Investor Supplement
Fourth Quarter 2011

The financial statements and financial exhibits included herein are unaudited. These financial statements and exhibits should be read in conjunction with the Company's periodic reports on Form 10-K, Form 10-Q and Form 8-K. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

Non-GAAP Financial Measures

This document contains non-GAAP financial measures to analyze the Company's operating performance for the periods presented. Because the Company's calculation of these measures may differ from similar measures used by other companies, investors should be careful when comparing the Company's non-GAAP financial measures to those of other companies. For detailed disclosures on non-GAAP financial measures please refer to the "Definitions of Non-GAAP Financial Measures" on Page 24.

Kemper Corporation
Investor Supplement
Fourth Quarter 2011
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Kemper Corporation
Consolidated Financial Highlights
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
For Period Ended										
Earned Premiums	$ 536.5	$ 543.0	$ 548.1	$ 546.0	$ 561.6	$ 568.2	$ 578.1	$ 581.5	$ 2,173.6	$ 2,289.4
Net Investment Income	75.3	58.6	82.9	81.2	84.7	79.4	81.3	80.3	298.0	325.7
Net Investment Gains (Losses) and Other Income	1.5	(8.8)	16.7	14.0	24.5	3.0	(1.7)	1.6	23.4	27.4
Total Revenues	$ 613.3	$ 592.8	$ 647.7	$ 641.2	$ 670.8	$ 650.6	$ 657.7	$ 663.4	$ 2,495.0	$ 2,642.5
Consolidated Net Operating Income (Loss)[1]	$ 25.2	$ 9.8	$ (17.4)	$ 38.7	$ 39.7	$ 30.6	$ 37.7	$ 43.9	$ 56.3	$ 151.9
Income (Loss) from Continuing Operations	$ 26.1	$ 3.8	$ (6.6)	$ 47.6	$ 55.7	$ 32.3	$ 36.4	$ 44.7	$ 70.9	$ 169.1
Net Income (Loss)	$ 25.4	$ 4.7	$ (0.5)	$ 54.1	$ 62.9	$ 35.7	$ 37.8	$ 48.2	$ 83.7	$ 184.6
Per Unrestricted Common Share Amounts:										
Basic:										
Net Operating Income (Loss)[1]	$ 0.42	$ 0.16	$ (0.29)	$ 0.64	$ 0.65	$ 0.49	$ 0.61	$ 0.70	$ 0.93	$ 2.45
Income (Loss) from Continuing Operations	$ 0.43	$ 0.06	$ (0.11)	$ 0.78	$ 0.91	$ 0.52	$ 0.59	$ 0.72	$ 1.17	$ 2.73
Net Income (Loss)	$ 0.42	$ 0.08	$ (0.01)	$ 0.89	$ 1.03	$ 0.58	$ 0.61	$ 0.77	$ 1.38	$ 2.98
Diluted:										
Net Operating Income (Loss)[1]	$ 0.42	$ 0.16	$ (0.29)	$ 0.63	$ 0.65	$ 0.49	$ 0.60	$ 0.70	$ 0.93	$ 2.45
Income (Loss) from Continuing Operations	$ 0.43	$ 0.06	$ (0.11)	$ 0.78	$ 0.91	$ 0.52	$ 0.59	$ 0.72	$ 1.17	$ 2.73
Net Income (Loss)	$ 0.42	$ 0.08	$ (0.01)	$ 0.89	$ 1.03	$ 0.58	$ 0.61	$ 0.77	$ 1.38	$ 2.98
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.96	$ 0.88
At Period End										
Total Assets	$ 8,085.9	$ 8,200.6	$ 8,181.9	$ 8,230.0	$ 8,358.5	$ 8,540.9	$ 8,507.9	$ 8,512.0		
Insurance Reserves	$ 4,131.8	$ 4,158.1	$ 4,186.8	$ 4,169.4	$ 4,182.4	$ 4,185.4	$ 4,198.3	$ 4,217.2		
Notes Payable	$ 610.6	$ 675.4	$ 610.2	$ 610.0	$ 609.8	$ 561.9	$ 561.8	$ 561.6		
Shareholders' Equity	$ 2,216.1	$ 2,220.1	$ 2,136.2	$ 2,116.5	$ 2,113.4	$ 2,200.3	$ 2,068.2	$ 1,977.6		
Shareholders' Equity Excluding Goodwill	$ 1,904.3	$ 1,908.3	$ 1,824.4	$ 1,804.7	$ 1,801.6	$ 1,888.5	$ 1,741.6	$ 1,645.8		
Common Shares Issued and Outstanding (In Millions)	60.249	60.456	60.460	60.453	61.067	61.450	61.925	62.464		
Book Value Per Share[2]	$ 36.78	$ 36.72	$ 35.33	$ 35.01	$ 34.61	$ 35.81	$ 33.40	$ 31.66		
Book Value Per Share Excluding Goodwill[1,2]	$ 31.61	$ 31.56	$ 30.18	$ 29.85	$ 29.50	$ 30.73	$ 28.12	$ 26.35		
Book Value Per Share Excluding Unrealized on Fixed Maturities[1,2]	$ 31.35	$ 31.43	$ 32.20	$ 32.55	$ 32.11	$ 31.36	$ 30.14	$ 29.79		
Debt to Total Capitalization[2]	21.6%	23.3%	22.2%	22.4%	22.4%	20.3%	21.4%	22.1%		
Rolling 12 Months Return on 5-point Average Shareholders Equity[2,3]	3.9%	5.6%	7.2%	9.1%	9.0%	9.3%	11.2%	12.1%		

[1] Non-GAAP Measure. See Page 24 for definition.

[2] See Capital Metrics for detail calculations.

[3] Rolling 12 Months Return on 5-point Average Shareholders Equity is calculated by taking the last 12 months of Net Income (Loss) divided by the 5-point average Shareholders' Equity. The 5-point Average Shareholders' Equity is calculated by using a 5-point quarter average of Shareholders' Equity for the 12 month period.

Kemper Corporation
Consolidated Statements of Operations
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Revenues:										
Earned Premiums	$ 536.5	$ 543.0	$ 548.1	$ 546.0	$ 561.6	$ 568.2	$ 578.1	$ 581.5	$ 2,173.6	$ 2,289.4
Net Investment Income	75.3	58.6	82.9	81.2	84.7	79.4	81.3	80.3	298.0	325.7
Other Income	0.2	0.4	0.2	0.2	0.3	0.4	0.3	0.3	1.0	1.3
Net Realized Gains (Losses) on Sales of Investments	5.9	(4.2)	17.8	14.2	28.0	7.2	2.9	4.5	33.7	42.6
Other-than-temporary Impairment Losses:										
Total Other-than-temporary Impairment Losses	(4.7)	(5.0)	(1.3)	(0.4)	(3.8)	(3.6)	(4.1)	(6.2)	(11.4)	(17.7)
Portion of Losses Recognized in Other Comprehensive (Income) Loss	0.1	—	—	—	—	(1.0)	(0.8)	3.0	0.1	1.2
Net Impairment Losses Recognized in Earnings	(4.6)	(5.0)	(1.3)	(0.4)	(3.8)	(4.6)	(4.9)	(3.2)	(11.3)	(16.5)
Total Revenues	613.3	592.8	647.7	641.2	670.8	650.6	657.7	663.4	2,495.0	2,642.5
Expenses:										
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	376.7	399.6	477.1	392.3	407.1	403.9	419.1	417.1	1,645.7	1,647.2
Insurance Expenses	168.5	172.6	166.3	161.9	168.7	168.9	169.4	168.5	669.3	675.5
Write-off of Goodwill and Other Intangibles Acquired	13.5	—	—	—	—	14.8	—	—	13.5	14.8
Interest and Other Expenses	21.9	21.4	20.9	19.7	18.4	16.1	17.4	16.4	83.9	68.3
Total Expenses	580.6	593.6	664.3	573.9	594.2	603.7	605.9	602.0	2,412.4	2,405.8
Income (Loss) from Continuing Operations before Income Taxes and Equity in Net Income (Loss) of Investee	32.7	(0.8)	(16.6)	67.3	76.6	46.9	51.8	61.4	82.6	236.7
Income Tax Benefit (Expense)	(6.6)	4.6	10.0	(19.7)	(20.9)	(14.3)	(14.9)	(17.4)	(11.7)	(67.5)
Income (Loss) from Continuing Operations before Equity in Net Income (Loss) of Investee	26.1	3.8	(6.6)	47.6	55.7	32.6	36.9	44.0	70.9	169.2
Equity in Net Income (Loss) of Investee	—	—	—	—	—	(0.3)	(0.5)	0.7	—	(0.1)
Income (Loss) from Continuing Operations	26.1	3.8	(6.6)	47.6	55.7	32.3	36.4	44.7	70.9	169.1
Discontinued Operations:										
Income from Discontinued Operations before Income Taxes	0.2	0.6	9.3	9.4	12.1	5.6	2.5	5.6	19.5	25.8
Income Tax Benefit (Expense)	(0.9)	0.3	(3.2)	(2.9)	(4.9)	(2.2)	(1.1)	(2.1)	(6.7)	(10.3)
Income (Loss) from Discontinued Operations	(0.7)	0.9	6.1	6.5	7.2	3.4	1.4	3.5	12.8	15.5
Net Income (Loss)	$ 25.4	$ 4.7	$ (0.5)	$ 54.1	$ 62.9	$ 35.7	$ 37.8	$ 48.2	$ 83.7	$ 184.6
Income (Loss) from Continuing Operations Per Unrestricted Share:										
Basic	$ 0.43	$ 0.06	$ (0.11)	$ 0.78	$ 0.91	$ 0.52	$ 0.59	$ 0.72	$ 1.17	$ 2.73
Diluted	$ 0.43	$ 0.06	$ (0.11)	$ 0.78	$ 0.91	$ 0.52	$ 0.59	$ 0.72	$ 1.17	$ 2.73
Net Income (Loss) Per Unrestricted Share:										
Basic	$ 0.42	$ 0.08	$ (0.01)	$ 0.89	$ 1.03	$ 0.58	$ 0.61	$ 0.77	$ 1.38	$ 2.98
Diluted	$ 0.42	$ 0.08	$ (0.01)	$ 0.89	$ 1.03	$ 0.58	$ 0.61	$ 0.77	$ 1.38	$ 2.98
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.96	$ 0.88
Weighted Average Unrestricted Common Shares Outstanding	60.113	60.141	60.119	60.678	61.127	61.458	61.985	62.155	60.263	61.681

