate at the time the Awardee ceases to be in Continuous Status as an Employee.

6. Death of Awardee. Notwithstanding the provisions of Section 4 above, upon the death of the Awardee:

a. If the Awardee is, at the time of death, in Continuous Status as an Employee, the vesting date for the SAs, set out in Section 2(a) above, shall accelerate by twelve (12) months as of the date of death; and

b. The Awardee's rights in any unvested SAs that remain after the application of Section 6(a) shall terminate at the time of the Awardee's death.

7. Value of Unvested SAs. In consideration of the award of these SAs, the Awardee agrees that upon and following termination of the Awardee's Continuous Status as an Employee for any reason (whether or not in breach of applicable laws) and regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that the Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested SAs under this Award Agreement shall be deemed to have a value of zero dollars (\$0.00).

8. Conversion of SAs to Shares; Responsibility for Taxes.

a. Provided the Awardee has satisfied the requirements of Section 8(b) below, on the vesting of any SAs, such vested SAs shall be converted into an equivalent number of Shares that will be distributed to the Awardee or, in the event of the Awardee's death, to the Awardee's legal representative, as soon as practicable. The distribution to the Awardee, or in the case of the Awardee's death, to the Awardee's legal representative, of Shares in respect of the vested SAs shall be evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means as determined by the Company. If ownership or issuance of Shares is not feasible due to applicable exchange controls, securities regulations, tax laws, or other provisions of applicable law, as determined by the Company in its sole discretion, the Awardee, or in the event of the Awardee's death, the Awardee's legal representative, shall receive cash proceeds in an amount equal to the value of the Shares otherwise distributable to the Awardee, net of the satisfaction of the requirements of Section 8(b) below.

b. Regardless of any action the Company or the Awardee's actual employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax or other tax-related withholding ("Tax Related Items"), the Awardee acknowledges that the ultimate liability for all Tax Related Items legally due by the Awardee is and remains the Awardee's responsibility and that the Company and/or the Awardee's actual employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the SAs, including the grant of the SAs, the vesting of SAs, the conversion of the SAs into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends, and (ii) do not commit to structure the terms of the grant or any aspect of the SAs to reduce or eliminate the Awardee's liability for Tax Related Items.

Prior to the issuance of Shares upon vesting of SAs or the receipt of an equivalent cash payment as provided in Section 8(a) above, Awardee shall pay, or make adequate arrangements satisfactory to the Company or to the Awardee's actual employer (in their sole discretion) to satisfy all withholding obligations of the Company and/or the Awardee's actual employer. In this regard, Awardee authorizes the Company or the Awardee's actual employer to withhold all applicable Tax Related Items legally payable by Awardee from Awardee's wages or other cash compensation payable to Awardee by the Company or the Awardee's actual employer. Alternatively, or in addition, if permissible under applicable law, the Company or the Awardee's actual employer may, in their sole discretion, (i) sell or arrange for the sale of Shares to be issued on the vesting of SAs to satisfy the withholding obligation, and/or (ii) withhold in Shares, provided that the Company and the Awardee's actual employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount. The Awardee shall pay to the Company or to the Awardee's actual employer any amount of Tax Related Items that the Company or the Awardee's actual employer may be required to withhold as a result of Awardee's receipt of SAs, the vesting of SAs, or the conversion of vested SAs to Shares that cannot be satisfied by the means previously described. Except where applicable legal or regulatory provisions prohibit, the standard process for the payment of the Awardee's Tax Related Items shall be for the Company or the Awardee's actual employer to withhold in Shares only to the amount of shares necessary to

satisfy the minimum withholding amount. The Company may refuse to deliver Shares to Awardee if Awardee fails to comply with Awardee's obligation in connection with the Tax Related Items as described herein.

c. In lieu of issuing fractional Shares, on the vesting of a fraction of a SA, the Company shall round the shares to the nearest whole share and any such share which represents a fraction of a SA will be included in a subsequent vest date.

d. Until the distribution to Awardee of the Shares in respect to the vested SAs is evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means, the Awardee shall have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the vesting of SAs. The Company shall cause such distribution to Awardee to occur promptly upon the vesting of SAs. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Awardee is recorded as the owner of the Shares, except as provided in Section 14 of the Plan.

e. By accepting the Award of SAs evidenced by this Award Agreement, the Awardee agrees not to sell any of the Shares received on account of vested SAs at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply so long as Awardee is an Employee of the Company or a Subsidiary of the Company.

9. Non-Transferability of SAs. The Awardee's right in the SAs awarded under this Award Agreement and any interest therein may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, other than by will or by the laws of descent or distribution, prior to the distribution of the Shares in respect of such SAs. SAs shall not be subject to execution, attachment, or other process.

