UNITRIN

News Release

Source: Unitrin, Inc.

Unitrin, Inc. Reports Full Year and Fourth Quarter Results

Wednesday, February 4, 2009

CHICAGO – (Business Wire)—February 4, 2009 – Unitrin, Inc. (NYSE: UTR – News) reported today a net loss of $10.6 million ($0.17 per common share) for the fourth quarter of 2008, compared to net income of $8.5 million ($0.13 per common share) for the fourth quarter of 2007. Loss from continuing operations was $26.1 million ($0.42 per common share) for the fourth quarter of 2008, compared to a loss from continuing operations of $3.8 million ($0.06 per common share) for the fourth quarter of 2007.

Unitrin reported a net loss of $29.6 million ($0.47 per common share) for the year ended December 31, 2008, compared to net income of $205.4 million ($3.13 per common share) for the year ended December 31, 2007. Net loss from continuing operations was $38.0 million ($0.60 per common share) for the year ended December 31, 2008, compared to income from continuing operations of $178.1 million ($2.71 per common share) for the year ended December 31, 2007.

Don Southwell, Unitrin's President and Chief Executive Officer, commented, "2008 was a difficult year for your company. We were battered by natural catastrophes and by the economic crisis. Catastrophe losses were $94 million after tax in 2008, compared to only $25 million after tax in 2007. Yet, this pales in comparison to realized and unrealized investment losses of nearly $450 million after tax in 2008. Net investment income also declined by $50 million after tax, compared to 2007."

Mr. Southwell further commented, "Shareholders' equity declined from $2.3 billion at the end of 2007 to $1.6 billion at the end of 2008. Still, we have adequate capital at our subsidiaries to operate our businesses and debt-to-total capitalization was a manageable 25.3% at the end of 2008. We had $312 million of undrawn capacity under our revolving credit agreement at the end of 2008. Our earliest long term debt maturity is in late 2010. Our debt remains rated as investment grade. We do not anticipate the need to raise either debt or equity capital in 2009.

In addition, our fourth quarter 2008 results were driven by $60.3 million of net realized investment losses, compared to $10.5 million of net realized investment gains in the fourth quarter of 2007. Net investment income also declined by $35.9 million, compared to the fourth quarter of 2007, largely due to losses from certain limited liability investments accounted for under the equity method of accounting. In 2008, we changed our method of accounting for some of those investments eliminating the three month lag used in past years as those partnerships are now able to provide us with information in a more timely manner consistent with our reporting calendar. The results for 2007 have been adjusted for this change. Our Kemper and our Life and Health Insurance segments both posted strong fourth quarter non-investment operating results. Fireside Bank's loss narrowed to near break-even for the fourth quarter, even after our writing off $9.2 million of goodwill associated with Fireside Bank."

Total Revenues

Total revenues were $624.7 million for the fourth quarter of 2008, compared to $709.2 million for the fourth quarter of 2007. Total revenues were $2,742.2 million for the year ended December 31, 2008, compared to $2,903.0 million in 2007. Total revenues decreased for both the quarter and year due primarily to net realized investment losses, lower net investment income and lower automobile finance revenues, partially offset by higher earned premiums.

Earned premiums were $604.9 million and $574.3 million for the fourth quarters of 2008 and 2007, respectively, an increase of $30.6 million. Earned premiums increased significantly in the Unitrin Specialty segment, with the Kemper and Life and Health Insurance segments each posting modest increases and the Unitrin Direct segment posting a modest decrease. Automobile finance revenues decreased by $9.1 million for the fourth quarter of 2008, compared to the same period in 2007.

Earned premiums were $2,376.6 million and $2,286.9 million for the years ended December 31, 2008 and 2007, respectively, an increase of $89.7 million. Earned premiums increased significantly in the Unitrin Specialty and Unitrin Direct segments, with the Kemper and Life and Health Insurance segments each posting modest increases. Automobile finance revenues decreased by $17.9 million in 2008, compared to the same period in 2007.