Kemper Corporation
Consolidated Balance Sheets
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Assets:								
Investments:								
Fixed Maturities at Fair Value	$ 4,773.4	$ 4,782.4	$ 4,573.2	$ 4,491.9	$ 4,475.3	$ 4,711.4	$ 4,741.5	$ 4,617.1
Equity Securities at Fair Value	397.3	360.8	503.0	511.7	550.4	415.6	231.8	209.0
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	306.3	305.0	325.3	326.0	328.0	315.7	308.6	299.3
Investee (Intermec)	—	—	—	—	—	—	91.8	95.0
Short-term Investments at Cost	247.4	120.9	274.5	415.8	402.9	404.4	393.5	361.2
Other Investments	498.3	495.2	497.2	496.0	494.2	490.7	487.8	487.6
Total Investments	6,222.7	6,064.3	6,173.2	6,241.4	6,250.8	6,337.8	6,255.0	6,069.2
Cash	251.2	471.0	123.8	77.5	117.2	149.6	100.8	160.9
Receivable from Policyholders	379.2	390.4	381.7	387.6	388.9	404.6	399.1	406.7
Other Receivables	218.7	214.0	442.8	510.4	555.4	623.5	684.5	778.4
Deferred Policy Acquisition Costs	448.5	449.3	443.1	434.1	426.4	426.4	420.2	414.0
Goodwill	311.8	311.8	311.8	311.8	311.8	311.8	326.6	331.8
Current and Deferred Income Tax Assets	3.1	38.7	40.9	1.9	39.6	27.2	60.4	95.2
Other Assets	250.7	261.1	264.6	265.3	268.4	260.0	261.3	255.8
Total Assets	$ 8,085.9	$ 8,200.6	$ 8,181.9	$ 8,230.0	$ 8,358.5	$ 8,540.9	$ 8,507.9	$ 8,512.0
Liabilities and Shareholders' Equity:								
Insurance Reserves:								
Life and Health	$ 3,102.7	$ 3,094.5	$ 3,085.6	$ 3,073.6	$ 3,063.7	$ 3,054.0	$ 3,048.8	$ 3,046.5
Property and Casualty	1,029.1	1,063.6	1,101.2	1,095.8	1,118.7	1,131.4	1,149.5	1,170.7
Total Insurance Reserves	4,131.8	4,158.1	4,186.8	4,169.4	4,182.4	4,185.4	4,198.3	4,217.2
Certificates of Deposits at Cost	—	—	—	172.7	321.4	409.2	512.7	596.1
Unearned Premiums	666.2	687.1	675.6	680.4	678.6	703.9	700.1	715.0
Liabilities for Income Taxes	57.9	69.2	25.1	8.6	15.1	60.3	10.8	11.1
Notes Payable at Amortized Cost	610.6	675.4	610.2	610.0	609.8	561.9	561.8	561.6
Accrued Expenses and Other Liabilities	403.3	390.7	548.0	472.4	437.8	419.9	456.0	433.4
Total Liabilities	5,869.8	5,980.5	6,045.7	6,113.5	6,245.1	6,340.6	6,439.7	6,534.4
Shareholders' Equity:								
Common Stock	6.0	6.1	6.0	6.0	6.1	6.1	6.2	6.3
Paid-in Capital	743.9	745.4	744.2	743.3	751.1	756.0	761.1	766.9
Retained Earnings	1,208.2	1,200.5	1,210.5	1,225.6	1,198.8	1,154.6	1,137.9	1,121.2
Accumulated Other Comprehensive Income	258.0	268.1	175.5	141.6	157.4	283.6	163.0	83.2
Total Shareholders' Equity	2,216.1	2,220.1	2,136.2	2,116.5	2,113.4	2,200.3	2,068.2	1,977.6
Total Liabilities and Shareholders' Equity	$ 8,085.9	$ 8,200.6	$ 8,181.9	$ 8,230.0	$ 8,358.5	$ 8,540.9	$ 8,507.9	$ 8,512.0

Kemper Corporation
Capital Metrics
(Dollars and Shares in Millions, Except Per Share Amounts)

	Three Months Ended							
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Book Value Per Share								
Numerator								
Shareholders' Equity	$ 2,216.1	$ 2,220.1	$ 2,136.2	$ 2,116.5	$ 2,113.4	$ 2,200.3	$ 2,068.2	$ 1,977.6
Less: Goodwill	(311.8)	(311.8)	(311.8)	(311.8)	(311.8)	(311.8)	(326.6)	(331.8)
Shareholders' Equity Excluding Goodwill	$ 1,904.3	$ 1,908.3	$ 1,824.4	$ 1,804.7	$ 1,801.6	$ 1,888.5	$ 1,741.6	$ 1,645.8
Shareholders' Equity	$ 2,216.1	$ 2,220.1	$ 2,136.2	$ 2,116.5	$ 2,113.4	$ 2,200.3	$ 2,068.2	$ 1,977.6
Less: Unrealized Gains and Losses on Fixed Maturities	(327.4)	(319.8)	(189.4)	(149.0)	(152.4)	(273.5)	(201.7)	(117.1)
Shareholders' Equity Excluding Unrealized on Fixed Maturities	$ 1,888.7	$ 1,900.3	$ 1,946.8	$ 1,967.5	$ 1,961.0	$ 1,926.8	$ 1,866.5	$ 1,860.5
Denominator								
Common Shares Issued and Outstanding	60.249	60.456	60.460	60.453	61.067	61.450	61.925	62.464
Book Value Per Share	$ 36.78	$ 36.72	$ 35.33	$ 35.01	$ 34.61	$ 35.81	$ 33.40	$ 31.66
Book Value Per Share Excluding Goodwill	$ 31.61	$ 31.56	$ 30.18	$ 29.85	$ 29.50	$ 30.73	$ 28.12	$ 26.35
Book Value Per Share Excluding Unrealized on Fixed Maturities	$ 31.35	$ 31.43	$ 32.20	$ 32.55	$ 32.11	$ 31.36	$ 30.14	$ 29.79
Return on Shareholders' Equity								
Numerator								
Rolling 12 Months Net Income	$ 83.7	$ 121.2	$ 152.2	$ 190.5	$ 184.6	$ 188.0	$ 214.4	$ 218.5
Denominator (5-point Average)								
5-point Average Shareholders' Equity	$ 2,160.5	$ 2,157.3	$ 2,126.9	$ 2,095.2	$ 2,055.4	$ 2,011.4	$ 1,910.0	$ 1,809.3
Rolling 12 Months Return on Average Shareholders Equity (5-point Average)	3.9%	5.6%	7.2%	9.1%	9.0%	9.3%	11.2%	12.1%
Debt and Total Capitalization								
Debt	$ 610.6	$ 675.4	$ 610.2	$ 610.0	$ 609.8	$ 561.9	$ 561.8	$ 561.6
Shareholders' Equity	2,216.1	2,220.1	2,136.2	2,116.5	2,113.4	2,200.3	2,068.2	1,977.6
Total Capitalization	$ 2,826.7	$ 2,895.5	$ 2,746.4	$ 2,726.5	$ 2,723.2	$ 2,762.2	$ 2,630.0	$ 2,539.2
Ratio of Debt to Shareholders' Equity	27.6%	30.4%	28.6%	28.8%	28.9%	25.5%	27.2%	28.4%
Ratio of Debt to Total Capitalization	21.6%	23.3%	22.2%	22.4%	22.4%	20.3%	21.4%	22.1%
Parent Company Liquidity								
Kemper Holding Company Cash and Investments	$ 217.0	$ 37.6	$ 47.6	$ 84.2	$ 60.5	$ 67.5	$ 135.7	$ 141.8
Borrowings Available Under Credit Agreement	245.0	180.0	245.0	245.0	245.0	245.0	245.0	245.0
Parent Company Liquidity	$ 462.0	$ 217.6	$ 292.6	$ 329.2	$ 305.5	$ 312.5	$ 380.7	$ 386.8
Capital Returned to Shareholders								
Common Stock Repurchased	$ 5.7	$ —	$ —	$ 21.7	$ 9.9	$ 10.5	$ 14.0	$ —
Cash Dividends Paid	14.5	14.5	14.5	14.7	13.5	13.6	13.8	13.7
Total Capital Returned to Shareholders	$ 20.2	$ 14.5	$ 14.5	$ 36.4	$ 23.4	$ 24.1	$ 27.8	$ 13.7