10. Acknowledgment of Nature of Plan and SAs. In accepting the Award, the Awardee acknowledges that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

b. The Award of SAs is voluntary and occasional and does not create any contractual or other right to receive future awards of SAs or benefits in lieu of SAs even if SAs have been awarded repeatedly in the past;

c. All decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d. The Awardee's participation in the Plan is voluntary;

e. The future value of the underlying Shares is unknown and cannot be predicted with certainty;

f. If Awardee receives Shares, the value of such Shares acquired on vesting of SAs may increase or decrease in value;

g. Notwithstanding any terms or conditions of the Plan to the contrary and consistent with Section 4, above, upon involuntary termination of the Awardee's employment (whether or not in breach of applicable laws), (1) the Awardee's right to receive SAs and vest under the Plan, if any, will terminate effective as of the date that the Awardee is no longer actively employed and will not be extended by any notice period mandated under applicable law, (2) the Awardee's right to receive Shares pursuant to the SAs after termination of employment, if any, will be measured by the date of termination of Awardee's active employment and will not be extended by any notice period mandated under applicable law, and (3) the Committee shall have the exclusive discretion to determine when the Awardee is no longer actively employed for purposes of the award of SAs; and

h. The Awardee acknowledges and agrees that, regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, the Awardee has no right to, and will not bring any legal claim or action for, (1) any damages for any portion of the SAs that have been vested and converted into Shares, or (2) termination of any unvested SAs under this Award Agreement.

11. No Employment Right. The Awardee acknowledges that neither the fact of this Award of SAs nor any provision of this Award Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Awardee any right with respect to employment or continuation of current employment with the Company or with the Awardee's actual employer, or to employment that is not terminable at will. The Awardee further acknowledges and agrees that neither the Plan nor this Award of SAs makes the Awardee's employment with the Company or the Awardee's actual employer for any minimum or fixed period, and that such employment is subject to the mutual consent of the Awardee and the Company or the Awardee's actual employer, and may be terminated by either the Awardee or the Company or the Awardee's actual employer at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline, or procedure.

12. Administration. The authority to manage and control the operation and administration of this Award Agreement shall be vested in the Board and the Committee (as such terms are defined in Sections 2(d) and 2(f) of the Plan), and the Board and the Committee shall have all powers and discretion with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of the Award Agreement by the Board or the Committee and any decision made by the Board or the Committee with respect to the Award Agreement shall be final and binding on all parties.

13. Plan Governs. Notwithstanding anything in this Award Agreement to the contrary, the terms of this Award Agreement shall be subject to the terms of the Plan, and this Award Agreement is subject to all interpretations, amendments, rules, and regulations promulgated by the Board or the Committee from time to time pursuant to the Plan.

14. Notices. Any written notices provided for in this Award Agreement that are sent by mail shall be deemed received three business days after mailing, but not later than the date of actual receipt. Notices shall be directed, if to the Awardee, at the Awardee's address indicated by the Company's records and, if to the Company, at the Company's principal executive office.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to SAs awarded under the Plan or future SAs that may be awarded under the Plan by electronic means or request the Awardee's consent to participate in the Plan by electronic means. The Awardee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Acknowledgment. By the Awardee's acceptance as evidenced below, the Awardee acknowledges that the Awardee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Award Agreement, the Plan, and the current policies referenced in Section 2(b) of this Award Agreement. The Awardee understands and agrees that this Award Agreement is subject to all the terms, conditions, and restrictions stated in this Award Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion. The Awardee further acknowledges that the Awardee must accept this Award Agreement in the manner prescribed by the Company no later than the earlier of the first anniversary of Award Date or the first vesting date specified in Section 2 of this Award Agreement.

17. Board Approval. These SAs have been awarded pursuant to the Plan and accordingly this Award of SAs is subject to approval by an authorized committee of the Board of Directors. If this Award of SAs has not already been approved, the Company agrees to submit this Award for approval as soon as practical. If such approval is not obtained, this award is null and void.

18. Governing Law. This Award Agreement shall be governed by the laws of the State of Iowa, without regard to Iowa laws that might cause other law to govern under applicable principles of conflicts of law.

19. Severability. If one or more of the provisions of this Award Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

20. Complete Award Agreement and Amendment. This Award Agreement and the Plan constitute the entire agreement between the Awardee and the Company regarding these SAs. Any prior agreements, commitments or negotiations concerning these SAs are superseded. This Award Agreement may be amended only by written agreement of the Awardee and the Company, without consent of any other person. The Awardee agrees not to rely on any oral information regarding this Award of SAs or any written materials not identified in this Section 20.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

AWARDEE'S ACCEPTANCE:

I have read and fully understood this Award Agreement and, as referenced in Section 16 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this Award Agreement and the other documents referenced in it.