Net investment income decreased by $35.9 million and $77.0 million for the quarter and year ended December 31, 2008, respectively, compared to the same periods in 2007, due primarily to lower net investment income from certain investments in limited liability investment companies and limited partnerships, which the Company accounts for under the equity method of accounting. The Company reported net investment losses of $47.6 million and $76.3 million from these investments for the quarter and year ended December 31, 2008, respectively, compared to a net investment loss of $9.0 million and net investment income of $6.7 million, for the same periods in 2007. Each of the Company's insurance segments reported lower net investment income as a result of these investments.

Net realized investment losses were $60.3 million and $93.7 million for the quarter and year ended December 31, 2008, respectively, compared to net realized investment gains of $10.5 million and $62.5 million for the same periods in 2007.

Net realized investment losses for the quarter and year ended December 31, 2008 included pretax losses of $54.0 million and $152.9 million, respectively, resulting from other-than-temporary declines in the fair values of investments, compared to $25.0 million and $33.0 million for the same periods in 2007. The Company recognized net realized losses on sales of investments of $5.5 million for the fourth quarter of 2008 and net realized gains on sales of investments of $61.2 million for the year ended December 31, 2008, compared to net realized gains on sales of investments of $35.6 million and $95.0 million for the quarter and year ended December 31, 2007, respectively. (*See* "Net Realized Investment Gains (Losses)" below for additional information.) The Company cannot anticipate when or if similar net investment gains and losses may occur in the future.

Quarterly Segment Results

Unitrin is engaged, through its subsidiaries, in the property and casualty insurance, life and health insurance and automobile finance businesses. The Company conducts its continuing operations through five operating segments: Kemper, Unitrin Specialty, Unitrin Direct, Life and Health Insurance and Fireside Bank.

NOTE: *The Company uses the registered trademark, "Kemper," under license, for personal lines insurance only, from Lumbermens Mutual Casualty Company ("Lumbermens"), which is not affiliated with the Company. Lumbermens continues to use the name, "Kemper Insurance Companies," in connection with its operations, which are distinct from, and not to be confused with, Unitrin's Kemper business segment.*

Kemper

Earned premiums in the Kemper segment increased by $4.1 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to higher volume and higher average premium rates on homeowners insurance and higher volume on automobile insurance and other personal lines insurance, partially offset by lower average premium rates on automobile insurance.

Operating profit in the Kemper segment increased by $2.7 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to lower incurred losses and loss adjustment expenses "(LAE)", partially offset by lower yields on investments. Kemper's incurred losses and LAE decreased by $13.8 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to lower catastrophe losses and LAE. Catastrophe losses and LAE for the fourth quarter of 2008 included favorable development of $5.1 million from Hurricane Ike. Incurred losses and LAE for the fourth quarter of 2007 included losses of $17.5 million from California wildfires, of which $11.0 million was included in catastrophe losses and $6.5 million was included in non-catastrophe losses. The Kemper segment reported a net investment loss of $3.3 million for the fourth quarter of 2008, compared to investment income of $9.3 million for the same period in 2007. The change in investment income is due primarily to net investment losses from certain investments in limited liability investment companies and limited partnerships which the Company accounts for under the equity method of accounting.

Unitrin Specialty

Earned premiums in the Unitrin Specialty segment increased by $20.1 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to higher volume of personal automobile insurance, partially offset by lower volume of commercial automobile insurance. Operating profit in the Unitrin Specialty segment decreased by $9.8 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to higher incurred losses and LAE as a percentage of earned premiums and lower net investment income.