Kemper Corporation
Debt Outstanding and Ratings
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Notes Payable under Revolving Credit Agreements	$ —	$ 65.0	—	—	—	—	—	—
Senior Notes at Amortized Cost:								
6.00% Senior Notes due May 15, 2017	356.8	356.7	356.5	356.4	356.3	356.2	356.1	356.0
6.00% Senior Notes due November 30, 2015	248.2	248.1	248.0	247.9	247.8	—	—	—
4.875% Senior Notes due November 1, 2010	—	—	—	—	—	200.0	199.9	199.8
Mortgage Note Payable at Amortized Cost	5.6	5.6	5.7	5.7	5.7	5.7	5.8	5.8
Notes Payable at Amortized Cost	$ 610.6	$ 675.4	$ 610.2	$ 610.0	$ 609.8	$ 561.9	$ 561.8	$ 561.6

	A.M. Best	Moody's	S&P	Fitch
As of Date of Financial Supplement				
Kemper Debt Ratings:				
Senior Notes Payable	bbb-	Baa3	BBB-	BBB-
Insurance Company Financial Strength Ratings:				
Trinity Universal Insurance Company	A-	A3	A-	A-
United Insurance Company of America	A-	A3	A	A-
Reserve National Insurance Company	A-			

Kemper Corporation
Segment Revenues
(Dollars In Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Revenues:										
Kemper Preferred:										
Earned Premiums	$ 217.0	$ 216.5	$ 214.4	$ 211.9	$ 220.9	$ 221.8	$ 222.9	$ 222.4	$ 859.8	$ 888.0
Net Investment Income	11.5	8.4	15.6	14.1	14.2	12.3	13.9	12.4	49.6	52.8
Other Income	0.1	0.1	—	0.1	0.1	0.1	0.1	0.1	0.3	0.4
Total Kemper Preferred	228.6	225.0	230.0	226.1	235.2	234.2	236.9	234.9	909.7	941.2
Unitrin Specialty:										
Earned Premiums	108.5	111.0	113.3	112.4	115.0	117.0	120.5	122.4	445.2	474.9
Net Investment Income	4.7	3.3	6.8	6.3	6.3	5.7	6.7	6.1	21.1	24.8
Other Income	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.5	0.6
Total Unitrin Specialty	113.3	114.5	120.2	118.8	121.4	122.9	127.3	128.7	466.8	500.3
Unitrin Direct:										
Earned Premiums	50.9	54.4	57.5	59.9	64.8	68.6	73.0	76.0	222.7	282.4
Net Investment Income	4.0	2.9	5.6	5.4	5.4	4.8	5.9	5.3	17.9	21.4
Other Income	—	0.1	—	—	—	—	0.1	—	0.1	0.1
Total Unitrin Direct	54.9	57.4	63.1	65.3	70.2	73.4	79.0	81.3	240.7	303.9
Life and Health Insurance:										
Earned Premiums	160.1	161.1	162.9	161.8	160.9	160.8	161.7	160.7	645.9	644.1
Net Investment Income	53.6	42.9	52.4	53.0	55.9	53.8	51.3	53.3	201.9	214.3
Other Income	—	—	0.1	—	0.1	0.1	—	—	0.1	0.2
Total Life and Health Insurance	213.7	204.0	215.4	214.8	216.9	214.7	213.0	214.0	847.9	858.6
Total Segment Revenues	610.5	600.9	628.7	625.0	643.7	645.2	656.2	658.9	2,465.1	2,604.0
Net Realized Gains (Losses) on Sales of Investments	5.9	(4.2)	17.8	14.2	28.0	7.2	2.9	4.5	33.7	42.6
Net Impairment Losses Recognized in Earnings	(4.6)	(5.0)	(1.3)	(0.4)	(3.8)	(4.6)	(4.9)	(3.2)	(11.3)	(16.5)
Other	1.5	1.1	2.5	2.4	2.9	2.8	3.5	3.2	7.5	12.4
Total Revenues	$ 613.3	$ 592.8	$ 647.7	$ 641.2	$ 670.8	$ 650.6	$ 657.7	$ 663.4	$ 2,495.0	$ 2,642.5

Kemper Corporation
Segment Operating Results
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Segment Operating Profit (Loss):										
Kemper Preferred	$ 16.3	$ (15.7)	$ (54.2)	$ 14.2	$ 9.9	$ 17.1	$ 17.6	$ 19.3	$ (39.4)	$ 63.9
Unitrin Specialty	4.7	6.7	6.0	5.1	1.6	8.0	7.5	7.5	22.5	24.6
Unitrin Direct	(27.4)	(3.7)	(8.2)	(7.4)	(5.4)	(1.5)	0.9	(1.1)	(46.7)	(7.1)
Life and Health	49.8	34.3	32.7	50.8	53.1	26.9	33.5	40.5	167.6	154.0
Total Segment Operating Profit (Loss)	43.4	21.6	(23.7)	62.7	59.2	50.5	59.5	66.2	104.0	235.4
Unallocated Operating Loss	(12.0)	(13.2)	(9.4)	(9.2)	(6.8)	(6.2)	(5.7)	(6.1)	(43.8)	(24.8)
Total Operating Profit (Loss)	31.4	8.4	(33.1)	53.5	52.4	44.3	53.8	60.1	60.2	210.6
Net Realized Gains (Losses) on Sales of Investments	5.9	(4.2)	17.8	14.2	28.0	7.2	2.9	4.5	33.7	42.6
Net Impairment Losses Recognized in Earnings	(4.6)	(5.0)	(1.3)	(0.4)	(3.8)	(4.6)	(4.9)	(3.2)	(11.3)	(16.5)
Income (Loss) from Continuing Operations before Income Taxes and Equity in Net Income (Loss) of Investee	$ 32.7	$ (0.8)	$ (16.6)	$ 67.3	$ 76.6	$ 46.9	$ 51.8	$ 61.4	$ 82.6	$ 236.7
Segment Net Operating Income (Loss):										
Kemper Preferred	$ 13.1	$ (8.0)	$ (33.0)	$ 11.3	$ 9.0	$ 13.5	$ 13.5	$ 14.6	$ (16.6)	$ 50.6
Unitrin Specialty	3.9	5.3	4.9	4.2	2.2	6.2	6.0	5.8	18.3	20.2
Unitrin Direct	(17.0)	(1.6)	(4.7)	(3.8)	(1.9)	0.3	0.4	0.1	(27.1)	(1.1)
Life and Health	32.5	22.4	20.9	32.7	34.6	12.4	21.5	26.4	108.5	94.9
Total Segment Net Operating Income (Loss)	32.5	18.1	(11.9)	44.4	43.9	32.4	41.4	46.9	83.1	164.6
Unallocated Net Operating Loss	(7.3)	(8.3)	(5.5)	(5.7)	(4.2)	(1.8)	(3.7)	(3.0)	(26.8)	(12.7)
Consolidated Operating Income (Loss)	25.2	9.8	(17.4)	38.7	39.7	30.6	37.7	43.9	56.3	151.9
Unallocated Net Income (Loss) From:										
Net Realized Gains (Losses) on Sales of Investments	3.9	(2.7)	11.5	9.2	18.4	4.7	1.9	2.9	21.9	27.9
Net Impairment Losses Recognized in Earnings	(3.0)	(3.3)	(0.7)	(0.3)	(2.4)	(3.0)	(3.2)	(2.1)	(7.3)	(10.7)
Income (Loss) from Continuing Operations	$ 26.1	$ 3.8	$ (6.6)	$ 47.6	$ 55.7	$ 32.3	$ 36.4	$ 44.7	$ 70.9	$ 169.1