AWARDEE

Date: May 21, 2008

Print Name: Dianne M. Lyons

STOCK AWARD AGREEMENT
UNDER
UNITED FIRE & CASUALTY COMPANY
2008 STOCK PLAN

Award Number 003

1. Award of Stock Awards. United Fire & Casualty Company (hereinafter the "Company"), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the "Plan"), does on May 21, 2008 (the "Award Date") hereby award to Michael T. Wilkins (the "Awardee") 2,313 Stock Awards ("SAs") upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. SAs represent the Company's unfunded and unsecured promise to issue Shares at a future date, subject to the terms of this Award Agreement and the Plan. The Awardee has no rights under the SAs other than the rights of a general unsecured creditor of the Company.

2. Vesting Schedule and Conversion of SAs.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains in Continuous Status as an Employee throughout the five year period beginning with the Award Date, the SAs shall vest and be converted into an equivalent number of Shares that will be distributed to the Awardee (provided that fractional SAs shall be converted into Shares as set out in Section 8(c) of this Award Agreement) 100% on the date that is five (5) years from the Award Date.

b. THE AWARDEE'S RIGHTS IN THE SAS SHALL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN AWARDEE'S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY'S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY'S SOLE DISCRETION, AND AWARDEE'S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Termination. Unless terminated earlier under Section 4, 5, or 6 below, the Awardee's rights under this Award Agreement with respect to the SAs issued under this Award Agreement shall terminate at the time such SAs are converted into Shares.

4. Termination of the Awardee's Status as an Employee. Except as otherwise specified in Section 5 and 6 below, upon termination of the Awardee's Continuous Status as an Employee (as such term is defined in Section 2(h) of the Plan), the Awardee's rights under this Award Agreement in any unvested SAs shall terminate. For the avoidance of doubt, the Awardee's Continuous Status as an Employee terminates at the time the Awardee's actual employer ceases to be the Company or a Subsidiary of the Company, as that term is defined in Section 2(v) of the Plan, and as further described in Section 10(g) of this Award Agreement.

5. Disability of the Awardee. Notwithstanding the provisions of Section 4 above, upon termination of the Awardee's Continuous Status as an Employee as a result of total and permanent disability (as such term is defined in Section 12(c) of the Plan), the vesting date for the SAs, set out in Section 2(a), above, shall accelerate by twelve (12) months as of such date of termination. If the Awardee's disability originally required the Awardee to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence, the date on which the Awardee ceased performing services shall be deemed to be the date of commencement of the short-term disability leave. The Awardee's rights in any unvested SAs that remain unvested after the application of this Section 5 shall terminate at the time the Awardee ceases to be in Continuous Status as an Employee.

6. Death of Awardee. Notwithstanding the provisions of Section 4 above, upon the death of the Awardee:

a. If the Awardee is, at the time of death, in Continuous Status as an Employee, the vesting date for the SAs, set out in Section 2(a) above, shall accelerate by twelve (12) months as of the date of death; and

b. The Awardee's rights in any unvested SAs that remain after the application of Section 6(a) shall terminate at the time of the Awardee's death.

7. Value of Unvested SAs. In consideration of the award of these SAs, the Awardee agrees that upon and following termination of the Awardee's Continuous Status as an Employee for any reason (whether or not in breach of applicable laws) and regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that the Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested SAs under this Award Agreement shall be deemed to have a value of zero dollars (\$0.00).

8. Conversion of SAs to Shares; Responsibility for Taxes.

a. Provided the Awardee has satisfied the requirements of Section 8(b) below, on the vesting of any SAs, such vested SAs shall be converted into an equivalent number of Shares that will be distributed to the Awardee or, in the event of the Awardee's death, to the Awardee's legal representative, as soon as practicable. The distribution to the Awardee, or in the case of the Awardee's death, to the Awardee's legal representative, of Shares in respect of the vested SAs shall be evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means as determined by the Company. If ownership or issuance of Shares is not feasible due to applicable exchange controls, securities regulations, tax laws, or other provisions of applicable law, as determined by the Company in its sole discretion, the Awardee, or in the event of the Awardee's death, the Awardee's legal representative, shall receive cash proceeds in an amount equal to the value of the Shares otherwise distributable to the Awardee, net of the satisfaction of the requirements of Section 8(b) below.

b. Regardless of any action the Company or the Awardee's actual employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax or other tax-related withholding ("Tax Related Items"), the Awardee acknowledges that the ultimate liability for all Tax Related Items legally due by the Awardee is and remains the Awardee's responsibility and that the Company and/or the Awardee's actual employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the SAs, including the grant of the SAs, the vesting of SAs, the conversion of the SAs into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends, and (ii) do not commit to structure the terms of the grant or any aspect of the SAs to reduce or eliminate the Awardee's liability for Tax Related Items.

