



**Investor Supplement
Second Quarter 2014**

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 27.

Kemper Corporation
Investor Supplement
Second Quarter 2014
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Kemper Corporation
Consolidated Financial Highlights
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>For Period Ended</u>								
Earned Premiums	\$ 470.3	\$ 477.6	\$ 495.6	\$ 507.5	\$ 512.8	\$ 509.9	\$ 947.9	\$ 1,022.7
Net Investment Income	72.6	71.1	76.9	82.4	74.6	80.8	143.7	155.4
Net Investment Gains (Losses) and Other Income	(0.4)	5.9	13.5	45.8	1.5	25.2	5.5	26.7
Total Revenues	<u>\$ 542.5</u>	<u>\$ 554.6</u>	<u>\$ 586.0</u>	<u>\$ 635.7</u>	<u>\$ 588.9</u>	<u>\$ 615.9</u>	<u>\$ 1,097.1</u>	<u>\$ 1,204.8</u>
Consolidated Net Operating Income ¹	\$ 9.6	\$ 31.5	\$ 46.3	\$ 38.9	\$ 31.7	\$ 42.3	\$ 41.1	\$ 74.0
Income from Continuing Operations	\$ 9.3	\$ 35.2	\$ 54.8	\$ 68.6	\$ 32.5	\$ 58.6	\$ 44.5	\$ 91.1
Net Income	\$ 9.3	\$ 35.1	\$ 55.2	\$ 70.1	\$ 34.0	\$ 58.4	\$ 44.4	\$ 92.4
Per Unrestricted Common Share Amounts:								
<u>Basic:</u>								
Consolidated Net Operating Income ¹	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 0.74	\$ 1.27
Income from Continuing Operations	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 0.80	\$ 1.57
Net Income	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.24	\$ 0.59	\$ 1.00	\$ 0.80	\$ 1.59
<u>Diluted:</u>								
Consolidated Net Operating Income ¹	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 0.74	\$ 1.27
Income from Continuing Operations	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 0.80	\$ 1.57
Net Income	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.23	\$ 0.59	\$ 1.00	\$ 0.80	\$ 1.59
Dividends Paid to Shareholders Per Share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.48	\$ 0.48
<u>At Period End</u>								
Total Assets	\$ 7,969.8	\$ 7,944.2	\$ 7,656.4	\$ 7,745.9	\$ 7,820.8	\$ 8,056.2		
Insurance Reserves	\$ 4,064.2	\$ 4,067.3	\$ 4,061.0	\$ 4,086.1	\$ 4,108.6	\$ 4,117.1		
Debt	\$ 751.7	\$ 751.4	\$ 606.9	\$ 606.7	\$ 611.9	\$ 611.6		
Shareholders' Equity	\$ 2,138.6	\$ 2,144.7	\$ 2,051.5	\$ 2,009.1	\$ 2,005.0	\$ 2,172.4		
Shareholders' Equity Excluding Goodwill	\$ 1,826.8	\$ 1,832.9	\$ 1,739.7	\$ 1,697.3	\$ 1,693.2	\$ 1,860.6		
Common Shares Issued and Outstanding (In Millions)	53.497	55.408	55.653	56.025	57.061	58.322		
Book Value Per Share ²	\$ 39.98	\$ 38.71	\$ 36.86	\$ 35.86	\$ 35.14	\$ 37.25		
Book Value Per Share Excluding Goodwill ^{1,2}	\$ 34.15	\$ 33.08	\$ 31.26	\$ 30.30	\$ 29.67	\$ 31.90		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities ^{1,2}	\$ 35.32	\$ 35.13	\$ 34.49	\$ 32.93	\$ 31.91	\$ 31.55		
Debt to Total Capitalization ²	26.0%	25.9%	22.8%	23.2%	23.4%	22.0%		
Rolling 12 Months Return on 5-point Average Shareholders Equity ^{2,3}	8.2%	9.4%	10.5%	7.8%	7.0%	5.5%		

¹ Non-GAAP Measure. See page 27 for definition.

² See Capital Metrics on page 8 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 Income
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
Revenues:								
Earned Premiums	\$ 470.3	\$ 477.6	\$ 495.6	\$ 507.5	\$ 512.8	\$ 509.9	\$ 947.9	\$ 1,022.7
Net Investment Income	72.6	71.1	76.9	82.4	74.6	80.8	143.7	155.4
Other Income	0.2	0.1	0.3	0.1	0.2	0.2	0.3	0.4
Net Realized Gains on Sales of Investments	3.5	6.6	20.8	49.1	2.3	26.9	10.1	29.2
Other-than-temporary Impairment Losses:								
Total Other-than-temporary Impairment Losses	(4.1)	(0.8)	(7.6)	(3.5)	(2.3)	(2.4)	(4.9)	(4.7)
Portion of Losses Recognized in Other Comprehensive Income	—	—	—	0.1	1.3	0.5	—	1.8
Net Impairment Losses Recognized in Earnings	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(4.9)	(2.9)
Total Revenues	542.5	554.6	586.0	635.7	588.9	615.9	1,097.1	1,204.8
Expenses:								
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	347.5	327.9	315.5	338.3	354.2	349.2	675.4	703.4
Insurance Expenses	161.3	152.1	162.9	170.1	163.1	158.3	313.4	321.4
Interest and Other Expenses	22.5	22.7	26.2	25.3	25.2	23.8	45.2	49.0
Total Expenses	531.3	502.7	504.6	533.7	542.5	531.3	1,034.0	1,073.8
Income from Continuing Operations before Income Taxes	11.2	51.9	81.4	102.0	46.4	84.6	63.1	131.0
Income Tax Expense	(1.9)	(16.7)	(26.6)	(33.4)	(13.9)	(26.0)	(18.6)	(39.9)
Income from Continuing Operations	9.3	35.2	54.8	68.6	32.5	58.6	44.5	91.1
Discontinued Operations:								
Income (Loss) from Discontinued Operations before Income Taxes	—	(0.2)	0.6	2.2	2.5	(0.4)	(0.2)	2.1
Income Tax Benefit (Expense)	—	0.1	(0.2)	(0.7)	(1.0)	0.2	0.1	(0.8)
Income (Loss) from Discontinued Operations	—	(0.1)	0.4	1.5	1.5	(0.2)	(0.1)	1.3
Net Income	\$ 9.3	\$ 35.1	\$ 55.2	\$ 70.1	\$ 34.0	\$ 58.4	\$ 44.4	\$ 92.4
Income from Continuing Operations Per Unrestricted Share:								
Basic	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 0.80	\$ 1.57
Diluted	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 0.80	\$ 1.57
Net Income Per Unrestricted Share:								
Basic	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.24	\$ 0.59	\$ 1.00	\$ 0.80	\$ 1.59
Diluted	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.23	\$ 0.59	\$ 1.00	\$ 0.80	\$ 1.59
Dividends Paid to Shareholders Per Share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.48	\$ 0.48
Weighted Average Unrestricted Common Shares Outstanding (in Millions)	54.667	55.313	55.412	56.366	57.519	58.131	54.990	57.825