Kemper Corporation
Segment Operating Results
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Earned Premiums by Product:										
Life	$ 98.0	$ 98.0	$ 99.7	$ 99.4	$ 98.4	$ 98.8	$ 100.0	$ 99.5	$ 395.1	$ 396.7
Accident and Health	41.7	41.9	41.5	41.2	41.4	40.5	40.1	39.9	166.3	161.9
Property and Casualty:										
Personal Lines:										
Automobile	274.7	281.4	286.2	287.1	302.1	308.3	316.9	322.2	1,129.4	1,249.5
Homeowners	77.7	76.6	75.7	74.1	75.0	75.1	74.5	74.1	304.1	298.7
Other Personal	34.2	35.0	35.1	34.4	34.4	34.8	35.5	34.3	138.7	139.0
Total Personal Lines	386.6	393.0	397.0	395.6	411.5	418.2	426.9	430.6	1,572.2	1,687.2
Commercial Automobile	10.2	10.1	9.9	9.8	10.3	10.7	11.1	11.5	40.0	43.6
Total Earned Premiums	$ 536.5	$ 543.0	$ 548.1	$ 546.0	$ 561.6	$ 568.2	$ 578.1	$ 581.5	$ 2,173.6	$ 2,289.4
Net Investment Income by Segment:										
Kemper Preferred:										
Equity Method Limited Liabilty Companies	$ 0.9	$ (2.2)	$ 5.5	$ 3.8	$ 4.5	$ 2.9	$ 5.3	$ 2.8	$ 8.0	$ 15.5
All Other Net Investment Income	10.6	10.6	10.1	10.3	9.7	9.4	8.6	9.6	41.6	37.3
Net Investment Income	11.5	8.4	15.6	14.1	14.2	12.3	13.9	12.4	49.6	52.8
Unitrin Specialty:										
Equity Method Limited Liabilty Companies	0.3	(0.9)	2.4	1.7	2.0	1.4	2.5	1.4	3.5	7.3
All Other Net Investment Income	4.4	4.2	4.4	4.6	4.3	4.3	4.2	4.7	17.6	17.5
Net Investment Income	4.7	3.3	6.8	6.3	6.3	5.7	6.7	6.1	21.1	24.8
Unitrin Direct:										
Equity Method Limited Liabilty Companies	0.3	(0.7)	1.9	1.5	1.7	1.2	2.2	1.2	3.0	6.3
All Other Net Investment Income	3.7	3.6	3.7	3.9	3.7	3.6	3.7	4.1	14.9	15.1
Net Investment Income	4.0	2.9	5.6	5.4	5.4	4.8	5.9	5.3	17.9	21.4
Life and Health Insurance:										
Equity Method Limited Liabilty Companies	0.7	(9.4)	(0.1)	2.1	6.5	4.3	1.7	3.3	(6.7)	15.8
All Other Net Investment Income	52.9	52.3	52.5	50.9	49.4	49.5	49.6	50.0	208.6	198.5
Net Investment Income	53.6	42.9	52.4	53.0	55.9	53.8	51.3	53.3	201.9	214.3
Total Segment Net Investment Inome	73.8	57.5	80.4	78.8	81.8	76.6	77.8	77.1	290.5	313.3
Unallocated Net Investment Inome:										
Equity Method Limited Liabilty Companies	0.2	(0.5)	1.2	0.9	0.8	0.7	1.7	0.7	1.8	3.9
All Other Net Investment Income	1.3	1.6	1.3	1.5	2.1	2.1	1.8	2.5	5.7	8.5
Unallocated Net Investment Income	1.5	1.1	2.5	2.4	2.9	2.8	3.5	3.2	7.5	12.4
Net Investment Income	$ 75.3	$ 58.6	$ 82.9	$ 81.2	$ 84.7	$ 79.4	$ 81.3	$ 80.3	$ 298.0	$ 325.7

Kemper Corporation
Combined Property and Casualty Operations[1]
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Results of Operations										
Net Premiums Written	$ 356.7	$ 394.6	$ 381.1	$ 383.6	$ 375.9	$ 411.4	$ 402.7	$ 408.7	$ 1,516.0	$ 1,598.7
Earned Premiums:										
Personal:										
Automobile	$ 274.7	$ 281.4	$ 286.2	$ 287.1	$ 302.1	$ 308.3	$ 316.9	$ 322.2	$ 1,129.4	$ 1,249.5
Homeowners	77.7	76.6	75.7	74.1	75.0	75.1	74.5	74.1	304.1	298.7
Other Personal	13.8	13.8	13.4	13.2	13.3	13.3	13.9	13.0	54.2	53.5
Total Personal	366.2	371.8	375.3	374.4	390.4	396.7	405.3	409.3	1,487.7	1,601.7
Commercial Automobile	10.2	10.1	9.9	9.8	10.3	10.7	11.1	11.5	40.0	43.6
Total Earned Premiums	376.4	381.9	385.2	384.2	400.7	407.4	416.4	420.8	1,527.7	1,645.3
Net Investment Income	20.2	14.6	28.0	25.8	25.9	22.8	26.5	23.8	88.6	99.0
Other Income	0.2	0.4	0.1	0.2	0.2	0.3	0.3	0.3	0.9	1.1
Total Revenues	396.8	396.9	413.3	410.2	426.8	430.5	443.2	444.9	1,617.2	1,745.4
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	285.4	280.6	281.2	290.6	297.0	296.2	294.2	304.8	1,137.8	1,192.2
Catastrophe Losses and LAE	7.0	43.8	94.7	9.2	20.6	12.6	25.7	15.9	154.7	74.8
Prior Years:										
Non-catastrophe Losses and LAE	(2.6)	(16.4)	(5.4)	(3.1)	(0.7)	(6.2)	(5.9)	(9.1)	(27.5)	(21.9)
Catastrophe Losses and LAE	(1.6)	(1.5)	(1.9)	0.1	(0.6)	(0.4)	(2.3)	(1.3)	(4.9)	(4.6)
Total Incurred Losses and LAE	288.2	306.5	368.6	296.8	316.3	302.2	311.7	310.3	1,260.1	1,240.5
Insurance Expenses	101.5	103.1	101.1	101.5	104.4	104.7	105.5	108.9	407.2	423.5
Write-off of Other Intangible Assets Acquired	13.5	—	—	—	—	—	—	—	13.5	—
Operating Profit (Loss)	(6.4)	(12.7)	(56.4)	11.9	6.1	23.6	26.0	25.7	(63.6)	81.4
Income Tax Benefit (Expense)	6.4	8.4	23.6	(0.2)	3.2	(3.6)	(6.1)	(5.2)	38.2	(11.7)
Segment Net Operating Income (Loss)	$ —	$ (4.3)	$ (32.8)	$ 11.7	$ 9.3	$ 20.0	$ 19.9	$ 20.5	$ (25.4)	$ 69.7
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	75.8%	73.5%	73.0 %	75.7 %	74.1 %	72.7 %	70.7%	72.4%	74.5%	72.5%
Current Year Catastrophe Losses and LAE Ratio	1.9	11.5	24.6	2.4	5.1	3.1	6.2	3.8	10.1	4.5
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	(4.3)	(1.4)	(0.8)	(0.2)	(1.5)	(1.4)	(2.2)	(1.8)	(1.3)
Prior Years Catastrophe Losses and LAE Ratio	(0.4)	(0.4)	(0.5)	—	(0.1)	(0.1)	(0.6)	(0.3)	(0.3)	(0.3)
Total Incurred Loss and LAE Ratio	76.6	80.3	95.7	77.3	78.9	74.2	74.9	73.7	82.5	75.4
Incurred Expense Ratio	30.6	27.0	26.2	26.4	26.1	25.7	25.3	25.9	27.5	25.7
Combined Ratio	107.2%	107.3%	121.9 %	103.7 %	105.0 %	99.9 %	100.2%	99.6%	110.0%	101.1%
Underlying Combined Ratio [2]										
Current Year Non-catastrophe Losses and LAE Ratio	75.8%	73.5%	73.0 %	75.7 %	74.1 %	72.7 %	70.7%	72.4%	74.5%	72.5%
Incurred Expense Ratio	30.6	27.0	26.2	26.4	26.1	25.7	25.3	25.9	27.5	25.7
Underlying Combined Ratio	106.4%	100.5%	99.2 %	102.1 %	100.2 %	98.4 %	96.0%	98.3%	102.0%	98.2%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	106.4%	100.5%	99.2 %	102.1 %	100.2 %	98.4 %	96.0%	98.3%	102.0%	98.2%
Current Year Catastrophe Losses and LAE Ratio	1.9	11.5	24.6	2.4	5.1	3.1	6.2	3.8	10.1	4.5
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	(4.3)	(1.4)	(0.8)	(0.2)	(1.5)	(1.4)	(2.2)	(1.8)	(1.3)
Prior Years Catastrophe Losses and LAE Ratio	(0.4)	(0.4)	(0.5)	—	(0.1)	(0.1)	(0.6)	(0.3)	(0.3)	(0.3)
Combined Ratio as Reported	107.2%	107.3%	121.9 %	103.7 %	105.0 %	99.9 %	100.2%	99.6%	110.0%	101.1%

[1] Includes the results of operations of the Kemper Preferred, Unitrin Specialty and Unitrin Direct segments.

[2] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior year catastrophes) on the combined ratio and the effect of prior year reserve development at the reporting date (including development on prior year catastrophes) on the combined ratio.