Prior to the issuance of Shares upon vesting of SAs or the receipt of an equivalent cash payment as provided in Section 8(a) above, Awardee shall pay, or make adequate arrangements satisfactory to the Company or to the Awardee's actual employer (in their sole discretion) to satisfy all withholding obligations of the Company and/or the Awardee's actual employer. In this regard, Awardee authorizes the Company or the Awardee's actual employer to withhold all applicable Tax Related Items legally payable by Awardee from Awardee's wages or other cash compensation payable to Awardee by the Company or the Awardee's actual employer. Alternatively, or in addition, if permissible under applicable law, the Company or the Awardee's actual employer may, in their sole discretion, (i) sell or arrange for the sale of Shares to be issued on the vesting of SAs to satisfy the withholding obligation, and/or (ii) withhold in Shares, provided that the Company and the Awardee's actual employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount. The Awardee shall pay to the Company or to the Awardee's actual employer any amount of Tax Related Items that the Company or the Awardee's actual employer may be required to withhold as a result of Awardee's receipt of SAs, the vesting of SAs, or the conversion of vested SAs to Shares that cannot be satisfied by the means previously described. Except where applicable legal or regulatory provisions prohibit, the standard process for the payment of the Awardee's Tax Related Items shall be for the Company or the Awardee's actual employer to withhold in Shares only to the amount of shares necessary to

satisfy the minimum withholding amount. The Company may refuse to deliver Shares to Awardee if Awardee fails to comply with Awardee's obligation in connection with the Tax Related Items as described herein.

c. In lieu of issuing fractional Shares, on the vesting of a fraction of a SA, the Company shall round the shares to the nearest whole share and any such share which represents a fraction of a SA will be included in a subsequent vest date.

d. Until the distribution to Awardee of the Shares in respect to the vested SAs is evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means, the Awardee shall have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the vesting of SAs. The Company shall cause such distribution to Awardee to occur promptly upon the vesting of SAs. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Awardee is recorded as the owner of the Shares, except as provided in Section 14 of the Plan.

e. By accepting the Award of SAs evidenced by this Award Agreement, the Awardee agrees not to sell any of the Shares received on account of vested SAs at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply so long as Awardee is an Employee of the Company or a Subsidiary of the Company.

9. Non-Transferability of SAs. The Awardee's right in the SAs awarded under this Award Agreement and any interest therein may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, other than by will or by the laws of descent or distribution, prior to the distribution of the Shares in respect of such SAs. SAs shall not be subject to execution, attachment, or other process.

10. Acknowledgment of Nature of Plan and SAs. In accepting the Award, the Awardee acknowledges that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

b. The Award of SAs is voluntary and occasional and does not create any contractual or other right to receive future awards of SAs or benefits in lieu of SAs even if SAs have been awarded repeatedly in the past;

c. All decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d. The Awardee's participation in the Plan is voluntary;

e. The future value of the underlying Shares is unknown and cannot be predicted with certainty;

f. If Awardee receives Shares, the value of such Shares acquired on vesting of SAs may increase or decrease in value;

g. Notwithstanding any terms or conditions of the Plan to the contrary and consistent with Section 4, above, upon involuntary termination of the Awardee's employment (whether or not in breach of applicable laws), (1) the Awardee's right to receive SAs and vest under the Plan, if any, will terminate effective as of the date that the Awardee is no longer actively employed and will not be extended by any notice period mandated under applicable law, (2) the Awardee's right to receive Shares pursuant to the SAs after termination of employment, if any, will be measured by the date of termination of Awardee's active employment and will not be extended by any notice period mandated under applicable law, and (3) the Committee shall have the exclusive discretion to determine when the Awardee is no longer actively employed for purposes of the award of SAs; and

h. The Awardee acknowledges and agrees that, regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, the Awardee has no right to, and will not bring any legal claim or action for, (1) any damages for any portion of the SAs that have been vested and converted into Shares, or (2) termination of any unvested SAs under this Award Agreement.

11. No Employment Right. The Awardee acknowledges that neither the fact of this Award of SAs nor any provision of this Award Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Awardee any right with respect to employment or continuation of current employment with the Company or with the Awardee's actual employer, or to employment that is not terminable at will. The Awardee further acknowledges and agrees that neither the Plan nor this Award of SAs makes the Awardee's employment with the Company or the Awardee's actual employer for any minimum or fixed period, and that such employment is subject to the mutual consent of the Awardee and the Company or the Awardee's actual employer, and may be terminated by either the Awardee or the Company or the Awardee's actual employer at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline, or procedure.