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

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
Assets:						
Investments:						
Fixed Maturities at Fair Value	\$ 4,680.0	\$ 4,619.5	\$ 4,575.0	\$ 4,645.0	\$ 4,701.1	\$ 4,856.5
Equity Securities at Fair Value	646.2	648.3	598.5	567.4	545.0	554.1
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	227.1	239.0	245.1	231.4	241.7	248.1
Fair Value Option Investments	40.3	—	—	—	—	—
Short-term Investments at Cost	480.1	506.9	284.7	286.8	239.3	362.8
Other Investments	448.3	448.2	448.0	446.2	496.0	494.8
Total Investments	<u>6,522.0</u>	<u>6,461.9</u>	<u>6,151.3</u>	<u>6,176.8</u>	<u>6,223.1</u>	<u>6,516.3</u>
Cash	61.8	65.0	66.5	76.1	69.5	97.5
Receivable from Policyholders	313.5	319.5	331.6	354.2	357.5	363.2
Other Receivables	190.5	225.5	193.1	203.9	206.2	202.7
Deferred Policy Acquisition Costs	304.8	301.8	302.9	308.5	308.4	304.5
Goodwill	311.8	311.8	311.8	311.8	311.8	311.8
Current and Deferred Income Tax Assets	10.1	—	31.8	61.6	85.7	—
Other Assets	255.3	258.7	267.4	253.0	258.6	260.2
Total Assets	<u>\$ 7,969.8</u>	<u>\$ 7,944.2</u>	<u>\$ 7,656.4</u>	<u>\$ 7,745.9</u>	<u>\$ 7,820.8</u>	<u>\$ 8,056.2</u>
Liabilities and Shareholders' Equity:						
Insurance Reserves:						
Life and Health	\$ 3,249.0	\$ 3,237.7	\$ 3,217.5	\$ 3,201.5	\$ 3,189.6	\$ 3,174.8
Property and Casualty	815.2	829.6	843.5	884.6	919.0	942.3
Total Insurance Reserves	<u>4,064.2</u>	<u>4,067.3</u>	<u>4,061.0</u>	<u>4,086.1</u>	<u>4,108.6</u>	<u>4,117.1</u>
Unearned Premiums	571.8	582.5	598.9	635.3	640.3	646.8
Liabilities for Income Taxes	53.4	30.6	8.3	6.6	6.5	25.8
Debt at Amortized Cost	751.7	751.4	606.9	606.7	611.9	611.6
Accrued Expenses and Other Liabilities	390.1	367.7	329.8	402.1	448.5	482.5
Total Liabilities	<u>5,831.2</u>	<u>5,799.5</u>	<u>5,604.9</u>	<u>5,736.8</u>	<u>5,815.8</u>	<u>5,883.8</u>
Shareholders' Equity:						
Common Stock	5.3	5.5	5.6	5.6	5.7	5.8
Paid-in Capital	671.3	693.5	694.8	698.0	709.1	722.5
Retained Earnings	1,183.4	1,231.5	1,215.8	1,184.4	1,151.7	1,158.0
Accumulated Other Comprehensive Income	278.6	214.2	135.3	121.1	138.5	286.1
Total Shareholders' Equity	<u>2,138.6</u>	<u>2,144.7</u>	<u>2,051.5</u>	<u>2,009.1</u>	<u>2,005.0</u>	<u>2,172.4</u>
Total Liabilities and Shareholders' Equity	<u>\$ 7,969.8</u>	<u>\$ 7,944.2</u>	<u>\$ 7,656.4</u>	<u>\$ 7,745.9</u>	<u>\$ 7,820.8</u>	<u>\$ 8,056.2</u>

Kemper Corporation
Consolidated Statements of Cash Flows
(Dollars in Millions)
(Unaudited)

	Six Months Ended		Year Ended
	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
Operating Activities:			
Net Income	\$ 44.4	\$ 92.4	\$ 217.7
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:			
Decrease (Increase) in Deferred Policy Acquisition Costs	(1.9)	(5.0)	0.5
Amortization of Life Insurance in Force Acquired and Customer Relationships Acquired	3.7	4.2	8.3
Equity in Earnings of Equity Method Limited Liability Investments	(4.8)	(12.2)	(26.4)
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments	12.4	8.0	15.4
Appreciation on Fair Value Option Investments	(0.3)	—	—
Amortization of Investment Securities and Depreciation of Investment Real Estate	7.3	8.6	16.2
Net Realized Gains on Sales of Investments	(10.1)	(29.2)	(99.1)
Net Impairment Losses Recognized in Earnings	4.9	2.9	13.9
Depreciation of Property and Equipment	8.8	8.6	17.4
Decrease in Other Receivables	28.9	9.0	43.5
Increase (Decrease) in Insurance Reserves	2.6	(24.3)	(72.5)
Decrease in Unearned Premiums	(27.1)	(10.6)	(52.0)
Change in Income Taxes	(12.4)	0.8	57.9
Increase (Decrease) in Accrued Expenses and Other Liabilities	5.5	4.8	(54.8)
Other, Net	10.7	18.6	36.1
Net Cash Provided by Operating Activities (Carryforward to page 7)	72.6	76.6	122.1

Kemper Corporation
Consolidated Statements of Cash Flows
(Dollars in Millions)
(Unaudited)

	Six Months Ended		Year Ended
	Jun 30, 2014	Jun 30, 2013	Dec 31, 2013
Net Cash Provided by Operating Activities (Carryforward from page 6)	72.6	76.6	122.1
Investing Activities:			
Sales, Paydowns and Maturities of Fixed Maturities	342.8	465.7	664.4
Purchases of Fixed Maturities	(225.7)	(572.2)	(744.5)
Sales of Equity Securities	69.9	50.7	182.1
Purchases of Equity Securities	(81.0)	(62.8)	(213.4)
Sales of and Return of Investment of Equity Method Limited Liability Investments	26.4	18.9	31.3
Acquisitions of Equity Method Limited Liability Investments	(16.0)	(5.3)	(20.5)
Sales of Fair Value Option Investments	2.9	—	—
Purchases of Fair Value Option Investments	(42.9)	—	—
Decrease (Increase) in Short-term Investments	(198.0)	87.3	41.8
Acquisition and Improvements of Investment Real Estate	(1.3)	(2.7)	(5.4)
Sales of Investment Real Estate	0.9	3.8	102.7
Increase in Other Investments	(2.4)	(3.7)	(9.1)
Acquisition of Software	(5.6)	(9.8)	(15.2)
Disposition of Business, Net of Cash Disposed	8.9	3.8	3.8
Other, Net	(4.6)	(5.2)	(13.2)
Net Cash Provided (Used) by Investing Activities	(125.7)	(31.5)	4.8
Financing Activities:			
Net Proceeds from Issuance of Subordinated Debentures	144.2	—	—
Repayments of Debt	—	—	(5.5)
Common Stock Repurchases	(70.1)	(45.1)	(100.4)
Dividends and Dividend Equivalents Paid	(26.6)	(27.9)	(54.9)
Cash Exercise of Stock Options	—	0.1	1.7
Other, Net	0.9	1.0	2.4
Net Cash Provided (Used) by Financing Activities	48.4	(71.9)	(156.7)
Decrease in Cash	(4.7)	(26.8)	(29.8)
Cash, Beginning of Year	66.5	96.3	96.3
Cash, End of Period	\$ 61.8	\$ 69.5	\$ 66.5