Unitrin Direct

Earned premiums in the Unitrin Direct segment decreased by $0.6 million for the fourth quarter of 2008, compared to the same period in 2007. The Unitrin Direct segment reported an operating loss of $15.9 million for the fourth quarter of 2008 compared to an operating loss of $16.0 million for the same period of 2007. The Company is taking dramatic steps to improve Unitrin Direct's operating results, including aggressive rate and underwriting actions and a reduction in marketing spending. After completing the Direct Response acquisition, the Company intends to limit growth of the combined operation until profitability is achieved. The combination of Unitrin Direct and Direct Response will result in a company that has sufficient scale to turn a profit. The Company continues to believe that Unitrin's shareholders will benefit from this alternative distribution channel in the years to come.

Life and Health Insurance

Earned premiums in the Life and Health Insurance segment increased by $7.0 million for the fourth quarter of 2008, compared to the same period in 2007. Earned premiums included $12.2 million resulting from the acquisition of Primesco, Inc. ("Primesco"). Primesco was acquired on April 1, 2008 and its results of operations are included in the Company's results of operations from the date of acquisition. Excluding the impact of the Primesco acquisition, earned premiums decreased by $5.2 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to lower volume, partially offset by higher average premium rates on accident and health insurance products.

Operating profit in the Life and Health Insurance segment decreased by $6.9 million for the fourth quarter of 2008, compared to the same period in 2007, due primarily to lower net investment income from investments in limited liability investment companies and limited partnerships. Operating profit in the fourth quarter of 2008 included $4.3 million from the Primesco acquisition.

Fireside Bank

Automobile finance revenues for the fourth quarter of 2008 decreased by $9.1 million, compared to the same period in 2007, due primarily to lower yields on loans outstanding and lower average levels of loans outstanding. Automobile loan originations were $70.5 million for the fourth quarter of 2008, compared to $170.1 million for the same quarter in 2007. Loan originations declined due primarily to Fireside Bank's more stringent underwriting requirements and the overall decline in automobile sales. Fireside Bank does not make loans secured by real estate; it derives its interest income solely from automobile loans.

Fireside Bank reported operating profit of $1.9 million for the fourth quarter of 2008, compared to an operating loss of $73.4 million for the same period in 2007. Fireside Bank's operating results in 2008 improved due primarily to a lower provision for loan losses. In the fourth quarter of 2008 the Company wrote off $9.2 million of goodwill associated with Fireside Bank. The Company is continuing the process of exploring the strategic alternatives associated with its investment in Fireside Bank.

Consolidated results for the three months and years ended December 31, 2008 and 2007 are as follows:

(Dollars and Shares in Millions, Except Per Share Amounts)	Three Months Ended Dec. 31, 2008	Three Months Ended Dec. 31, 2007	Year Ended Dec. 31, 2008	Year Ended Dec. 31, 2007
Revenues:				
Earned Premiums	$ 604.9	$ 574.3	$ 2,376.6	$ 2,286.9
Automobile Finance Revenues	56.7	65.8	242.3	260.2
Net Investment Income	21.9	57.8	212.9	289.9
Other Income	1.5	0.8	4.1	3.5
Net Realized Investment Gains (Losses)	(60.3)	10.5	(93.7)	62.5
Total Revenues	624.7	709.2	2,742.2	2,903.0
Expenses:				
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	412.0	404.3	1,765.2	1,572.3
Insurance Expenses	190.6	180.4	736.5	705.8
Automobile Finance Expenses	32.8	125.2	204.1	272.5
Interest Expense on Certificates of Deposit	13.8	15.7	58.7	58.7
Goodwill	9.2	-	9.2	-
Interest and Other Expenses	12.2	14.7	58.5	66.9
Total Expenses	670.6	740.3	2,832.2	2,676.2
Income (Loss) from Continuing Operations before Income Taxes and Equity in Net Income of Investee	(45.9)	(31.1)	(90.0)	226.8
Income Tax Benefit (Expense)	18.3	26.8	46.2	(49.9)
Income (Loss) from Continuing Operations before Equity in Net Income of Investee	(27.6)	(4.3)	(43.8)	176.9
Equity in Net Income of Investee	1.5	0.5	5.8	1.2
Income (Loss) from Continuing Operations	(26.1)	(3.8)	(38.0)	178.1
Discontinued Operations:				
Income from Discontinued Operations Before Income Taxes	23.3	16.9	18.2	34.8
Income Tax Expense	(7.8)	(4.6)	(9.8)	(7.5)
Income from Discontinued Operations	15.5	12.3	8.4	27.3
Net Income (Loss)	$ (10.6)	$ 8.5	$ (29.6)	$ 205.4
Income (Loss) Per Share from Continuing Operations	$ (0.42)	$ (0.06)	$ (0.60)	$ 2.71
Income Per Share from Discontinued Operations	0.25	0.19	0.13	0.42
Net Income (Loss) Per Share	$ (0.17)	$ 0.13	$ (0.47)	$ 3.13
Income (Loss) Per Share from Continuing Operations Assuming Dilution	$ (0.42)	$ (0.06)	$ (0.60)	$ 2.70
Income Per Share from Discontinued Operations Assuming Dilution	0.25	0.19	0.13	0.42
Net Income (Loss) Per Share Assuming Dilution	$ (0.17)	$ 0.13	$ (0.47)	$ 3.12
Weighted Average Common Shares Outstanding	62.1	64.4	62.7	65.6
Weighted Average Common Shares and Equivalent Shares Outstanding Assuming Dilution	62.1	64.7	62.7	65.9
Dividends Paid Per Share	$ 0.470	$ 0.455	$ 1.880	$ 1.820