12. Administration. The authority to manage and control the operation and administration of this Award Agreement shall be vested in the Board and the Committee (as such terms are defined in Sections 2(d) and 2(f) of the Plan), and the Board and the Committee shall have all powers and discretion with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of the Award Agreement by the Board or the Committee and any decision made by the Board or the Committee with respect to the Award Agreement shall be final and binding on all parties.

13. Plan Governs. Notwithstanding anything in this Award Agreement to the contrary, the terms of this Award Agreement shall be subject to the terms of the Plan, and this Award Agreement is subject to all interpretations, amendments, rules, and regulations promulgated by the Board or the Committee from time to time pursuant to the Plan.

14. Notices. Any written notices provided for in this Award Agreement that are sent by mail shall be deemed received three business days after mailing, but not later than the date of actual receipt. Notices shall be directed, if to the Awardee, at the Awardee's address indicated by the Company's records and, if to the Company, at the Company's principal executive office.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to SAs awarded under the Plan or future SAs that may be awarded under the Plan by electronic means or request the Awardee's consent to participate in the Plan by electronic means. The Awardee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Acknowledgment. By the Awardee's acceptance as evidenced below, the Awardee acknowledges that the Awardee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Award Agreement, the Plan, and the current policies referenced in Section 2(b) of this Award Agreement. The Awardee understands and agrees that this Award Agreement is subject to all the terms, conditions, and restrictions stated in this Award Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion. The Awardee further acknowledges that the Awardee must accept this Award Agreement in the manner prescribed by the Company no later than the earlier of the first anniversary of Award Date or the first vesting date specified in Section 2 of this Award Agreement.

17. Board Approval. These SAs have been awarded pursuant to the Plan and accordingly this Award of SAs is subject to approval by an authorized committee of the Board of Directors. If this Award of SAs has not already been approved, the Company agrees to submit this Award for approval as soon as practical. If such approval is not obtained, this award is null and void.

18. Governing Law. This Award Agreement shall be governed by the laws of the State of Iowa, without regard to Iowa laws that might cause other law to govern under applicable principles of conflicts of law.

19. Severability. If one or more of the provisions of this Award Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

20. Complete Award Agreement and Amendment. This Award Agreement and the Plan constitute the entire agreement between the Awardee and the Company regarding these SAs. Any prior agreements, commitments or negotiations concerning these SAs are superseded. This Award Agreement may be amended only by written agreement of the Awardee and the Company, without consent of any other person. The Awardee agrees not to rely on any oral information regarding this Award of SAs or any written materials not identified in this Section 20.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

AWARDEE'S ACCEPTANCE:

I have read and fully understood this Award Agreement and, as referenced in Section 16 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this Award Agreement and the other documents referenced in it.

AWARDEE

Date: May 21, 2008

Print Name: Michael T. Wilkins

STOCK AWARD AGREEMENT
UNDER
UNITED FIRE & CASUALTY COMPANY
2008 STOCK PLAN

Award Number 006

1. Award of Stock Awards. United Fire & Casualty Company (hereinafter the "Company"), in the exercise of its sole discretion pursuant to the United Fire & Casualty 2008 Stock Plan (the "Plan"), does on May 21, 2008 (the "Award Date") hereby award to Barrie W. Ernst (the "Awardee") 1,944 Stock Awards ("SAs") upon the terms and subject to the conditions hereinafter contained. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. SAs represent the Company's unfunded and unsecured promise to issue Shares at a future date, subject to the terms of this Award Agreement and the Plan. The Awardee has no rights under the SAs other than the rights of a general unsecured creditor of the Company.

2. Vesting Schedule and Conversion of SAs.

a. Subject to the terms of this Award Agreement and the Plan and provided that the Awardee remains in Continuous Status as an Employee throughout the five year period beginning with the Award Date, the SAs shall vest and be converted into an equivalent number of Shares that will be distributed to the Awardee (provided that fractional SAs shall be converted into Shares as set out in Section 8(c) of this Award Agreement) 100% on the date that is five (5) years from the Award Date.

b. THE AWARDEE'S RIGHTS IN THE SAS SHALL BE AFFECTED, WITH REGARD TO BOTH VESTING SCHEDULE AND TERMINATION, BY LEAVES OF ABSENCE, CHANGES IN THE NUMBER OF HOURS WORKED, PARTIAL DISABILITY, AND OTHER CHANGES IN AWARDEE'S EMPLOYMENT STATUS AS PROVIDED IN THE COMPANY'S CURRENT POLICIES IN SUCH MATTERS. THESE POLICIES MAY CHANGE FROM TIME TO TIME WITHOUT NOTICE IN THE COMPANY'S SOLE DISCRETION, AND AWARDEE'S RIGHTS WILL BE GOVERNED BY THE POLICIES IN EFFECT AT THE TIME OF ANY EMPLOYMENT STATUS CHANGE. CONTACT HUMAN RESOURCES FOR A COPY OF THE MOST CURRENT POLICY STATEMENT AT ANY POINT IN TIME.