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

	Three Months Ended					
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<u>Book Value Per Share</u>						
<u>Numerator</u>						
Shareholders' Equity	\$ 2,138.6	\$ 2,144.7	\$ 2,051.5	\$ 2,009.1	\$ 2,005.0	\$ 2,172.4
Less: Goodwill	(311.8)	(311.8)	(311.8)	(311.8)	(311.8)	(311.8)
Shareholders' Equity Excluding Goodwill	<u>\$ 1,826.8</u>	<u>\$ 1,832.9</u>	<u>\$ 1,739.7</u>	<u>\$ 1,697.3</u>	<u>\$ 1,693.2</u>	<u>\$ 1,860.6</u>
Shareholders' Equity	\$ 2,138.6	\$ 2,144.7	\$ 2,051.5	\$ 2,009.1	\$ 2,005.0	\$ 2,172.4
Less: Net Unrealized Gains on Fixed Maturities	(249.0)	(198.3)	(132.2)	(164.0)	(184.2)	(332.4)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities	<u>\$ 1,889.6</u>	<u>\$ 1,946.4</u>	<u>\$ 1,919.3</u>	<u>\$ 1,845.1</u>	<u>\$ 1,820.8</u>	<u>\$ 1,840.0</u>
<u>Denominator</u>						
Common Shares Issued and Outstanding	53.497	55.408	55.653	56.025	57.061	58.322
Book Value Per Share	<u>\$ 39.98</u>	<u>\$ 38.71</u>	<u>\$ 36.86</u>	<u>\$ 35.86</u>	<u>\$ 35.14</u>	<u>\$ 37.25</u>
Book Value Per Share Excluding Goodwill	<u>\$ 34.15</u>	<u>\$ 33.08</u>	<u>\$ 31.26</u>	<u>\$ 30.30</u>	<u>\$ 29.67</u>	<u>\$ 31.90</u>
Book Value Per Share Excluding Unrealized on Fixed Maturities	<u>\$ 35.32</u>	<u>\$ 35.13</u>	<u>\$ 34.49</u>	<u>\$ 32.93</u>	<u>\$ 31.91</u>	<u>\$ 31.55</u>
<u>Return on Shareholders' Equity</u>						
<u>Numerator</u>						
Rolling 12 Months Net Income	\$ 169.7	\$ 194.4	\$ 217.7	\$ 164.4	\$ 149.9	\$ 118.2
<u>Denominator (5-point Average)</u>						
5-point Average Shareholders' Equity	\$ 2,069.8	\$ 2,076.5	\$ 2,079.9	\$ 2,110.5	\$ 2,138.5	\$ 2,163.8
Rolling 12 Months Return on Average Shareholders Equity (5-point Average)	<u>8.2%</u>	<u>9.4%</u>	<u>10.5%</u>	<u>7.8%</u>	<u>7.0%</u>	<u>5.5%</u>
<u>Debt and Total Capitalization</u>						
Debt	\$ 751.7	\$ 751.4	\$ 606.9	\$ 606.7	\$ 611.9	\$ 611.6
Shareholders' Equity	2,138.6	2,144.7	2,051.5	2,009.1	2,005.0	2,172.4
Total Capitalization	<u>\$ 2,890.3</u>	<u>\$ 2,896.1</u>	<u>\$ 2,658.4</u>	<u>\$ 2,615.8</u>	<u>\$ 2,616.9</u>	<u>\$ 2,784.0</u>
Ratio of Debt to Shareholders' Equity	<u>35.1%</u>	<u>35.0%</u>	<u>29.6%</u>	<u>30.2%</u>	<u>30.5%</u>	<u>28.2%</u>
Ratio of Debt to Total Capitalization	<u>26.0%</u>	<u>25.9%</u>	<u>22.8%</u>	<u>23.2%</u>	<u>23.4%</u>	<u>22.0%</u>
<u>Parent Company Liquidity</u>						
Kemper Holding Company Cash and Investments	\$ 302.7	\$ 255.9	\$ 156.7	\$ 152.6	\$ 124.3	\$ 187.4
Borrowings Available Under Credit Agreement	225.0	225.0	225.0	325.0	325.0	325.0
Parent Company Liquidity	<u>\$ 527.7</u>	<u>\$ 480.9</u>	<u>\$ 381.7</u>	<u>\$ 477.6</u>	<u>\$ 449.3</u>	<u>\$ 512.4</u>
<u>Capital Returned to Shareholders</u>						
Common Stock Repurchased	\$ 68.3	\$ 8.3	\$ 15.2	\$ 36.3	\$ 42.4	\$ 6.5
Cash Dividends Paid	13.3	13.3	13.4	13.6	13.9	14.0
Total Capital Returned to Shareholders	<u>\$ 81.6</u>	<u>\$ 21.6</u>	<u>\$ 28.6</u>	<u>\$ 49.9</u>	<u>\$ 56.3</u>	<u>\$ 20.5</u>

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

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
Notes Payable under Revolving Credit Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Senior Notes at Amortized Cost:						
6.00% Senior Notes due November 30, 2015	249.3	249.2	249.0	248.9	248.8	248.7
6.00% Senior Notes due May 15, 2017	358.2	358.0	357.9	357.8	357.6	357.4
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	144.2	144.2	—	—	—	—
Mortgage Note Payable at Amortized Cost	—	—	—	—	5.5	5.5
Debt Outstanding	<u>\$ 751.7</u>	<u>\$ 751.4</u>	<u>\$ 606.9</u>	<u>\$ 606.7</u>	<u>\$ 611.9</u>	<u>\$ 611.6</u>

	A.M. Best	Moody's	S&P	Fitch
<u>As of Date of Financial Supplement</u>				
Kemper Debt Ratings:				
Senior Notes Payable	bbb-	Baa3	BBB-	BBB-
Subordinated Debentures	bb+	Ba1	BB	BB
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-	NR	NR	NR

NR - Not Rated

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Revenues:</u>								
Property & Casualty Insurance								
Earned Premiums	\$ 317.5	\$ 322.3	\$ 338.2	\$ 348.7	\$ 353.9	\$ 352.1	\$ 639.8	\$ 706.0
Net Investment Income	19.5	17.6	23.0	21.3	21.5	25.1	37.1	46.6
Other Income	0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.3
Total Property & Casualty Insurance	337.2	340.0	361.3	370.1	375.5	377.4	677.2	752.9
Life & Health Insurance:								
Earned Premiums	152.8	155.3	157.4	158.8	158.9	157.8	308.1	316.7
Net Investment Income	48.0	50.2	50.6	56.5	49.8	53.0	98.2	102.8
Other Income	—	—	0.1	—	0.1	—	—	0.1
Total Life & Health Insurance	200.8	205.5	208.1	215.3	208.8	210.8	406.3	419.6
Total Segment Revenues	538.0	545.5	569.4	585.4	584.3	588.2	1,083.5	1,172.5
Net Realized Gains on Sales of Investments	3.5	6.6	20.8	49.1	2.3	26.9	10.1	29.2
Net Impairment Losses Recognized in Earnings	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(4.9)	(2.9)
Other	5.1	3.3	3.4	4.6	3.3	2.7	8.4	6.0
Total Revenues	\$ 542.5	\$ 554.6	\$ 586.0	\$ 635.7	\$ 588.9	\$ 615.9	\$ 1,097.1	\$ 1,204.8