Kemper Corporation
Kemper Preferred
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Results of Operations										
Net Premiums Written	$ 211.2	$ 233.3	$ 224.7	$ 199.6	$ 208.4	$ 230.1	$ 226.4	$ 207.3	$ 868.8	$ 872.2
Earned Premiums:										
Automobile	$ 127.9	$ 128.5	$ 127.6	$ 126.9	$ 134.8	$ 135.6	$ 136.9	$ 137.4	$ 510.9	$ 544.7
Homeowners	75.3	74.3	73.4	71.9	72.8	72.9	72.2	72.1	294.9	290.0
Other Personal	13.8	13.7	13.4	13.1	13.3	13.3	13.8	12.9	54.0	53.3
Total Earned Premiums	217.0	216.5	214.4	211.9	220.9	221.8	222.9	222.4	859.8	888.0
Net Investment Income	11.5	8.4	15.6	14.1	14.2	12.3	13.9	12.4	49.6	52.8
Other Income	0.1	0.1	—	0.1	0.1	0.1	0.1	0.1	0.3	0.4
Total Revenues	228.6	225.0	230.0	226.1	235.2	234.2	236.9	234.9	909.7	941.2
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	148.8	148.9	141.4	145.5	149.0	148.8	142.5	147.0	584.6	587.3
Catastrophe Losses and LAE	6.4	40.9	87.9	9.0	19.8	11.7	23.0	15.6	144.2	70.1
Prior Years:										
Non-catastrophe Losses and LAE	(2.0)	(7.9)	(2.6)	(1.1)	(4.0)	(4.2)	(4.1)	(6.6)	(13.6)	(18.9)
Catastrophe Losses and LAE	(1.7)	(1.5)	(2.0)	(0.3)	(0.6)	(0.4)	(2.3)	(1.6)	(5.5)	(4.9)
Total Incurred Losses and LAE	151.5	180.4	224.7	153.1	164.2	155.9	159.1	154.4	709.7	633.6
Insurance Expenses	60.8	60.3	59.5	58.8	61.1	61.2	60.2	61.2	239.4	243.7
Operating Profit (Loss)	16.3	(15.7)	(54.2)	14.2	9.9	17.1	17.6	19.3	(39.4)	63.9
Income Tax Benefit (Expense)	(3.2)	7.7	21.2	(2.9)	(0.9)	(3.6)	(4.1)	(4.7)	22.8	(13.3)
Segment Net Operating Income (Loss)	$ 13.1	$ (8.0)	$ (33.0)	$ 11.3	$ 9.0	$ 13.5	$ 13.5	$ 14.6	$ (16.6)	$ 50.6
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	68.6%	68.7%	65.9%	68.7%	67.4%	67.1%	63.9%	66.1%	67.9%	66.2%
Current Year Catastrophe Losses and LAE Ratio	2.9	18.9	41.0	4.2	9.0	5.3	10.3	7.0	16.8	7.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.9)	(3.6)	(1.2)	(0.5)	(1.8)	(1.9)	(1.8)	(3.0)	(1.6)	(2.1)
Prior Years Catastrophe Losses and LAE Ratio	(0.8)	(0.7)	(0.9)	(0.1)	(0.3)	(0.2)	(1.0)	(0.7)	(0.6)	(0.6)
Total Incurred Loss and LAE Ratio	69.8	83.3	104.8	72.3	74.3	70.3	71.4	69.4	82.5	71.4
Incurred Expense Ratio	28.0	27.9	27.8	27.7	27.7	27.6	27.0	27.5	27.8	27.4
Combined Ratio	97.8%	111.2%	132.6%	100.0%	102.0%	97.9%	98.4%	96.9%	110.3%	98.8%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	68.6%	68.7%	65.9%	68.7%	67.4%	67.1%	63.9%	66.1%	67.9%	66.2%
Incurred Expense Ratio	28.0	27.9	27.8	27.7	27.7	27.6	27.0	27.5	27.8	27.4
Underlying Combined Ratio	96.6%	96.6%	93.7%	96.4%	95.1%	94.7%	90.9%	93.6%	95.7%	93.6%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	96.6%	96.6%	93.7%	96.4%	95.1%	94.7%	90.9%	93.6%	95.7%	93.6%
Current Year Catastrophe Losses and LAE Ratio	2.9	18.9	41.0	4.2	9.0	5.3	10.3	7.0	16.8	7.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.9)	(3.6)	(1.2)	(0.5)	(1.8)	(1.9)	(1.8)	(3.0)	(1.6)	(2.1)
Prior Years Catastrophe Losses and LAE Ratio	(0.8)	(0.7)	(0.9)	(0.1)	(0.3)	(0.2)	(1.0)	(0.7)	(0.6)	(0.6)
Combined Ratio as Reported	97.8%	111.2%	132.6%	100.0%	102.0%	97.9%	98.4%	96.9%	110.3%	98.8%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior year catastrophes) on the combined ratio and the effect of prior year reserve development at the reporting date (including development on prior year catastrophes) on the combined ratio.

Kemper Corporation
Kemper Preferred
Insurance Reserves
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Insurance Reserves:								
Automobile	$ 274.7	$ 268.5	$ 275.0	$ 277.3	$ 286.2	$ 290.0	$ 294.9	$ 295.4
Homeowners	106.2	127.5	131.2	101.0	97.6	93.1	92.6	91.0
Other Personal	35.3	37.2	38.4	37.6	36.7	38.7	37.3	36.7
Insurance Reserves	$ 416.2	$ 433.2	$ 444.6	$ 415.9	$ 420.5	$ 421.8	$ 424.8	$ 423.1
Insurance Reserves:								
Loss Reserves:								
Case	$ 259.0	$ 268.6	$ 271.3	$ 263.6	$ 261.5	$ 263.2	$ 262.1	$ 262.4
Incurred but Not Reported	92.9	97.5	103.7	82.6	88.0	85.1	89.3	88.1
Total Loss Reserves	351.9	366.1	375.0	346.2	349.5	348.3	351.4	350.5
LAE Reserves	64.3	67.1	69.6	69.7	71.0	73.5	73.4	72.6
Insurance Reserves	$ 416.2	$ 433.2	$ 444.6	$ 415.9	$ 420.5	$ 421.8	$ 424.8	$ 423.1

Kemper Corporation
Unitrin Specialty
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Results of Operations										
Net Premiums Written	$ 100.0	$ 109.3	$ 105.8	$ 123.1	$ 106.1	$ 114.0	$ 110.5	$ 126.6	$ 438.2	$ 457.2
Earned Premiums:										
Personal Automobile	$ 98.3	$ 100.9	$ 103.4	$ 102.6	$ 104.7	$ 106.3	$ 109.4	$ 110.9	$ 405.2	$ 431.3
Commercial Automobile	10.2	10.1	9.9	9.8	10.3	10.7	11.1	11.5	40.0	43.6
Total Earned Premiums	108.5	111.0	113.3	112.4	115.0	117.0	120.5	122.4	445.2	474.9
Net Investment Income	4.7	3.3	6.8	6.3	6.3	5.7	6.7	6.1	21.1	24.8
Other Income	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.5	0.6
Total Revenues	113.3	114.5	120.2	118.8	121.4	122.9	127.3	128.7	466.8	500.3
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	87.5	86.8	91.3	92.8	93.7	92.9	93.6	95.8	358.4	376.0
Catastrophe Losses and LAE	0.1	0.7	2.9	0.1	0.2	0.4	2.2	0.1	3.8	2.9
Prior Years:										
Non-catastrophe Losses and LAE	(2.5)	(3.2)	(1.9)	(1.9)	2.5	(1.5)	1.7	1.3	(9.5)	4.0
Catastrophe Losses and LAE	—	—	—	0.1	—	—	—	0.1	0.1	0.1
Total Incurred Losses and LAE	85.1	84.3	92.3	91.1	96.4	91.8	97.5	97.3	352.8	383.0
Insurance Expenses	23.5	23.5	21.9	22.6	23.4	23.1	22.3	23.9	91.5	92.7
Operating Profit	4.7	6.7	6.0	5.1	1.6	8.0	7.5	7.5	22.5	24.6
Income Tax Benefit (Expense)	(0.8)	(1.4)	(1.1)	(0.9)	0.6	(1.8)	(1.5)	(1.7)	(4.2)	(4.4)
Segment Net Operating Income	$ 3.9	$ 5.3	$ 4.9	$ 4.2	$ 2.2	$ 6.2	$ 6.0	$ 5.8	$ 18.3	$ 20.2
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	80.6%	78.2%	80.6%	82.5%	81.4%	79.5%	77.7%	78.2%	80.4%	79.2%
Current Year Catastrophe Losses and LAE Ratio	0.1	0.6	2.6	0.1	0.2	0.3	1.8	0.1	0.9	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	(2.3)	(2.9)	(1.7)	(1.7)	2.2	(1.3)	1.4	1.1	(2.1)	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	0.1	—	—	—	0.1	—	—
Total Incurred Loss and LAE Ratio	78.4	75.9	81.5	81.0	83.8	78.5	80.9	79.5	79.2	80.6
Incurred Expense Ratio	21.7	21.2	19.3	20.1	20.3	19.7	18.5	19.5	20.6	19.5
Combined Ratio	100.1%	97.1%	100.8%	101.1%	104.1%	98.2%	99.4%	99.0%	99.8%	100.1%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	80.6%	78.2%	80.6%	82.5%	81.4%	79.5%	77.7%	78.2%	80.4%	79.2%
Incurred Expense Ratio	21.7	21.2	19.3	20.1	20.3	19.7	18.5	19.5	20.6	19.5
Underlying Combined Ratio	102.3%	99.4%	99.9%	102.6%	101.7%	99.2%	96.2%	97.7%	101.0%	98.7%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	102.3%	99.4%	99.9%	102.6%	101.7%	99.2%	96.2%	97.7%	101.0%	98.7%
Current Year Catastrophe Losses and LAE Ratio	0.1	0.6	2.6	0.1	0.2	0.3	1.8	0.1	0.9	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	(2.3)	(2.9)	(1.7)	(1.7)	2.2	(1.3)	1.4	1.1	(2.1)	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	0.1	—	—	—	0.1	—	—
Combined Ratio as Reported	100.1%	97.1%	100.8%	101.1%	104.1%	98.2%	99.4%	99.0%	99.8%	100.1%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior year catastrophes) on the combined ratio and the effect of prior year reserve development at the reporting date (including development on prior year catastrophes) on the combined ratio.