Note: The results for 2007 have been adjusted for the retrospective application of a change in accounting principle for the elimination of a reporting lag for certain investments accounted for under the equity method of accounting.

Business segment revenues for the three months and years ended December 31, 2008 and 2007 are as follows:

	Three Months Ended		Year Ended	
(Dollars in Millions)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Revenues:				
Segment Revenues:				
Kemper:				
Earned Premiums	$ 236.5	$ 232.4	$ 930.7	$ 926.3
Net Investment Income (Loss)	(3.3)	9.3	19.1	44.0
Other Income	0.1	0.1	0.5	0.5
Total Kemper	233.3	241.8	950.3	970.8
Unitrin Specialty:				
Earned Premiums	131.2	111.1	494.0	449.3
Net Investment Income (Loss)	(1.5)	3.9	8.6	19.2
Other Income	0.1	-	0.2	0.1
Total Unitrin Specialty	129.8	115.0	502.8	468.6
Unitrin Direct:				
Earned Premiums	70.9	71.5	290.5	257.6
Net Investment Income (Loss)	(0.8)	2.3	4.6	8.9
Other Income	0.1	0.1	0.4	0.4
Total Unitrin Direct	70.2	73.9	295.5	266.9
Life and Health Insurance:				
Earned Premiums	166.3	159.3	661.4	653.7
Net Investment Income	27.0	34.5	162.1	181.0
Other Income	0.2	0.5	1.1	1.2
Total Life and Health Insurance	193.5	194.3	824.6	835.9
Fireside Bank:				
Automobile Finance Revenues	56.7	65.8	242.3	260.2
Net Investment Income	1.0	1.5	4.5	4.9
Total Fireside Bank	57.7	67.3	246.8	265.1
Total Segment Revenues	684.5	692.3	2,820.0	2,807.3
Unallocated Dividend Income	0.7	5.3	10.8	25.2
Net Realized Investment Gains (Losses)	(60.3)	10.5	(93.7)	62.5
Other	(0.2)	1.1	5.1	8.0
Total Revenues	$ 624.7	$ 709.2	$ 2,742.2	$ 2,903.0

Note: The results for 2007 have been adjusted for the retrospective application of a change in accounting principle for the elimination of a reporting lag for certain investments accounted for under the equity method of accounting.