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Segment Operating Profit (Loss):</u>								
Property & Casualty Insurance	\$ (4.3)	\$ 19.3	\$ 41.6	\$ 32.2	\$ 25.6	\$ 40.2	\$ 15.0	\$ 65.8
Life & Health Insurance	24.7	34.6	38.6	35.2	31.2	31.9	59.3	63.1
Total Segment Operating Profit	20.4	53.9	80.2	67.4	56.8	72.1	74.3	128.9
Corporate and Other Operating Loss	(8.6)	(7.8)	(12.0)	(11.1)	(11.7)	(12.5)	(16.4)	(24.2)
Total Operating Profit	11.8	46.1	68.2	56.3	45.1	59.6	57.9	104.7
Net Realized Gains on Sales of Investments	3.5	6.6	20.8	49.1	2.3	26.9	10.1	29.2
Net Impairment Losses Recognized in Earnings	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(4.9)	(2.9)
Income from Continuing Operations before Income Taxes	\$ 11.2	\$ 51.9	\$ 81.4	\$ 102.0	\$ 46.4	\$ 84.6	\$ 63.1	\$ 131.0
<u>Segment Net Operating Income (Loss):</u>								
Property & Casualty Insurance	\$ (1.2)	\$ 14.4	\$ 29.1	\$ 23.4	\$ 19.1	\$ 29.0	\$ 13.2	\$ 48.1
Life & Health Insurance	15.9	22.1	24.9	22.9	20.3	21.2	38.0	41.5
Total Segment Net Operating Income	14.7	36.5	54.0	46.3	39.4	50.2	51.2	89.6
Corporate and Other Net Operating Loss	(5.1)	(5.0)	(7.7)	(7.4)	(7.7)	(7.9)	(10.1)	(15.6)
Consolidated Operating Income	9.6	31.5	46.3	38.9	31.7	42.3	41.1	74.0
Unallocated Net Income (Loss) From:								
Net Realized Gains on Sales of Investments	2.4	4.2	13.5	31.9	1.5	17.5	6.6	19.0
Net Impairment Losses Recognized in Earnings	(2.7)	(0.5)	(5.0)	(2.2)	(0.7)	(1.2)	(3.2)	(1.9)
Income from Continuing Operations	\$ 9.3	\$ 35.2	\$ 54.8	\$ 68.6	\$ 32.5	\$ 58.6	\$ 44.5	\$ 91.1

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Earned Premiums by Product:</u>								
Property and Casualty:								
Personal Lines:								
Automobile	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 428.3	\$ 490.3
Homeowners	79.0	79.7	81.4	82.3	82.1	80.4	158.7	162.5
Other Personal	32.3	32.1	32.9	33.5	34.1	33.6	64.4	67.7
Total Personal Lines	323.3	328.1	344.0	354.9	360.8	359.7	651.4	720.5
Commercial Automobile	13.6	13.1	13.6	13.5	13.1	12.1	26.7	25.2
Life	97.2	97.6	97.8	98.4	98.6	97.9	194.8	196.5
Accident and Health	36.2	38.8	40.2	40.7	40.3	40.2	75.0	80.5
Total Earned Premiums	\$ 470.3	\$ 477.6	\$ 495.6	\$ 507.5	\$ 512.8	\$ 509.9	\$ 947.9	\$ 1,022.7
<u>Net Investment Income by Segment:</u>								
Property & Casualty Insurance:								
Equity Method Limited Liability Investments	\$ 2.1	\$ 2.5	\$ 5.0	\$ 3.4	\$ 2.3	\$ 5.8	\$ 4.6	\$ 8.1
All Other Net Investment Income	17.4	15.1	18.0	17.9	19.2	19.3	32.5	38.5
Net Investment Income	19.5	17.6	23.0	21.3	21.5	25.1	37.1	46.6
Life & Health Insurance:								
Equity Method Limited Liability Investments	(1.1)	0.7	1.2	3.8	1.1	2.3	(0.4)	3.4
All Other Net Investment Income	49.1	49.5	49.4	52.7	48.7	50.7	98.6	99.4
Net Investment Income	48.0	50.2	50.6	56.5	49.8	53.0	98.2	102.8
Total Segment Net Investment Income	67.5	67.8	73.6	77.8	71.3	78.1	135.3	149.4
Unallocated Net Investment Income:								
Equity Method Limited Liability Investments	0.3	0.3	0.3	0.5	0.2	0.5	0.6	0.7
All Other Net Investment Income	4.8	3.0	3.0	4.1	3.1	2.2	7.8	5.3
Unallocated Net Investment Income	5.1	3.3	3.3	4.6	3.3	2.7	8.4	6.0
Net Investment Income	\$ 72.6	\$ 71.1	\$ 76.9	\$ 82.4	\$ 74.6	\$ 80.8	\$ 143.7	\$ 155.4

Kemper Corporation
Catastrophe Frequency and Severity
(Dollars in Millions)
(Unaudited)

Six Months Ended Jun 30, 2014

	Property & Casualty Insurance Segment		Life & Health Insurance Segment		Consolidated	
	Number of Events	Losses and LAE	Number of Events	Losses and LAE	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:						
Below \$5	15	\$ 21.0	13	\$ 1.7	15	\$ 21.7
\$5 - \$10	3	18.5	—	—	3	19.2
\$10 - \$15	1	11.8	—	—	1	12.1
\$15 - \$20	—	—	—	—	—	—
\$20 - \$25	—	—	—	—	—	—
Greater Than \$25	1	26.6	—	—	1	26.6
Total	20	\$ 77.9	13	\$ 1.7	20	\$ 79.6

Six Months Ended Jun 30, 2013

	Property & Casualty Insurance Segment		Life & Health Insurance Segment		Consolidated	
	Number of Events	Losses and LAE	Number of Events	Losses and LAE	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:						
Below \$5	17	\$ 34.6	14	\$ 3.5	16	\$ 31.7
\$5 - \$10	—	—	—	—	1	6.4
\$10 - \$15	—	—	—	—	—	—
\$15 - \$20	—	—	—	—	—	—
\$20 - \$25	—	—	—	—	—	—
Greater Than \$25	—	—	—	—	—	—
Total	17	\$ 34.6	14	\$ 3.5	17	\$ 38.1