Kemper Corporation
Unitrin Specialty
Insurance Reserves
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Insurance Reserves:								
Personal Automobile	$ 166.6	$ 169.6	$ 176.1	$ 179.7	$ 181.9	$ 180.0	$ 179.8	$ 183.8
Commercial Automobile	51.5	54.4	55.6	58.7	61.7	65.9	71.7	75.4
Other	7.8	7.9	8.1	8.3	7.2	8.5	9.6	9.0
Insurance Reserves	$ 225.9	$ 231.9	$ 239.8	$ 246.7	$ 250.8	$ 254.4	$ 261.1	$ 268.2
Insurance Reserves:								
Loss Reserves:								
Case	$ 135.1	$ 137.9	$ 143.6	$ 147.3	$ 151.9	$ 156.5	$ 162.2	$ 166.7
Incurred but Not Reported	47.7	48.9	60.8	63.1	63.4	62.4	63.3	65.7
Total Loss Reserves	182.8	186.8	204.4	210.4	215.3	218.9	225.5	232.4
LAE Reserves	43.1	45.1	35.4	36.3	35.5	35.5	35.6	35.8
Insurance Reserves	$ 225.9	$ 231.9	$ 239.8	$ 246.7	$ 250.8	$ 254.4	$ 261.1	$ 268.2

Kemper Corporation
Unitrin Direct
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Results of Operations										
Net premiums written	$ 45.5	$ 52.0	$ 50.6	$ 60.9	$ 61.4	$ 67.3	$ 65.8	$ 74.8	$ 209.0	$ 269.3
Earned Premiums:										
Automobile	$ 48.5	$ 52.0	$ 55.2	$ 57.6	$ 62.6	$ 66.4	$ 70.6	$ 73.9	$ 213.3	$ 273.5
Homeowners	2.4	2.3	2.3	2.2	2.2	2.2	2.3	2.0	9.2	8.7
Other Personal	—	0.1	—	0.1	—	—	0.1	0.1	0.2	0.2
Total Earned Premiums	50.9	54.4	57.5	59.9	64.8	68.6	73.0	76.0	222.7	282.4
Net Investment Income	4.0	2.9	5.6	5.4	5.4	4.8	5.9	5.3	17.9	21.4
Other Income	—	0.1	—	—	—	—	0.1	—	0.1	0.1
Total Revenues	54.9	57.4	63.1	65.3	70.2	73.4	79.0	81.3	240.7	303.9
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	49.1	44.9	48.5	52.3	54.3	54.5	58.1	62.0	194.8	228.9
Catastrophe Losses and LAE	0.5	2.2	3.9	0.1	0.6	0.5	0.5	0.2	6.7	1.8
Prior Years:										
Non-catastrophe Losses and LAE	1.9	(5.3)	(0.9)	(0.1)	0.8	(0.5)	(3.5)	(3.8)	(4.4)	(7.0)
Catastrophe Losses and LAE	0.1	—	0.1	0.3	—	—	—	0.2	0.5	0.2
Total Incurred Losses and LAE	51.6	41.8	51.6	52.6	55.7	54.5	55.1	58.6	197.6	223.9
Insurance Expenses	17.2	19.3	19.7	20.1	19.9	20.4	23.0	23.8	76.3	87.1
Write-off of Other Intangible Assets Acquired	13.5	—	—	—	—	—	—	—	13.5	—
Operating Profit (Loss)	(27.4)	(3.7)	(8.2)	(7.4)	(5.4)	(1.5)	0.9	(1.1)	(46.7)	(7.1)
Income Tax Benefit (Expense)	10.4	2.1	3.5	3.6	3.5	1.8	(0.5)	1.2	19.6	6.0
Segment Net Operating Income (Loss)	$ (17.0)	$ (1.6)	$ (4.7)	$ (3.8)	$ (1.9)	$ 0.3	$ 0.4	$ 0.1	$ (27.1)	$ (1.1)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	96.5%	82.5%	84.3%	87.3%	83.9%	79.4%	79.6%	81.5%	87.5%	81.1%
Current Year Catastrophe Losses and LAE Ratio	1.0	4.0	6.8	0.2	0.9	0.7	0.7	0.3	3.0	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	3.7	(9.7)	(1.6)	(0.2)	1.2	(0.7)	(4.8)	(5.0)	(2.0)	(2.5)
Prior Years Catastrophe Losses and LAE Ratio	0.2	—	0.2	0.5	—	—	—	0.3	0.2	0.1
Total Incurred Loss and LAE Ratio	101.4	76.8	89.7	87.8	86.0	79.4	75.5	77.1	88.7	79.3
Incurred Expense Ratio	60.3	35.5	34.3	33.6	30.7	29.7	31.5	31.3	40.3	30.8
Combined Ratio	161.7%	112.3%	124.0%	121.4%	116.7%	109.1%	107.0%	108.4%	129.0%	110.1%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	96.5%	82.5%	84.3%	87.3%	83.9%	79.4%	79.6%	81.5%	87.5%	81.1%
Incurred Expense Ratio	60.3	35.5	34.3	33.6	30.7	29.7	31.5	31.3	40.3	30.8
Underlying Combined Ratio	156.8%	118.0%	118.6%	120.9%	114.6%	109.1%	111.1%	112.8%	127.8%	111.9%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	156.8%	118.0%	118.6%	120.9%	114.6%	109.1%	111.1%	112.8%	127.8%	111.9%
Current Year Catastrophe Losses and LAE Ratio	1.0	4.0	6.8	0.2	0.9	0.7	0.7	0.3	3.0	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	3.7	(9.7)	(1.6)	(0.2)	1.2	(0.7)	(4.8)	(5.0)	(2.0)	(2.5)
Prior Years Catastrophe Losses and LAE Ratio	0.2	—	0.2	0.5	—	—	—	0.3	0.2	0.1
Combined Ratio as Reported	161.7%	112.3%	124.0%	121.4%	116.7%	109.1%	107.0%	108.4%	129.0%	110.1%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior year catastrophes) on the combined ratio and the effect of prior year reserve development at the reporting date (including development on prior year catastrophes) on the combined ratio.

Kemper Corporation
Unitrin Direct
Insurance Reserves
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Insurance Reserves:								
Automobile	$ 216.5	$ 213.3	$ 223.0	$ 230.5	$ 229.5	$ 227.4	$ 226.6	$ 232.0
Homeowners	4.8	5.1	5.8	5.4	3.7	3.6	3.5	3.2
Other Personal	2.6	2.7	2.7	2.5	2.4	1.5	1.5	2.4
Insurance Reserves	$ 223.9	$ 221.1	$ 231.5	$ 238.4	$ 235.6	$ 232.5	$ 231.6	$ 237.6
Insurance Reserves:								
Loss Reserves:								
Case	$ 140.9	$ 147.2	$ 146.4	$ 150.8	$ 144.9	$ 144.1	$ 148.3	$ 138.5
Incurred but Not Reported	54.0	44.5	53.5	54.9	56.8	53.8	47.6	60.5
Total Loss Reserves	194.9	191.7	199.9	205.7	201.7	197.9	195.9	199.0
LAE Reserves	29.0	29.4	31.6	32.7	33.9	34.6	35.7	38.6
Insurance Reserves	$ 223.9	$ 221.1	$ 231.5	$ 238.4	$ 235.6	$ 232.5	$ 231.6	$ 237.6

Kemper Corporation
Life and Health Insurance
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Results of Operations										
Earned Premiums:										
Life	$ 98.0	$ 98.0	$ 99.7	$ 99.4	$ 98.4	$ 98.8	$ 100.0	$ 99.5	$ 395.1	$ 396.7
Accident and Health	41.7	41.9	41.5	41.2	41.4	40.5	40.1	39.9	166.3	161.9
Property	20.4	21.2	21.7	21.2	21.1	21.5	21.6	21.3	84.5	85.5
Total Earned Premiums	160.1	161.1	162.9	161.8	160.9	160.8	161.7	160.7	645.9	644.1
Net Investment Income	53.6	42.9	52.4	53.0	55.9	53.8	51.3	53.3	201.9	214.3
Other Income	—	—	0.1	—	0.1	0.1	—	—	0.1	0.2
Total Revenues	213.7	204.0	215.4	214.8	216.9	214.7	213.0	214.0	847.9	858.6
Policyholders' Benefits and Incurred Losses and LAE	88.5	93.0	108.6	95.5	91.0	101.6	107.4	106.8	385.6	406.8
Insurance Expenses	75.4	76.7	74.1	68.5	72.8	71.4	72.1	66.7	294.7	283.0
Write-off of Goodwill	—	—	—	—	—	14.8	—	—	—	14.8
Operating Profit	49.8	34.3	32.7	50.8	53.1	26.9	33.5	40.5	167.6	154.0
Income Tax Expense	(17.3)	(11.9)	(11.8)	(18.1)	(18.5)	(14.5)	(12.0)	(14.1)	(59.1)	(59.1)
Segment Net Operating Income	$ 32.5	$ 22.4	$ 20.9	$ 32.7	$ 34.6	$ 12.4	$ 21.5	$ 26.4	$ 108.5	$ 94.9

