***FBL Financial Group, Inc.***
***2Q13 Conference Call***

**Jim Brannen**
**Chief Executive Officer**

Thanks Kathleen. Good morning and welcome to everyone on the call. I want to thank you for taking the time to join us today and for your interest in FBL Financial Group.

We had outstanding performance in the second quarter of 2013. We continue to grow life insurance sales, manage annuity sales and manage profitability in all lines. Net income was a strong $1.13 per share and operating income was $0.98 per share. Don will be covering the financial results in detail.

During the quarter we added two new excellent management team members, filling the two open positions and completing our management team.

John Currier joined FBL as our Chief Actuary, filling the position of the late Russ Wiltgen. John brings his deep product knowledge and actuarial expertise to FBL, and joins us from Aviva USA, where he was Chief Actuary. He's a top-notch communicator, leader and manager, and is already a valuable contributing member of our team.

I am also pleased to welcome Scott Stice as FBL's Chief Marketing Officer. In this position Scott is responsible for our multiline exclusive Farm Bureau agency force, sales, marketing and distribution. I'm confident his expertise will further strengthen one of our most important competitive advantages, our exclusive Farm Bureau agency force. Scott is ideally suited to this position, as he knows the exclusive agency environment inside and out. He began his insurance career as an exclusive agent and has served as an agency manager and many other sales management positions through the years. Scott comes to FBL from Farmers Insurance, where his most recent role was Senior Vice President and Head of Field Strategy and Execution.

One of my top priorities is to ensure we have best-in-class distribution, and Scott, as our new CMO, has taken leadership of the initiatives we have in place to improve agent recruiting and retention, training and leadership.
Our agency force continues to stabilize and we ended the quarter with 1,793 agents and agency mangers in place. We are systematically replacing or consolidating low productivity agents. We recently implemented a new compensation plan for new agents and have revised our recruiting and enhanced our training programs. Over time, I expect these changes to result in an even stronger, more stable and productive, and larger agency force with higher retention rates.

Turning now to sales, our emphasis on life insurance products continues to drive sales. During the second quarter, life insurance premium collected increased 36%, for a year-to-date increase of 32%. Consumers are finding life products to be attractive, particularly given the investment environment and alternatives with fixed annuities. These life sales are positive as they lead to a long term profit stream and allow us to continue to grow earnings from sources other than spread income.

Annuity premium collected during the second quarter was down 29% and down 28% year-to-date, reflecting our emphasis on life sales. With $142 million of year-to-date annuity premium collected, long term annuity products remain a viable option for our agents and customers.

As you'll recall, several quarters ago we suspended our short term deferred and immediate annuity products due to the extremely low interest rate environment. These product suspensions remain in place. While the recent rise in rates is positive, we are not yet prepared to relaunch our short term products, but will when it is appropriate and we are looking for opportunities to increase annuity sales where it makes sense.

I'm very pleased with our progress and growth to date in 2013, and confident in our strategies, our management team and in our relationships with Farm Bureau organizations in our territory.  All these elements strengthen our business so we can carry out our mission to protect the livelihoods and futures of our policyholders.

Now I'll turn the call over to Don Seibel for a review of our financial results. Don.

**Don Seibel**
**Chief Financial Officer**

Thanks, Jim, and good morning everyone. I'm pleased to share with you today the details of our very strong second quarter results. I'll discuss our financial results, spreads and capital position.

As Jim indicated, for the second quarter we had net income of $1.13 per share and operating income of $0.98 per share. During the quarter our operating income adjustments, which consist primarily of net realized gains on investments, totaled $0.15 per share.

Again this quarter we had outstanding earnings results. In addition to being driven by an increase in the volume of our business in force earnings for the quarter were positively impacted by several items.