Business segment operating profit (loss) for the three months and years ended December 31, 2008 and 2007 is as follows:

(Dollars in Millions)	Three Months Ended Dec. 31, 2008	Three Months Ended Dec. 31, 2007	Year Ended Dec. 31, 2008	Year Ended Dec. 31, 2007
Segment Operating Profit (Loss):				
Kemper	$ 20.2	$ 17.5	$ 7.6	$ 88.2
Unitrin Specialty	(4.3)	5.5	10.2	35.3
Unitrin Direct	(15.9)	(16.0)	(52.5)	(41.2)
Life and Health Insurance	19.3	26.2	79.3	150.6
Fireside Bank	1.9	(73.4)	(25.3)	(66.0)
Total Segment Operating Profit (Loss)	21.2	(40.2)	19.3	166.9
Unallocated Dividend Income	0.7	5.3	10.8	25.2
Net Realized Investment Gains (Losses)	(60.3)	10.5	(93.7)	62.5
Other Expense, Net	(7.5)	(6.7)	(26.4)	(27.8)
Income (Loss) from Continuing Operations before Income Taxes and Equity in Net Income of Investee	$ (45.9)	$ (31.1)	$ (90.0)	$ 226.8

Business segment net income (loss) for the three months and years ended December 31, 2008 and 2007 is as follows:

(Dollars in Millions)	Three Months Ended Dec. 31, 2008	Three Months Ended Dec. 31, 2007	Year Ended Dec. 31, 2008	Year Ended Dec. 31, 2007
Segment Net Income (Loss):				
Kemper	$ 15.2	$ 14.2	$ 13.4	$ 66.5
Unitrin Specialty	(2.2)	4.9	10.1	27.0
Unitrin Direct	(9.8)	(9.8)	(32.0)	(24.9)
Life and Health Insurance	13.7	17.2	51.8	97.0
Fireside Bank	(1.8)	(43.1)	(22.3)	(38.8)
Total Segment Net Income (Loss)	15.1	(16.6)	21.0	126.8
Net Income (Loss) From:				
Unallocated Dividend Income	0.7	4.6	9.5	22.2
Net Realized Investment Gains (Losses)	(39.3)	6.8	(61.0)	40.5
Other (Expense) Income, Net	(4.1)	0.9	(13.3)	(12.6)
Income (Loss) from Continuing Operations Before Equity in Net Income of Investee	(27.6)	(4.3)	(43.8)	176.9
Equity in Net Income of Investee	1.5	0.5	5.8	1.2
Income (Loss) from Continuing Operations	$ (26.1)	$ (3.8)	$ (38.0)	$ 178.1

Note: The results for 2007 have been adjusted for the retrospective application of a change in accounting principle for the elimination of a reporting lag for certain investments accounted for under the equity method of accounting.

The components of Net Realized Investment Gains (Losses) for the three months and years ended December 31, 2008 and 2007 are as follows:

	Three Months Ended		Year Ended	
(Dollars in Millions)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Fixed Maturities:				
Gains on Dispositions	$ 0.2	$ 2.5	$ 4.8	$ 5.1
Losses on Dispositions	(1.6)	(0.2)	(6.8)	(4.0)
Losses from Write-downs (1)	(42.7)	(9.4)	(65.9)	(10.4)
Northrop Common Stock:				
Gains on Dispositions	5.6	23.3	53.1	58.6
Losses on Dispositions	(13.1)	-	(13.1)	-
Other Equity Securities:				
Gains on Dispositions	39.1	10.0	67.9	30.6
Losses on Dispositions	(35.7)	(4.1)	(46.1)	(5.1)
Losses from Write-downs (2)	(7.6)	(15.6)	(83.3)	(22.6)
Real Estate:				
Gains on Dispositions	-	2.9	1.5	4.8
Other:				
Gains on Dispositions	0.1	1.2	0.1	5.2
Losses on Dispositions	(0.1)	-	(0.2)	(0.2)
Losses from Write-downs	(3.7)	-	(3.7)	-
Net Trading Securities Gains (Losses)	(0.8)	(0.1)	(2.0)	0.5
Net Realized Investment Gains (Losses)	$ (60.3)	$ 10.5	$ (93.7)	$ 62.5

(1) Includes a loss of $2.3 million for the year ended December 31, 2008 to write down Lehman Brothers Holdings, Inc. ("Lehman") bonds and a loss of $19.7 million and $33.5 million for the quarter and year ended December 31, 2008, respectively, to write down Celerity bonds.