3. Termination. Unless terminated earlier under Section 4, 5, or 6 below, the Awardee's rights under this Award Agreement with respect to the SAs issued under this Award Agreement shall terminate at the time such SAs are converted into Shares.

4. Termination of the Awardee's Status as an Employee. Except as otherwise specified in Section 5 and 6 below, upon termination of the Awardee's Continuous Status as an Employee (as such term is defined in Section 2(h) of the Plan), the Awardee's rights under this Award Agreement in any unvested SAs shall terminate. For the avoidance of doubt, the Awardee's Continuous Status as an Employee terminates at the time the Awardee's actual employer ceases to be the Company or a Subsidiary of the Company, as that term is defined in Section 2(v) of the Plan, and as further described in Section 10(g) of this Award Agreement.

5. Disability of the Awardee. Notwithstanding the provisions of Section 4 above, upon termination of the Awardee's Continuous Status as an Employee as a result of total and permanent disability (as such term is defined in Section 12(c) of the Plan), the vesting date for the SAs, set out in Section 2(a), above, shall accelerate by twelve (12) months as of such date of termination. If the Awardee's disability originally required the Awardee to take a short-term disability leave that was later converted into long-term disability, then for the purposes of the preceding sentence, the date on which the Awardee ceased performing services shall be deemed to be the date of commencement of the short-term disability leave. The Awardee's rights in any unvested SAs that remain unvested after the application of this Section 5 shall terminate at the time the Awardee ceases to be in Continuous Status as an Employee.

6. Death of Awardee. Notwithstanding the provisions of Section 4 above, upon the death of the Awardee:

a. If the Awardee is, at the time of death, in Continuous Status as an Employee, the vesting date for the SAs, set out in Section 2(a) above, shall accelerate by twelve (12) months as of the date of death; and

b. The Awardee's rights in any unvested SAs that remain after the application of Section 6(a) shall terminate at the time of the Awardee's death.

7. Value of Unvested SAs. In consideration of the award of these SAs, the Awardee agrees that upon and following termination of the Awardee's Continuous Status as an Employee for any reason (whether or not in breach of applicable laws) and regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that the Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, any unvested SAs under this Award Agreement shall be deemed to have a value of zero dollars (\$0.00).

8. Conversion of SAs to Shares; Responsibility for Taxes.

a. Provided the Awardee has satisfied the requirements of Section 8(b) below, on the vesting of any SAs, such vested SAs shall be converted into an equivalent number of Shares that will be distributed to the Awardee or, in the event of the Awardee's death, to the Awardee's legal representative, as soon as practicable. The distribution to the Awardee, or in the case of the Awardee's death, to the Awardee's legal representative, of Shares in respect of the vested SAs shall be evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means as determined by the Company. If ownership or issuance of Shares is not feasible due to applicable exchange controls, securities regulations, tax laws, or other provisions of applicable law, as determined by the Company in its sole discretion, the Awardee, or in the event of the Awardee's death, the Awardee's legal representative, shall receive cash proceeds in an amount equal to the value of the Shares otherwise distributable to the Awardee, net of the satisfaction of the requirements of Section 8(b) below.

b. Regardless of any action the Company or the Awardee's actual employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax or other tax-related withholding ("Tax Related Items"), the Awardee acknowledges that the ultimate liability for all Tax Related Items legally due by the Awardee is and remains the Awardee's responsibility and that the Company and/or the Awardee's actual employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the SAs, including the grant of the SAs, the vesting of SAs, the conversion of the SAs into Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends, and (ii) do not commit to structure the terms of the grant or any aspect of the SAs to reduce or eliminate the Awardee's liability for Tax Related Items.