	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
Insurance Reserves:								
Future Policyholder Benefits	$ 3,046.8	$ 3,039.8	$ 3,029.2	$ 3,014.7	$ 3,004.8	$ 2,995.4	$ 2,984.0	$ 2,977.2
Incurred Losses and LAE Reserves:								
Life	33.8	32.9	34.3	36.0	35.3	34.2	39.0	42.4
Accident and Health	22.1	21.7	22.1	22.9	23.6	24.4	25.8	26.9
Property	8.3	12.0	18.1	16.9	20.8	21.2	18.9	16.5
Total Incurred Losses and LAE Reserves	64.2	66.6	74.5	75.8	79.7	79.8	83.7	85.8
Insurance Reserves	$ 3,111.0	$ 3,106.4	$ 3,103.7	$ 3,090.5	$ 3,084.5	$ 3,075.2	$ 3,067.7	$ 3,063.0

Kemper Corporation
Details of Investment Performance
(Dollars and Shares in Millions, Except Per Share Amounts)

	Three Months Ended								Year Ended	
	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Net Investment Income										
Interest and Dividends on Fixed Maturities	$ 62.8	$ 61.8	$ 62.0	$ 60.0	$ 59.9	$ 60.5	$ 60.9	$ 62.5	$ 246.6	$ 243.8
Dividends on Equity Securities	6.0	6.0	6.1	7.1	4.8	4.0	2.9	4.3	25.2	16.0
Short-term Investments	—	—	—	0.1	0.1	0.1	—	0.1	0.1	0.3
Loans to Policyholders	4.6	4.4	4.3	4.4	4.2	4.2	4.0	4.1	17.7	16.5
Real Estate	6.6	6.7	6.3	6.4	6.9	6.7	6.9	6.6	26.0	27.1
Equity Method Limited Liability Investments	2.4	(13.7)	10.9	10.0	15.5	10.5	13.4	9.4	9.6	48.8
Other	0.2	—	0.1	—	—	—	—	—	0.3	—
Total Investment Income	82.6	65.2	89.7	88.0	91.4	86.0	88.1	87.0	325.5	352.5
Investment Expenses:										
Real Estate	6.9	6.2	6.4	6.4	6.3	6.4	6.5	6.5	25.9	25.7
Other Investment Expenses	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.2	1.6	1.1
Total Investment Expenses	7.3	6.6	6.8	6.8	6.7	6.6	6.8	6.7	27.5	26.8
Net Investment Income	$ 75.3	$ 58.6	$ 82.9	$ 81.2	$ 84.7	$ 79.4	$ 81.3	$ 80.3	$ 298.0	$ 325.7
Net Realized Gains on Sales of Investments										
Fixed Maturities:										
Gains on Sales	$ 1.3	$ 7.1	$ 3.0	$ 2.8	$ 15.8	$ 0.9	$ 2.3	$ 2.5	$ 14.2	$ 21.5
Losses on Sales	—	—	(0.1)	—	(0.1)	—	—	—	(0.1)	(0.1)
Equity Securities:										
Gains on Sales	4.8	2.8	15.2	11.2	4.0	5.7	0.3	1.7	34.0	11.7
Losses on Sales	—	(13.4)	(0.1)	—	—	—	—	—	(13.5)	—
Investee - Intermec:										
Gains on Sales	—	—	—	—	—	—	0.8	—	—	0.8
Real Estate:										
Gains on Sales	—	—	—	0.1	8.2	—	—	—	0.1	8.2
Other Investments:										
Gains on Sales	—	—	—	—	—	0.1	—	—	—	0.1
Losses on Sales	(0.1)	—	—	—	—	—	(0.1)	—	(0.1)	(0.1)
Trading Securities Net Gains (Losses)	(0.1)	(0.7)	(0.2)	0.1	0.1	0.5	(0.4)	0.3	(0.9)	0.5
Net Realized Gains (Losses) on Sales of Investments	$ 5.9	$ (4.2)	$ 17.8	$ 14.2	$ 28.0	$ 7.2	$ 2.9	$ 4.5	$ 33.7	$ 42.6
Net Impairment Losses Recognized in Earnings										
Fixed Maturities	$ (2.2)	$ —	$ —	$ —	$ (2.0)	$ (4.6)	$ (4.6)	$ (3.2)	$ (2.2)	$ (14.4)
Equity Securities	(0.1)	(0.1)	(1.3)	(0.4)	(1.8)	—	(0.3)	—	(1.9)	(2.1)
Real Estate	$ (2.3)	$ (4.9)	$ —	$ —	$ —	$ —	$ —	$ —	$ (7.2)	$ —
Net Impairment Losses Recognized in Earnings	$ (4.6)	$ (5.0)	$ (1.3)	$ (0.4)	$ (3.8)	$ (4.6)	$ (4.9)	$ (3.2)	$ (11.3)	$ (16.5)

Kemper Corporation
Details of Invested Assets
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011 Carrying Value	Dec 31, 2011 Percent of Total Investments[1]	Dec 31, 2010 Carrying Value	Dec 31, 2010 Percent of Total Investments[1]	Dec 31, 2009 Carrying Value	Dec 31, 2009 Percent of Total Investments[1]
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities	$ 491.7	7.9 %	$ 536.9	8.6%	$ 720.9	12.0%
States and Political Subdivisions	1,852.6	29.8	1,792.8	28.7	1,745.3	29.0
Corporate Securities:						
Bonds and Notes	2,342.3	37.6	2,049.0	32.8	1,931.6	32.1
Redeemable Preferred Stocks	81.7	1.3	88.3	1.4	150.4	2.5
Mortgage and Asset-backed	5.1	0.1	8.3	0.1	13.2	0.2
Total Fixed Maturities Reported at Fair Value	4,773.4	76.7	4,475.3	71.6	4,561.4	75.8
Equity Securities Reported at Fair Value:						
Preferred Stocks	107.2	1.7	125.1	2.0	115.1	1.9
Common Stocks:						
Intermec	—	—	137.5	2.2	—	—
Other Equities	130.4	2.1	133.4	2.1	41.2	0.7
Other Equity Interests:						
Exchange Traded Funds	66.6	1.1	79.2	1.3	—	—
Limited Liability Companies and Limited Partnerships	93.1	1.5	75.2	1.2	39.1	0.6
Total Equity Securities Reported at Fair Value	397.3	6.4	550.4	8.8	195.4	3.2
Equity Method Limited Liability Investments	306.3	4.9	328.0	5.2	285.5	4.7
Investee (Intermec) at Cost Plus Cumulative Undistributed Earnings	—	—	—	—	98.4	1.6
Short-term Investments at Cost which Approximates Fair Value	247.4	4.0	402.9	6.4	397.0	6.6
Other Investments:						
Loans to Policyholders at Unpaid Principal	253.9	4.1	238.4	3.8	223.6	3.7
Real Estate at Depreciated Cost	239.4	3.8	249.9	4.0	257.1	4.3
Trading Securities at Fair Value	4.4	0.1	5.1	0.1	4.6	0.1
Other	0.6	—	0.8	—	0.8	—
Total Other Investments	498.3	8.0	494.2	7.9	486.1	8.1
Total Investments	$ 6,222.7	100.0 %	$ 6,250.8	100.0%	$ 6,023.8	100.0%
S&P Equivalent Rating for Fixed Maturities						
AAA, AA, A	$ 3,591.8	75.2 %	$ 3,493.7	78.1%	$ 3,678.4	80.6%
BBB	839.4	17.6	733.1	16.4	650.3	14.3
BB	108.6	2.3	105.3	2.4	110.4	2.4
B	89.1	1.9	52.3	1.2	27.1	0.6
CCC	127.8	2.7	76.6	1.7	74.1	1.6
In or Near Default	16.7	0.3	14.3	0.3	21.1	0.5
Total Investments in Fixed Maturities	$ 4,773.4	100.0 %	$ 4,475.3	100.0%	$ 4,561.4	100.0%
Duration (in Years)						
Total Investments in Fixed Maturities	7.4		7.2		6.9	

[1] Sum of percentages for individual lines does not equal subtotals and grand total due to rounding.