(2) Includes a loss of $15.4 million for the year ended December 31, 2008 to write down Federal National Mortgage Association preferred stock, a loss of $20.2 million for the year ended December 31, 2008 to write down Federal Home Loan Mortgage Corporation preferred stock, a loss of $4.0 million for the year ended December 31, 2008 to write down Lehman preferred stock, a loss of $2.3 million for both the quarter and year ended December 31, 2008 to write down our investment in Highbridge Capital LP and a loss of $12.5 million for the year ended December 31, 2008 to write down certain common stocks due to the change in Company's intent to hold them until they fully recover in value.

Unitrin, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in millions, except per share amounts)

	Dec. 31, 2008	Dec. 31, 2007
Assets:		
Investments:		
Fixed Maturities at Fair Value (Amortized Cost: 2008 - $4,174.4; 2007 - $3,608.9)	$ 4,135.9	$ 3,686.7
Northrop Grumman Corporation Preferred Stock at Fair Value (Cost: 2007 - $177.5)	-	258.5
Northrop Grumman Corporation Common Stock at Fair Value (Cost: 2008 - $38.6; 2007 - $245.5)	40.3	447.5
Other Equity Securities at Fair Value (Cost: 2008 - $216.8; 2007 - $436.5)	181.5	597.6
Investee (Intermec) at Cost Plus Cumulative Undistributed Earnings (Fair Value: 2008 - $168.1; 2007 - $257.1)	102.2	90.7
Short-term Investments at Cost which Approximates Fair Value	548.6	658.7
Other	714.9	696.1
Total Investments	5,723.4	6,435.8
Cash	184.2	103.1
Automobile Loan Receivables at Cost (Fair Value: 2008 - $1,099.6; 2007 - $1,230.3)	1,078.6	1,213.5
Other Receivables	686.5	634.8
Deferred Policy Acquisition Costs	489.2	437.4
Goodwill	334.6	314.7
Current and Deferred Income Taxes	201.4	17.2
Other Assets	120.9	109.9
Assets of Discontinued Operations	-	128.0
Total Assets	$ 8,818.8	$ 9,394.4
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life and Health	$ 2,972.6	$ 2,533.0
Property and Casualty	1,268.7	1,322.9
Total Insurance Reserves	4,241.3	3,855.9
Certificates of Deposits at Cost (Fair Value: 2008 - $1,148.7; 2007 - $1,269.7)	1,110.8	1,274.3
Unearned Premiums	733.5	722.2
Liabilities for Income Taxes	68.2	258.7
Notes Payable at Amortized Cost (Fair Value: 2008 - $433.9; 2007 - $550.3)	560.8	560.1
Accrued Expenses and Other Liabilities	455.6	380.9
Liabilities of Discontinued Operations	-	51.3
Total Liabilities	7,170.2	7,103.4
Shareholders' Equity:		
Common Stock, $0.10 par value, 100 Million Shares Authorized; 62,314,503 Shares Issued and Outstanding at December 31, 2008 and 64,254,818 Shares Issued and Outstanding at December 31, 2007	6.2	6.4
Paid-in Capital	764.7	781.3
Retained Earnings	985.8	1,178.5
Accumulated Other Comprehensive Income (Loss)	(108.1)	324.8
Total Shareholders' Equity	1,648.6	2,291.0
Total Liabilities and Shareholders' Equity	$ 8,818.8	$ 9,394.4

Note: The balances at December 31, 2007 have been adjusted for the retrospective application of a change in accounting principle for the elimination of a reporting lag for certain investments accounted for under the equity method of accounting.