Prior to the issuance of Shares upon vesting of SAs or the receipt of an equivalent cash payment as provided in Section 8(a) above, Awardee shall pay, or make adequate arrangements satisfactory to the Company or to the Awardee's actual employer (in their sole discretion) to satisfy all withholding obligations of the Company and/or the Awardee's actual employer. In this regard, Awardee authorizes the Company or the Awardee's actual employer to withhold all applicable Tax Related Items legally payable by Awardee from Awardee's wages or other cash compensation payable to Awardee by the Company or the Awardee's actual employer. Alternatively, or in addition, if permissible under applicable law, the Company or the Awardee's actual employer may, in their sole discretion, (i) sell or arrange for the sale of Shares to be issued on the vesting of SAs to satisfy the withholding obligation, and/or (ii) withhold in Shares, provided that the Company and the Awardee's actual employer shall withhold only the amount of shares necessary to satisfy the minimum withholding amount. The Awardee shall pay to the Company or to the Awardee's actual employer any amount of Tax Related Items that the Company or the Awardee's actual employer may be required to withhold as a result of Awardee's receipt of SAs, the vesting of SAs, or the conversion of vested SAs to Shares that cannot be satisfied by the means previously described. Except where applicable legal or regulatory provisions prohibit, the standard process for the payment of the Awardee's Tax Related Items shall be for the Company or the Awardee's actual employer to withhold in Shares only to the amount of shares necessary to

satisfy the minimum withholding amount. The Company may refuse to deliver Shares to Awardee if Awardee fails to comply with Awardee's obligation in connection with the Tax Related Items as described herein.

c. In lieu of issuing fractional Shares, on the vesting of a fraction of a SA, the Company shall round the shares to the nearest whole share and any such share which represents a fraction of a SA will be included in a subsequent vest date.

d. Until the distribution to Awardee of the Shares in respect to the vested SAs is evidenced by a stock certificate, appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or other appropriate means, the Awardee shall have no right to vote or receive dividends or any other rights as a shareholder with respect to such Shares, notwithstanding the vesting of SAs. The Company shall cause such distribution to Awardee to occur promptly upon the vesting of SAs. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Awardee is recorded as the owner of the Shares, except as provided in Section 14 of the Plan.

e. By accepting the Award of SAs evidenced by this Award Agreement, the Awardee agrees not to sell any of the Shares received on account of vested SAs at a time when applicable laws or Company policies prohibit a sale. This restriction shall apply so long as Awardee is an Employee of the Company or a Subsidiary of the Company.

9. Non-Transferability of SAs. The Awardee's right in the SAs awarded under this Award Agreement and any interest therein may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, other than by will or by the laws of descent or distribution, prior to the distribution of the Shares in respect of such SAs. SAs shall not be subject to execution, attachment, or other process.

10. Acknowledgment of Nature of Plan and SAs. In accepting the Award, the Awardee acknowledges that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

b. The Award of SAs is voluntary and occasional and does not create any contractual or other right to receive future awards of SAs or benefits in lieu of SAs even if SAs have been awarded repeatedly in the past;

c. All decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d. The Awardee's participation in the Plan is voluntary;

e. The future value of the underlying Shares is unknown and cannot be predicted with certainty;

f. If Awardee receives Shares, the value of such Shares acquired on vesting of SAs may increase or decrease in value;

g. Notwithstanding any terms or conditions of the Plan to the contrary and consistent with Section 4, above, upon involuntary termination of the Awardee's employment (whether or not in breach of applicable laws), (1) the Awardee's right to receive SAs and vest under the Plan, if any, will terminate effective as of the date that the Awardee is no longer actively employed and will not be extended by any notice period mandated under applicable law, (2) the Awardee's right to receive Shares pursuant to the SAs after termination of employment, if any, will be measured by the date of termination of Awardee's active employment and will not be extended by any notice period mandated under applicable law, and (3) the Committee shall have the exclusive discretion to determine when the Awardee is no longer actively employed for purposes of the award of SAs; and

h. The Awardee acknowledges and agrees that, regardless of whether the Awardee is terminated with or without cause, notice, or pre-termination procedure or whether the Awardee asserts or prevails on a claim that Awardee's employment was terminable only for cause or only with notice or pre-termination procedure, the Awardee has no right to, and will not bring any legal claim or action for, (1) any damages for any portion of the SAs that have been vested and converted into Shares, or (2) termination of any unvested SAs under this Award Agreement.

11. No Employment Right. The Awardee acknowledges that neither the fact of this Award of SAs nor any provision of this Award Agreement or the Plan or the policies adopted pursuant to the Plan shall confer upon the Awardee any right with respect to employment or continuation of current employment with the Company or with the Awardee's actual employer, or to employment that is not terminable at will. The Awardee further acknowledges and agrees that neither the Plan nor this Award of SAs makes the Awardee's employment with the Company or the Awardee's actual employer for any minimum or fixed period, and that such employment is subject to the mutual consent of the Awardee and the Company or the Awardee's actual employer, and may be terminated by either the Awardee or the Company or the Awardee's actual employer at any time, for any reason or no reason, with or without cause or notice or any kind of pre- or post-termination warning, discipline, or procedure.