Kemper Corporation
Investment Concentration
(Dollars in Millions)
(Unaudited)

Fair Value of Non-governmental Fixed Maturities by Industry	Dec 31, 2011 Amount	Dec 31, 2011 Percent of Total Investments	Dec 31, 2010 Amount	Dec 31, 2010 Percent of Total Investments	Dec 31, 2009 Amount	Dec 31, 2009 Percent of Total Investments
Manufacturing	$ 1,153.1	18.5%	$ 1,023.6	16.4%	$ 928.8	15.4%
Finance, Insurance and Real Estate	590.4	9.5	566.4	9.1	608.8	10.1
Transportation, Communication and Utilities	252.2	4.1	229.7	3.7	236.2	3.9
Services	233.8	3.8	186.3	3.0	181.9	3.0
Mining	89.6	1.4	52.0	0.8	58.4	1.0
Retail Trade	50.1	0.8	33.5	0.5	32.3	0.5
Wholesale Trade	41.5	0.7	36.5	0.6	33.3	0.6
Agriculture, Forestry and Fishing	17.8	0.3	17.0	0.3	14.9	0.2
Other	0.6	—	0.6	—	0.6	—
Total Fair Value of Non-governmental Fixed Maturities	$ 2,429.1	39.1%	$ 2,145.6	34.4%	$ 2,095.2	34.7%

Ten Largest Investment Exposures [1]	Dec 31, 2011 Fair Value	Dec 31, 2011 Percent of Total Investments
Fixed Maturities:		
States and Political Subdivisions:		
Texas	$ 105.6	1.7%
Washington	93.2	1.5
Louisiana	76.8	1.2
Georgia	75.6	1.2
New York	64.1	1.0
Colorado	59.9	1.0
Equity Securities:		
iShares® iBoxx $ Investment Grade Corporate Bond Fund	66.6	1.1
Equity Method Limited Liability Investments:		
Tennebaum Opportunities Fund V, LLC	75.6	1.2
Special Value Opportunity Fund, LLC	67.8	1.1
Goldman Sachs Vintage Fund IV, L.P.	64.2	1.0
Total	$ 749.4	12.0%

[1] Excluding Investments in U.S. Government and Government Agencies and Authorities and Obligations of States and Political Subdivisions Pre-refunded with U.S. Government and Government Agencies Held in Trust at December 31, 2011.

Kemper Corporation
Municipal Bond Securities excluding Pre-refunded with U.S. Government Held in Trust
(Dollars in Millions)
(Unaudited)

	Dec 31, 2011					
	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond[1]	Percent of Total Investments[1]
Texas	$ 67.1	$ 15.3	$ 23.2	$ 105.6	6.7%	1.7%
Washington	65.6	4.5	23.1	93.2	5.9	1.5
Louisiana	40.7	10.0	26.1	76.8	4.9	1.2
Georgia	50.1	13.7	11.8	75.6	4.8	1.2
New York	22.1	—	42.0	64.1	4.1	1.0
Colorado	—	19.5	40.4	59.9	3.8	1.0
Ohio	34.5	—	22.6	57.1	3.6	0.9
Alaska	50.7	—	2.7	53.4	3.4	0.9
Wisconsin	52.5	—	—	52.5	3.3	0.8
Florida	50.0	—	0.1	50.1	3.2	0.8
Connecticut	44.4	—	5.5	49.9	3.2	0.8
Pennsylvania	39.4	5.3	1.7	46.4	2.9	0.7
Massachusetts	21.7	—	22.7	44.4	2.8	0.7
Oregon	43.8	—	0.6	44.4	2.8	0.7
Illinois	37.3	1.6	3.9	42.8	2.7	0.7
North Carolina	15.4	5.1	18.9	39.4	2.5	0.6
Maryland	33.9	1.9	3.5	39.3	2.5	0.6
Hawaii	35.8	0.4	—	36.2	2.3	0.6
Virginia	8.5	19.5	6.8	34.8	2.2	0.6
California	18.8	1.1	11.0	30.9	2.0	0.5
South Carolina	25.6	5.0	0.2	30.8	2.0	0.5
Arkansas	29.2	—	—	29.2	1.9	0.5
Mississippi	24.5	—	4.3	28.8	1.8	0.5
Nevada	27.1	1.1	—	28.2	1.8	0.5
Missouri	3.1	4.1	21.0	28.2	1.8	0.5
New Jersey	6.1	2.0	19.0	27.1	1.7	0.4
Indiana	—	—	26.8	26.8	1.7	0.4
Utah	12.0	3.5	10.6	26.1	1.7	0.4
Iowa	—	—	23.1	23.1	1.5	0.4
Minnesota	13.1	9.9	—	23.0	1.5	0.4
Delaware	14.0	—	6.1	20.1	1.3	0.3
Tennessee	4.4	12.3	3.3	20.0	1.3	0.3
Rhode Island	19.3	—	—	19.3	1.2	0.3
West Virginia	19.3	—	—	19.3	1.2	0.3
Nebraska	—	12.5	5.1	17.6	1.1	0.3
Kentucky	—	1.1	14.9	16.0	1.0	0.3
Arizona	—	8.5	6.9	15.4	1.0	0.2
Michigan	—	—	12.5	12.5	0.8	0.2
All Other States	7.8	21.0	40.3	69.1	4.4	1.1
Total (1)	$ 937.8	$ 178.9	$ 460.7	$ 1,577.4	100.3%	25.3%

[1] Sum of percentages for individual lines does not equal total due to rounding.

Kemper Corporation
Investments in Limited Liability Investment
Companies and Limited Partnerships
(Dollars in Millions)
(Unaudited)

	Asset Class	Unfunded Commitment Dec 31, 2011	Reported Value Dec 31, 2011	Reported Value Dec 31, 2010	Stated Fund End Date
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:					
Tennenbaum Opportunities Fund V, LLC	Distressed Debt	$ —	$ 75.6	$ 91.4	10/10/16
Special Value Opportunity Fund, LLC	Distressed Debt	—	67.8	86.8	07/13/14
Goldman Sachs Vintage Fund IV, L.P.	Secondary Transactions	22.4	64.2	58.9	12/31/16
Special Value Continuation Fund, LLC	Distressed Debt	—	22.4	26.8	06/30/16
BNY-Alcentra Mezzanine Partners III, L.P.	Mezzanine Debt	21.1	22.7	4.5	2021-2022
NY Life Investment Management Mezzanine Partners II, LP	Mezzanine Debt	4.1	13.5	20.5	07/31/16
BNY Mezzanine Partners L.P.	Mezzanine Debt	1.5	12.9	14.1	04/17/16
Ziegler Meditech Equity Partners, LP	Growth Equity	1.8	13.3	10.4	01/31/16
Other Funds		2.5	13.9	14.6	Various
Total Equity Method Limited Liability Investments		53.4	306.3	328.0	
Reported as Other Equity Interests and Reported at Fair Value:					
Highbridge Principal Strategies Fund L.P.	Mezzanine Debt	4.7	20.8	11.4	01/23/18
Goldman Sachs Vintage Fund V, L.P.	Secondary Transactions	8.1	13.9	8.7	12/31/18
Goldman Sachs Mezzanine Partners V, L.P.	Mezzanine Debt	14.4	8.2	8.4	12/31/21
Other		51.6	50.2	46.7	Various
Total Reported as Other Equity Interests and Reported at Fair Value		78.8	93.1	75.2	
Total		$ 132.2	$ 399.4	$ 403.2	

Kemper Corporation
Definitions of Non-GAAP Financial Measures

The Company believes that investors' understanding of Kemper's performance is enhanced by the disclosure of the following non-GAAP financial measures. The methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Book Value Per Share Excluding Unrealized Gains on Fixed Maturities, is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the impact of unrealized net capital gains and losses on fixed income securities by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. The Company uses the trend in book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities in conjunction with book value per share to identify and analyze the change in net worth attributable to management efforts between periods. The Company believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management. The Company believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

Book Value Per Share Excluding Goodwill, is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the recorded Goodwill asset. Book value per share is the most directly comparable GAAP financial measure. Book Value Per Share, Excluding Goodwill, also referred to as Tangible Book Value Per Share, is a common measure used by analysts and investors to compare similar companies.

Consolidated Net Operating Income (Loss) is an after-tax, non-GAAP measure and is computed by excluding from Income (Loss) from Continuing Operations the after-tax impact of 1) Net Realized Gains (Losses) on Sales of Investments, 2) Net Impairment Losses Recognized in Earnings related to investments and 3) other significant non-recurring or infrequent items that may not be indicative of ongoing operations. Significant non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is income from continuing operations.

The Company believes that Consolidated Net Operating Income (Loss) provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. Net Realized Gains on Sales of Investments and Net Impairment Losses Recognized in Earnings related to investments included in the Company's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the company's investments, the timing of which is unrelated to the insurance underwriting process. Significant non-recurring items are excluded because, by their nature, they are not indicative of the Company's business or economic trends.

A reconciliation of Consolidated Net Operating Income (Loss) to Income (Loss) from Continuing Operations is presented below:

	Three Months Ended								Year Ended	
Dollars in Millions	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2011	Dec 31, 2010
Consolidated Net Operating Income (Loss)	$ 25.2	$ 9.8	$ (17.4)	$ 38.7	$ 39.7	$ 30.6	$ 37.7	$ 43.9	$ 56.3	$ 151.9
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments	3.9	(2.7)	11.5	9.2	18.4	4.7	1.9	2.9	21.9	27.9
Net Impairment Losses Recognized in Earnings	(3.0)	(3.3)	(0.7)	(0.3)	(2.4)	(3.0)	(3.2)	(2.1)	(7.3)	(10.7)
Income (Loss) from Continuing Operations	$ 26.1	$ 3.8	$ (6.6)	$ 47.6	$ 55.7	$ 32.3	$ 36.4	$ 44.7	$ 70.9	$ 169.1

Underlying Combined Ratio is a non-GAAP financial measure, which is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Incurred Expense Ratio. The most directly comparable GAAP financial measure is the combined ratio. The Company believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in the Company's Property and Casualty insurance businesses that may be obscured by catastrophe losses and prior year reserve development. These catastrophe losses cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve developments are caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of our insurance products in the current period. The Company believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing the Company's underwriting performance. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.