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This press release may contain or incorporate by reference information that includes or is based on forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give expectations or forecasts of future events. The reader can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "believe(s)," "goal(s)," "target(s)," "estimate(s)," "anticipate(s)," "forecast(s)," "project(s)," "plan(s)," "intend(s)," "expect(s)," "might," "may" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements, in particular, include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this press release. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the Company's actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance; actual results could differ materially from those expressed or implied in the forward-looking statements.

Among the general factors that could cause actual results to differ materially from estimated results are:

- ♦ Changes in general economic conditions, including performance of financial markets, interest rates, unemployment rates and fluctuating values of particular investments held by the Company and its subsidiaries;
- ♦ Heightened competition, including, with respect to pricing, entry of new competitors and the development of new products by new and existing competitors;
- ♦ The number and severity of insurance claims (including those associated with catastrophe losses) and their impact on the adequacy of loss reserves;
- ♦ The impact of inflation on insurance claims, including, but not limited to, the effects attributed to scarcity of resources available to rebuild damaged structures, including labor and materials and the amount of salvage value recovered for damaged property;
- ♦ Orders, interpretations or other actions by regulators that impact the reporting, adjustment and payment of claims;
- ♦ Changes in the pricing or availability of reinsurance;
- ♦ Changes in the financial condition of reinsurers and amounts recoverable therefrom;
- ♦ Changes in industry trends and significant industry developments;
- ♦ Regulatory approval of insurance rates, policy forms, license applications and similar matters;

- Developments related to insurance policy claims and coverage issues including, but not limited to, interpretations or decisions by courts or regulators that may govern or influence insurance policy coverage issues arising with respect to losses incurred in connection with hurricanes and other catastrophes;
- Governmental actions, including new laws or regulations or court decisions interpreting existing laws and regulations or policy provisions;
- Adverse outcomes in litigation or other legal or regulatory proceedings involving Unitrin or its subsidiaries or affiliates;
- Regulatory, accounting or tax changes that may affect the cost of, or demand for, the Company's products or services;
- The impact of residual market assessments and assessments for insurance industry insolvencies;
- Changes in distribution channels, methods or costs resulting from changes in laws or regulations, lawsuits or market forces;
- Changes in ratings by credit rating agencies including A.M. Best Co., Inc.;
- Changes in laws or regulations governing or affecting the regulatory status of industrial banks, such as Fireside Bank, and their parent companies, including minimum capital requirements and restrictions on the non-financial activities and equity investments of companies that acquire control of industrial banks;
- Changes in the estimated rates of automobile loan receivables net charge-off used to estimate Fireside Bank's reserve for loan losses, including, but not limited to, the impact of changes in the value of collateral held;
- The failure to complete the acquisition of Direct Response Corporation and its subsidiaries;
- The level of success and costs expended in realizing economies of scale and implementing significant business consolidations and technology initiatives;
- Increased costs and risks related to data security;
- Absolute and relative performance of the Company's products or services; and
- Other risks and uncertainties described from time to time in the Company's filings with the Securities and Exchange Commission ("SEC").

No assurances can be given that the results contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. The Company assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this press release. The reader is advised, however, to consult any further disclosures the Company makes on related subjects in filings made with the SEC.

Unitrin is a financial services company focused on creating shareholder value by providing through its subsidiaries a diverse array of insurance and automobile finance products and services for individuals, families and small businesses.

Among the brands in Unitrin's Property and Casualty Insurance businesses are Kemper and Unitrin Specialty which sell personal and commercial insurance through networks of independent agents, and Unitrin Direct, which sells automobile and homeowners insurance directly to consumers or through employer-sponsored voluntary benefit programs. Unitrin's Life and Health Insurance businesses bring a high-level of personalized service to their customers. Unitrin's automobile finance subsidiary, Fireside Bank, specializes in automobile loans for the purchase of pre-owned vehicles. Additional information about Unitrin is available by visiting its website (www.unitrin.com).

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