Kemper Corporation
Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
Results of Operations								
Net Premiums Written	\$ 308.7	\$ 304.3	\$ 302.9	\$ 345.0	\$ 348.9	\$ 345.4	\$ 613.0	\$ 694.3
Earned Premiums:								
Personal:								
Automobile	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 428.3	\$ 490.3
Homeowners	79.0	79.7	81.4	82.3	82.1	80.4	158.7	162.5
Other Personal	12.9	13.2	13.5	13.8	14.1	13.9	26.1	28.0
Total Personal	303.9	309.2	324.6	335.2	340.8	340.0	613.1	680.8
Commercial Automobile	13.6	13.1	13.6	13.5	13.1	12.1	26.7	25.2
Total Earned Premiums	317.5	322.3	338.2	348.7	353.9	352.1	639.8	706.0
Net Investment Income	19.5	17.6	23.0	21.3	21.5	25.1	37.1	46.6
Other Income	0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.3
Total Revenues	337.2	340.0	361.3	370.1	375.5	377.4	677.2	752.9
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	209.4	230.4	237.7	245.1	246.3	251.1	439.8	497.4
Catastrophe Losses and LAE	61.9	16.0	2.1	10.4	25.9	8.7	77.9	34.6
Prior Years:								
Non-catastrophe Losses and LAE	(14.5)	(12.7)	(11.1)	(10.2)	(12.2)	(12.0)	(27.2)	(24.2)
Catastrophe Losses and LAE	(5.1)	(2.7)	(4.1)	(1.7)	(5.2)	(1.5)	(7.8)	(6.7)
Total Incurred Losses and LAE	251.7	231.0	224.6	243.6	254.8	246.3	482.7	501.1
Insurance Expenses	89.8	89.7	95.1	94.3	95.1	90.9	179.5	186.0
Operating Profit (Loss)	(4.3)	19.3	41.6	32.2	25.6	40.2	15.0	65.8
Income Tax Benefit (Expense)	3.1	(4.9)	(12.5)	(8.8)	(6.5)	(11.2)	(1.8)	(17.7)
Segment Net Operating Income (Loss)	\$ (1.2)	\$ 14.4	\$ 29.1	\$ 23.4	\$ 19.1	\$ 29.0	\$ 13.2	\$ 48.1
Ratios Based On Earned Premiums								
Current Year Non-catastrophe Losses and LAE Ratio	66.0 %	71.4 %	70.3 %	70.3 %	69.6 %	71.3 %	68.7 %	70.4 %
Current Year Catastrophe Losses and LAE Ratio	19.5	5.0	0.6	3.0	7.3	2.5	12.2	4.9
Prior Years Non-catastrophe Losses and LAE Ratio	(4.6)	(3.9)	(3.3)	(2.9)	(3.4)	(3.4)	(4.3)	(3.4)
Prior Years Catastrophe Losses and LAE Ratio	(1.6)	(0.8)	(1.2)	(0.5)	(1.5)	(0.4)	(1.2)	(0.9)
Total Incurred Loss and LAE Ratio	79.3	71.7	66.4	69.9	72.0	70.0	75.4	71.0
Incurred Expense Ratio	28.3	27.8	28.1	27.0	26.9	25.8	28.1	26.3
Combined Ratio	107.6 %	99.5 %	94.5 %	96.9 %	98.9 %	95.8 %	103.5 %	97.3 %
Underlying Combined Ratio¹								
Current Year Non-catastrophe Losses and LAE Ratio	66.0 %	71.4 %	70.3 %	70.3 %	69.6 %	71.3 %	68.7 %	70.4 %
Incurred Expense Ratio	28.3	27.8	28.1	27.0	26.9	25.8	28.1	26.3
Underlying Combined Ratio	94.3 %	99.2 %	98.4 %	97.3 %	96.5 %	97.1 %	96.8 %	96.7 %
Non-GAAP Measure Reconciliation								
Underlying Combined Ratio	94.3 %	99.2 %	98.4 %	97.3 %	96.5 %	97.1 %	96.8 %	96.7 %
Current Year Catastrophe Losses and LAE Ratio	19.5	5.0	0.6	3.0	7.3	2.5	12.2	4.9
Prior Years Non-catastrophe Losses and LAE Ratio	(4.6)	(3.9)	(3.3)	(2.9)	(3.4)	(3.4)	(4.3)	(3.4)
Prior Years Catastrophe Losses and LAE Ratio	(1.6)	(0.8)	(1.2)	(0.5)	(1.5)	(0.4)	(1.2)	(0.9)
Combined Ratio as Reported	107.6 %	99.5 %	94.5 %	96.9 %	98.9 %	95.8 %	103.5 %	97.3 %

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
Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information (continued)
(Dollars in Millions)
(Unaudited)

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<u>Insurance Reserves:</u>						
Automobile	\$ 545.4	\$ 568.9	\$ 595.1	\$ 614.9	\$ 638.4	\$ 649.3
Homeowners	128.3	114.4	99.9	118.2	122.6	122.4
Other Personal	47.2	47.9	47.6	47.1	46.9	50.3
Insurance Reserves	<u>\$ 720.9</u>	<u>\$ 731.2</u>	<u>\$ 742.6</u>	<u>\$ 780.2</u>	<u>\$ 807.9</u>	<u>\$ 822.0</u>
<u>Insurance Reserves:</u>						
Loss Reserves:						
Case	\$ 460.8	\$ 468.1	\$ 471.2	\$ 491.8	\$ 509.0	\$ 514.7
Incurred but Not Reported	162.5	164.2	169.0	180.5	184.6	190.2
Total Loss Reserves	623.3	632.3	640.2	672.3	693.6	704.9
LAE Reserves	97.6	98.9	102.4	107.9	114.3	117.1
Insurance Reserves	<u>\$ 720.9</u>	<u>\$ 731.2</u>	<u>\$ 742.6</u>	<u>\$ 780.2</u>	<u>\$ 807.9</u>	<u>\$ 822.0</u>

Kemper Corporation
Property & Casualty Insurance Segment
Personal Automobile Insurance - Premiums and Losses and LAE
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Premiums</u>								
Net Premiums Written	\$ 200.1	\$ 207.7	\$ 204.2	\$ 232.9	\$ 233.0	\$ 244.1	\$ 407.8	\$ 477.1
Earned Premiums	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 428.3	\$ 490.3
<u>Losses and LAE</u>								
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	\$ 153.1	\$ 163.1	\$ 189.5	\$ 181.3	\$ 184.0	\$ 186.9	\$ 316.2	\$ 370.9
Catastrophe Losses and LAE	9.8	0.9	0.1	0.8	4.2	2.5	10.7	6.7
Prior Years:								
Non-catastrophe Losses and LAE	(11.9)	(11.3)	(7.6)	(6.9)	(8.5)	(6.9)	(23.2)	(15.4)
Catastrophe Losses and LAE	(0.1)	(0.2)	0.1	(0.1)	(0.3)	0.1	(0.3)	(0.2)
Total Incurred Losses and LAE	\$ 150.9	\$ 152.5	\$ 182.1	\$ 175.1	\$ 179.4	\$ 182.6	\$ 303.4	\$ 362.0
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	72.2%	75.4%	82.6%	75.8%	75.2%	76.1%	73.8%	75.5%
Current Year Catastrophe Losses and LAE Ratio	4.6	0.4	—	0.3	1.7	1.0	2.5	1.4
Prior Years Non-catastrophe Losses and LAE Ratio	(5.6)	(5.2)	(3.3)	(2.9)	(3.5)	(2.8)	(5.4)	(3.1)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	—	(0.1)	—	(0.1)	—
Total Incurred Loss and LAE Ratio	71.2%	70.5%	79.3%	73.2%	73.3%	74.3%	70.8%	73.8%