12. Administration. The authority to manage and control the operation and administration of this Award Agreement shall be vested in the Board and the Committee (as such terms are defined in Sections 2(d) and 2(f) of the Plan), and the Board and the Committee shall have all powers and discretion with respect to this Award Agreement as it has with respect to the Plan. Any interpretation of the Award Agreement by the Board or the Committee and any decision made by the Board or the Committee with respect to the Award Agreement shall be final and binding on all parties.

13. Plan Governs. Notwithstanding anything in this Award Agreement to the contrary, the terms of this Award Agreement shall be subject to the terms of the Plan, and this Award Agreement is subject to all interpretations, amendments, rules, and regulations promulgated by the Board or the Committee from time to time pursuant to the Plan.

14. Notices. Any written notices provided for in this Award Agreement that are sent by mail shall be deemed received three business days after mailing, but not later than the date of actual receipt. Notices shall be directed, if to the Awardee, at the Awardee's address indicated by the Company's records and, if to the Company, at the Company's principal executive office.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to SAs awarded under the Plan or future SAs that may be awarded under the Plan by electronic means or request the Awardee's consent to participate in the Plan by electronic means. The Awardee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Acknowledgment. By the Awardee's acceptance as evidenced below, the Awardee acknowledges that the Awardee has received and has read, understood, and accepted all the terms, conditions, and restrictions of this Award Agreement, the Plan, and the current policies referenced in Section 2(b) of this Award Agreement. The Awardee understands and agrees that this Award Agreement is subject to all the terms, conditions, and restrictions stated in this Award Agreement and in the other documents referenced in the preceding sentence, as the latter may be amended from time to time in the Company's sole discretion. The Awardee further acknowledges that the Awardee must accept this Award Agreement in the manner prescribed by the Company no later than the earlier of the first anniversary of Award Date or the first vesting date specified in Section 2 of this Award Agreement.

17. Board Approval. These SAs have been awarded pursuant to the Plan and accordingly this Award of SAs is subject to approval by an authorized committee of the Board of Directors. If this Award of SAs has not already been approved, the Company agrees to submit this Award for approval as soon as practical. If such approval is not obtained, this award is null and void.

18. Governing Law. This Award Agreement shall be governed by the laws of the State of Iowa, without regard to Iowa laws that might cause other law to govern under applicable principles of conflicts of law.

19. Severability. If one or more of the provisions of this Award Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan.

20. Complete Award Agreement and Amendment. This Award Agreement and the Plan constitute the entire agreement between the Awardee and the Company regarding these SAs. Any prior agreements, commitments or negotiations concerning these SAs are superseded. This Award Agreement may be amended only by written agreement of the Awardee and the Company, without consent of any other person. The Awardee agrees not to rely on any oral information regarding this Award of SAs or any written materials not identified in this Section 20.

Executed at Cedar Rapids, Iowa the day and year first above written.

UNITED FIRE & CASUALTY COMPANY

Randy A. Ramlo, President and Chief Executive Officer

AWARDEE'S ACCEPTANCE:

I have read and fully understood this Award Agreement and, as referenced in Section 16 above, I accept and agree to be bound by all of the terms, conditions, and restrictions contained in this Award Agreement and the other documents referenced in it.

AWARDEE

Date: May 21, 2008

Print Name: Barrie W. Ernst

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Randy A. Ramlo, certify that:

1. I have reviewed this quarter report on Form 10-Q of United Fire & Casualty Company;
2. Based on my knowledge, this quarter report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarter report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this quarter report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarter report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2008

/s/ Randy A. Ramlo
Randy A. Ramlo
Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dianne M. Lyons, certify that:

1. I have reviewed this quarter report on Form 10-Q of United Fire & Casualty Company;
2. Based on my knowledge, this quarter report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarter report;
3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this quarter report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarter report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2008

/s/ Dianne M. Lyons
Dianne M. Lyons
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarter report of United Fire & Casualty Company (the "Company") on Form 10-Q for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Randy A. Ramlo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Randy A. Ramlo

Randy A. Ramlo
Chief Executive Officer

Dated: August 1, 2008

A signed original of this written statement required by Section 906 has been provided to United Fire & Casualty Company and will be retained by United Fire & Casualty Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarter report of United Fire & Casualty Company (the "Company") on Form 10-Q for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dianne M. Lyons, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dianne M. Lyons

Dianne M. Lyons
Chief Financial Officer

Dated: August 1, 2008

A signed original of this written statement required by Section 906 has been provided to United Fire & Casualty Company and will be retained by United Fire & Casualty Company and furnished to the Securities and Exchange Commission or its staff upon request.