During the quarter we continued to experience an elevated level of investment fee income, particularly in the annuity segment and to a lesser extent in the life insurance segment. In total, investment fee income for the quarter amounted to $0.04 per share. This fee income relates to bond calls and prepayments and has been running at a higher level for the last several quarters. I expect this activity to slow at some point with the recent increase in market interest rates.

Death benefits fluctuate on a quarterly basis and this quarter we experienced favorable mortality, primarily due to reinsurance recoveries for losses in excess of aggregate retention levels for accidental death claims. In total, mortality was approximately $0.04 per share better than we would expect for each of the remaining quarters of 2013.

This quarter, for all of our blocks of business, we reviewed assumptions related to deferred acquisition costs, value of insurance in force acquired and unearned revenue reserves, and unlocked assumptions where appropriate. This resulted in an increase to earnings of $0.01 per share. The Annuity segment benefitted by $0.04 per share, but this was largely offset by small negative unlocking impacts in the Life Insurance and Corporate and Other segments. These unlocking impacts were driven by our annual review of various assumptions, including mortality and spreads.

Equity income continues to perform well on an after-tax basis and was approximately $0.03 higher than what we expect over the near term. This quarter we benefited from increased income from investment partnerships and from low income housing tax credit investments. Income from these sources can be volatile and is dependent upon market conditions and the timing of the receipt of tax credits. We book income from these investments one month to one quarter in arrears.

If you take these items that we can't expect to recur into account, that would put normalized earnings for the quarter at approximately $0.85 per share.

Towards the end of the second quarter the 10-year Treasury yield increased, and has increased even more since quarter end. We took this opportunity to add some longer term municipal bonds to our portfolio in June with yields exceeding 5%. Although the increase in rates is positive, rates remain at historically low levels. We're not yet seeing the benefit in our spreads as our investment portfolio yields continued to decline during the quarter.

At June 30, due to declining investment yields, the point-in-time spread on our annuity business decreased from last quarter by seven basis points to 219 basis points. However, this spread of 219 basis points is in excess of the target for this business of 203 basis points. We've been proactive about decreasing our crediting rates for this business and still have room for additional crediting rate changes. 38% of our annuity business is above the minimum guarantee with a significant portion at more than 100 basis points above the minimum.

Point-in-time spreads on our universal life business also decreased during the quarter because of the decline in investment yields. UL spreads decreased by 3 basis points to 145 basis points at June 30, which is below our target of 166 basis points for this business.

Approximately 39% of our UL business is crediting interest at rates above the minimum guarantee. The frequency that we can change crediting rates is limited for some of this business, including one block where it can only be done annually. The increase that we've seen in interest rates since the end of the quarter is positive and over time should help to stabilize our UL spreads.

Next I'll comment on our capital. During the second quarter we repurchased 201,499 shares of our common stock at a cost of $8.5 million, for an average acquisition price of $42.27 per share. As of June 30, we have $20.4 million remaining in stock repurchase authorization.

Farm Bureau Life's capital position remains very strong with an estimated company action level risk based capital ratio of 526% at June 30, an increase from 519% at the end of the first quarter. This increase occurred even with a $20 million dividend during the quarter from Farm Bureau Life to the holding company. Using an RBC level of 425% as a base, Farm Bureau Life has an estimated $120 million in excess capital. In addition, there is more than adequate liquidity and capital at the holding company level with excess capital at the parent of approximately $105 million. This results in total estimated excess capital of $225 million.

Given our level of excess capital, we have a lot of flexibility. We are analyzing several capital deployment opportunities including continuing to repurchase FBL stock, increasing the regular quarterly dividend, issuing a special one-time dividend, inorganic growth prospects and others. We don't expect to hold this level of excess capital for the long term, but at this time are not yet ready to announce any actions.

In closing, we are confident in our disciplined approach to managing the profitability of our business. It was a great quarter for FBL Financial Group with strong earnings growth. I'm pleased to have been able to share these results and our plans with you.

That concludes our prepared comments. We will now turn the call over to the operator and open it up to any questions you may have.