Kemper Corporation
Property & Casualty Insurance Segment
Commercial Automobile Insurance - Premiums and Losses and LAE
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Premiums</u>								
Net Premiums Written	\$ 15.3	\$ 14.3	\$ 12.3	\$ 12.7	\$ 14.4	\$ 14.3	\$ 29.6	\$ 28.7
Earned Premiums	\$ 13.6	\$ 13.1	\$ 13.6	\$ 13.5	\$ 13.1	\$ 12.1	\$ 26.7	\$ 25.2
<u>Losses and LAE</u>								
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	\$ 11.6	\$ 11.1	\$ 10.6	\$ 10.9	\$ 12.8	\$ 9.4	\$ 22.7	\$ 22.2
Catastrophe Losses and LAE	0.1	—	(0.1)	0.1	0.1	—	0.1	0.1
Prior Years:								
Non-catastrophe Losses and LAE	0.4	(0.5)	(1.0)	(2.0)	(0.7)	0.7	(0.1)	—
Catastrophe Losses and LAE	—	—	—	—	—	—	—	—
Total Incurred Losses and LAE	\$ 12.1	\$ 10.6	\$ 9.5	\$ 9.0	\$ 12.2	\$ 10.1	\$ 22.7	\$ 22.3
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	85.4%	84.7%	78.0%	80.8%	97.6%	77.7%	85.0%	88.1%
Current Year Catastrophe Losses and LAE Ratio	0.7	—	(0.7)	0.7	0.8	—	0.4	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	2.9	(3.8)	(7.4)	(14.8)	(5.3)	5.8	(0.4)	—
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	—	—	—
Total Incurred Loss and LAE Ratio	89.0%	80.9%	69.9%	66.7%	93.1%	83.5%	85.0%	88.5%

Kemper Corporation
Property & Casualty Insurance Segment
Total Automobile Insurance - Premiums and Losses and LAE
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Premiums</u>								
Net Premiums Written	\$ 215.4	\$ 222.0	\$ 216.5	\$ 245.6	\$ 247.4	\$ 258.4	\$ 437.4	\$ 505.8
Earned Premiums	\$ 225.6	\$ 229.4	\$ 243.3	\$ 252.6	\$ 257.7	\$ 257.8	\$ 455.0	\$ 515.5
<u>Losses and LAE</u>								
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	\$ 164.7	\$ 174.2	\$ 200.1	\$ 192.2	\$ 196.8	\$ 196.3	\$ 338.9	\$ 393.1
Catastrophe Losses and LAE	9.9	0.9	—	0.9	4.3	2.5	10.8	6.8
Prior Years:								
Non-catastrophe Losses and LAE	(11.5)	(11.8)	(8.6)	(8.9)	(9.2)	(6.2)	(23.3)	(15.4)
Catastrophe Losses and LAE	(0.1)	(0.2)	0.1	(0.1)	(0.3)	0.1	(0.3)	(0.2)
Total Incurred Losses and LAE	\$ 163.0	\$ 163.1	\$ 191.6	\$ 184.1	\$ 191.6	\$ 192.7	\$ 326.1	\$ 384.3
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	73.0%	75.9%	82.3%	76.0%	76.4%	76.1%	74.5%	76.2%
Current Year Catastrophe Losses and LAE Ratio	4.4	0.4	—	0.4	1.7	1.0	2.4	1.3
Prior Years Non-catastrophe Losses and LAE Ratio	(5.1)	(5.1)	(3.5)	(3.5)	(3.6)	(2.4)	(5.1)	(3.0)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	—	(0.1)	—	(0.1)	—
Total Incurred Loss and LAE Ratio	72.3%	71.1%	78.8%	72.9%	74.4%	74.7%	71.7%	74.5%

Kemper Corporation
Property & Casualty Insurance Segment
Homeowners Insurance - Premiums and Losses and LAE
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Premiums</u>								
Net Premiums Written	\$ 80.5	\$ 70.9	\$ 74.2	\$ 85.4	\$ 87.0	\$ 74.3	\$ 151.4	\$ 161.3
Earned Premiums	\$ 79.0	\$ 79.7	\$ 81.4	\$ 82.3	\$ 82.1	\$ 80.4	\$ 158.7	\$ 162.5
<u>Losses and LAE</u>								
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	\$ 37.9	\$ 49.1	\$ 30.9	\$ 47.6	\$ 43.1	\$ 48.8	\$ 87.0	\$ 91.9
Catastrophe Losses and LAE	50.4	14.3	2.2	8.8	21.2	6.0	64.7	27.2
Prior Years:								
Non-catastrophe Losses and LAE	(1.6)	(0.7)	(3.0)	(0.3)	(1.0)	(4.6)	(2.3)	(5.6)
Catastrophe Losses and LAE	(4.4)	(2.1)	(3.8)	(1.6)	(4.2)	(1.6)	(6.5)	(5.8)
Total Incurred Losses and LAE	\$ 82.3	\$ 60.6	\$ 26.3	\$ 54.5	\$ 59.1	\$ 48.6	\$ 142.9	\$ 107.7
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	48.0%	61.6%	38.0%	57.8%	52.5%	60.6%	54.7%	56.6%
Current Year Catastrophe Losses and LAE Ratio	63.8	17.9	2.7	10.7	25.8	7.5	40.8	16.7
Prior Years Non-catastrophe Losses and LAE Ratio	(2.0)	(0.9)	(3.7)	(0.4)	(1.2)	(5.7)	(1.4)	(3.4)
Prior Years Catastrophe Losses and LAE Ratio	(5.6)	(2.6)	(4.7)	(1.9)	(5.1)	(2.0)	(4.1)	(3.6)
Total Incurred Loss and LAE Ratio	104.2%	76.0%	32.3%	66.2%	72.0%	60.4%	90.0%	66.3%

Kemper Corporation
Property & Casualty Insurance Segment
Other Personal Lines - Premiums and Losses and LAE
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Premiums</u>								
Net Premiums Written	\$ 12.8	\$ 11.4	\$ 12.2	\$ 14.0	\$ 14.5	\$ 12.7	\$ 24.2	\$ 27.2
Earned Premiums	\$ 12.9	\$ 13.2	\$ 13.5	\$ 13.8	\$ 14.1	\$ 13.9	\$ 26.1	\$ 28.0
<u>Losses and LAE</u>								
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	\$ 6.8	\$ 7.1	\$ 6.7	\$ 5.3	\$ 6.4	\$ 6.0	\$ 13.9	\$ 12.4
Catastrophe Losses and LAE	1.6	0.8	(0.1)	0.7	0.4	0.2	2.4	0.6
Prior Years:								
Non-catastrophe Losses and LAE	(1.4)	(0.2)	0.5	(1.0)	(2.0)	(1.2)	(1.6)	(3.2)
Catastrophe Losses and LAE	(0.6)	(0.4)	(0.4)	—	(0.7)	—	(1.0)	(0.7)
Total Incurred Losses and LAE	\$ 6.4	\$ 7.3	\$ 6.7	\$ 5.0	\$ 4.1	\$ 5.0	\$ 13.7	\$ 9.1
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	52.8%	53.7%	49.6%	38.3%	45.5%	43.2%	53.2%	44.3%
Current Year Catastrophe Losses and LAE Ratio	12.4	6.1	(0.7)	5.1	2.8	1.4	9.2	2.1
Prior Years Non-catastrophe Losses and LAE Ratio	(10.9)	(1.5)	3.7	(7.2)	(14.2)	(8.6)	(6.1)	(11.4)
Prior Years Catastrophe Losses and LAE Ratio	(4.7)	(3.0)	(3.0)	—	(5.0)	—	(3.8)	(2.5)
Total Incurred Loss and LAE Ratio	49.6%	55.3%	49.6%	36.2%	29.1%	36.0%	52.5%	32.5%

Kemper Corporation
Life & Health Insurance Segment - Results of Operation and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Results of Operations</u>								
Earned Premiums:								
Life	\$ 97.2	\$ 97.6	\$ 97.8	\$ 98.4	\$ 98.6	\$ 97.9	\$ 194.8	\$ 196.5
Accident and Health	36.2	38.8	40.2	40.7	40.3	40.2	75.0	80.5
Property	19.4	18.9	19.4	19.7	20.0	19.7	38.3	39.7
Total Earned Premiums	152.8	155.3	157.4	158.8	158.9	157.8	308.1	316.7
Net Investment Income	48.0	50.2	50.6	56.5	49.8	53.0	98.2	102.8
Other Income	—	—	0.1	—	0.1	—	—	0.1
Total Revenues	200.8	205.5	208.1	215.3	208.8	210.8	406.3	419.6
Policyholders' Benefits and Incurred Losses and LAE	95.8	97.0	91.0	94.6	99.4	102.9	192.8	202.3
Insurance Expenses	80.3	73.9	78.5	85.5	78.2	76.0	154.2	154.2
Operating Profit	24.7	34.6	38.6	35.2	31.2	31.9	59.3	63.1
Income Tax Expense	(8.8)	(12.5)	(13.7)	(12.3)	(10.9)	(10.7)	(21.3)	(21.6)
Segment Net Operating Income	\$ 15.9	\$ 22.1	\$ 24.9	\$ 22.9	\$ 20.3	\$ 21.2	\$ 38.0	\$ 41.5

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<u>Insurance Reserves:</u>						
Future Policyholder Benefits	\$ 3,189.5	\$ 3,173.8	\$ 3,157.7	\$ 3,146.7	\$ 3,133.3	\$ 3,119.4
Incurred Losses and LAE Reserves:						
Life	39.4	42.6	37.6	33.1	34.3	35.0
Accident and Health	20.1	21.3	22.2	21.7	22.0	20.4
Property	5.3	5.6	5.3	4.7	5.7	8.0
Total Incurred Losses and LAE Reserves	64.8	69.5	65.1	59.5	62.0	63.4
Insurance Reserves	\$ 3,254.3	\$ 3,243.3	\$ 3,222.8	\$ 3,206.2	\$ 3,195.3	\$ 3,182.8

Kemper Corporation
Details of Investment Performance
(Dollars in Millions)

	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
<u>Net Investment Income</u>								
Interest and Dividends on Fixed Maturities	\$ 56.9	\$ 57.0	\$ 58.3	\$ 59.5	\$ 58.6	\$ 59.1	\$ 113.9	\$ 117.7
Dividends on Equity Securities	10.8	7.3	8.9	11.3	9.0	8.8	18.1	17.8
Equity Method Limited Liability Investments	1.3	3.5	6.5	7.7	3.6	8.6	4.8	12.2
Fair Value Option Investments	0.3	—	—	—	—	—	0.3	—
Short-term Investments	0.2	0.2	0.1	—	—	—	0.4	—
Real Estate	2.9	3.2	3.1	3.7	6.6	7.4	6.1	14.0
Loans to Policyholders	5.0	5.1	5.1	5.0	4.8	4.9	10.1	9.7
Total Investment Income	77.4	76.3	82.0	87.2	82.6	88.8	153.7	171.4
Investment Expenses:								
Real Estate	2.7	2.8	3.0	3.0	6.0	6.3	5.5	12.3
Other Investment Expenses	2.1	2.4	2.1	1.8	2.0	1.7	4.5	3.7
Total Investment Expenses	4.8	5.2	5.1	4.8	8.0	8.0	10.0	16.0
Net Investment Income	<u>\$ 72.6</u>	<u>\$ 71.1</u>	<u>\$ 76.9</u>	<u>\$ 82.4</u>	<u>\$ 74.6</u>	<u>\$ 80.8</u>	<u>\$ 143.7</u>	<u>\$ 155.4</u>
<u>Net Realized Gains on Sales of Investments</u>								
Fixed Maturities:								
Gains on Sales	\$ 0.4	\$ 4.4	\$ 1.3	\$ 2.5	\$ 1.4	\$ 25.7	\$ 4.8	\$ 27.1
Losses on Sales	—	—	(0.4)	—	—	—	—	—
Equity Securities:								
Gains on Sales	3.0	0.8	19.9	0.7	0.8	0.4	3.8	1.2
Losses on Sales	—	—	(0.2)	(0.2)	—	(0.1)	—	(0.1)
Equity Method Limited Liability Investments:								
Gains on Sales	—	—	—	2.3	0.2	—	—	0.2
Real Estate:								
Gains on Sales	—	—	—	43.6	—	0.6	—	0.6
Losses on Sales	—	(0.2)	—	—	—	—	(0.2)	—
Other Investments:								
Gain on Sale of Subsidiary	—	1.6	—	—	—	—	1.6	—
Gains on Sales	—	—	—	—	—	0.1	—	0.1
Losses on Sales	(0.1)	—	—	—	(0.1)	—	(0.1)	(0.1)
Trading Securities Net Gains	0.2	—	0.2	0.2	—	0.2	0.2	0.2
Net Realized Gains on Sales of Investments	<u>\$ 3.5</u>	<u>\$ 6.6</u>	<u>\$ 20.8</u>	<u>\$ 49.1</u>	<u>\$ 2.3</u>	<u>\$ 26.9</u>	<u>\$ 10.1</u>	<u>\$ 29.2</u>
<u>Net Impairment Losses Recognized in Earnings</u>								
Fixed Maturities	\$ (3.1)	\$ (0.3)	\$ (5.9)	\$ (2.2)	\$ (0.5)	\$ (1.7)	\$ (3.4)	\$ (2.2)
Equity Securities	(1.0)	(0.5)	(1.7)	(1.2)	(0.5)	(0.2)	(1.5)	(0.7)
Net Impairment Losses Recognized in Earnings	<u>\$ (4.1)</u>	<u>\$ (0.8)</u>	<u>\$ (7.6)</u>	<u>\$ (3.4)</u>	<u>\$ (1.0)</u>	<u>\$ (1.9)</u>	<u>\$ (4.9)</u>	<u>\$ (2.9)</u>

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

	Jun 30, 2014		Dec 31, 2013		Dec 31, 2012	
	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities	\$ 355.3	5.4 %	\$ 362.2	5.9%	\$ 428.9	6.6%
States and Political Subdivisions	1,389.2	21.3	1,361.0	22.1	1,401.4	21.7
Corporate Securities:						
Bonds and Notes	2,873.4	44.1	2,793.7	45.4	2,993.4	46.3
Redeemable Preferred Stocks	7.1	0.1	7.4	0.1	32.6	0.5
Collateralized Loan Obligations	49.5	0.8	44.7	0.7	—	—
Other Mortgage and Asset-backed	5.5	0.1	6.0	0.1	3.9	0.1
Subtotal Fixed Maturities Reported at Fair Value	4,680.0	71.8	4,575.0	74.3	4,860.2	75.2
Equity Securities Reported at Fair Value:						
Preferred Stocks	116.6	1.8	110.2	1.8	100.5	1.6
Common Stocks	204.3	3.1	189.5	3.1	154.2	2.4
Other Equity Interests:						
Exchange Traded Funds	130.9	2.0	124.9	2.0	125.9	1.9
Limited Liability Companies and Limited Partnerships	194.4	3.0	173.9	2.8	141.3	2.2
Subtotal Equity Securities Reported at Fair Value	646.2	9.9	598.5	9.7	521.9	8.1
Equity Method Limited Liability Investments	227.1	3.5	245.1	4.0	253.0	3.9
Fair Value Option Investments	40.3	0.6	—	—	—	—
Short-term Investments at Cost which Approximates Fair Value	480.1	7.4	284.7	4.6	327.5	5.1
Other Investments:						
Loans to Policyholders at Unpaid Principal	277.8	4.3	275.4	4.5	266.3	4.1
Real Estate at Depreciated Cost	165.0	2.5	167.1	2.7	226.2	3.5
Trading Securities at Fair Value	5.1	0.1	5.0	0.1	4.5	0.1
Other	0.4	—	0.5	—	0.5	—
Subtotal Other Investments	448.3	6.9	448.0	7.3	497.5	7.7
Total Investments	<u>\$ 6,522.0</u>	<u>100.0 %</u>	<u>\$ 6,151.3</u>	<u>100.0%</u>	<u>\$ 6,460.1</u>	<u>100.0%</u>
<u>S&P Equivalent Rating for Fixed Maturities</u>						
AAA, AA, A	\$ 3,189.5	68.2 %	\$ 3,128.1	68.4%	\$ 3,319.1	68.3%
BBB	1,144.7	24.5	1,119.9	24.5	1,199.0	24.7
BB, B	173.6	3.7	144.6	3.1	158.9	3.2
CCC or Lower	172.2	3.6	182.4	4.0	183.2	3.8
Total Investments in Fixed Maturities	<u>\$ 4,680.0</u>	<u>100.0 %</u>	<u>\$ 4,575.0</u>	<u>100.0%</u>	<u>\$ 4,860.2</u>	<u>100.0%</u>
<u>Duration (in Years)</u>						
Total Investments in Fixed Maturities	<u>7.0</u>		<u>6.8</u>		<u>7.1</u>	

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

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

	Jun 30, 2014		Dec 31, 2013		Dec 31, 2012	
	Amount	Percent of Total Investments	Amount	Percent of Total Investments	Amount	Percent of Total Investments
Fair Value of Non-governmental Fixed Maturities by Industry						
Manufacturing	\$ 1,213.8	18.6%	\$ 1,196.9	19.5%	\$ 1,371.1	21.2%
Finance, Insurance and Real Estate	784.7	12.0	767.9	12.5	780.8	12.1
Transportation, Communication and Utilities	326.0	5.0	306.7	5.0	289.2	4.5
Services	287.6	4.4	277.5	4.5	298.6	4.6
Mining	149.9	2.3	143.1	2.3	143.4	2.2
Retail Trade	86.9	1.3	75.6	1.2	66.5	1.0
Wholesale Trade	63.7	1.0	60.7	1.0	57.8	0.9
Agriculture, Forestry and Fishing	18.4	0.3	18.8	0.3	19.2	0.3
Other	4.5	0.1	4.6	0.1	3.3	0.1
Total Fair Value of Non-governmental Fixed Maturities	<u>\$ 2,935.5</u>	<u>45.0%</u>	<u>\$ 2,851.8</u>	<u>46.4%</u>	<u>\$ 3,029.9</u>	<u>46.9%</u>

	Jun 30, 2014	
	Fair Value	Percent of Total Investments
Ten Largest Investment Exposures ¹		
Fixed Maturities:		
States and Political Subdivisions:		
Texas	\$ 94.0	1.4%
Ohio	78.8	1.2
Florida	62.5	1.0
Georgia	62.3	1.0
Colorado	58.2	0.9
Michigan	57.5	0.9
Arkansas	52.5	0.8
Louisiana	51.7	0.8
Equity Method Limited Liability Investments:		
Tennenbaum Opportunities Fund V, LLC	69.5	1.1
Vintage Fund IV, LP	52.6	0.8
Total	<u>\$ 639.6</u>	<u>9.9%</u>

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 obligations held in Trust at June 30, 2014.

Kemper Corporation
Municipal Bonds (excluding Pre-refunded Bonds)
(Unaudited)

Jun 30, 2014

	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond ¹	Percent of Total Investments ¹
Texas	\$ 30.7	\$ 18.3	\$ 45.0	\$ 94.0	7.2%	1.4%
Ohio	40.5	4.8	33.5	78.8	6.0	1.2
Florida	51.9	—	10.6	62.5	4.8	1.0
Georgia	48.5	6.6	7.2	62.3	4.8	1.0
Colorado	—	15.7	42.5	58.2	4.5	0.9
Michigan	36.5	—	21.0	57.5	4.4	0.9
Arkansas	52.5	—	—	52.5	4.0	0.8
Louisiana	33.1	1.4	17.2	51.7	4.0	0.8
Washington	27.6	0.3	23.2	51.1	3.9	0.8
Wisconsin	38.7	6.7	1.4	46.8	3.6	0.7
New York	6.2	—	37.1	43.3	3.3	0.7
North Carolina	17.7	1.9	22.5	42.1	3.2	0.6
Utah	28.8	—	10.5	39.3	3.0	0.6
Virginia	—	18.9	11.3	30.2	2.3	0.5
Oregon	29.9	—	—	29.9	2.3	0.5
Connecticut	24.3	—	5.4	29.7	2.3	0.5
Mississippi	24.5	—	3.1	27.6	2.1	0.4
Indiana	—	—	27.4	27.4	2.1	0.4
Delaware	17.6	—	9.2	26.8	2.1	0.4
Massachusetts	—	—	25.9	25.9	2.0	0.4
New Jersey	—	5.3	20.2	25.5	2.0	0.4
Nevada	22.6	1.2	—	23.8	1.8	0.4
South Carolina	20.1	3.2	—	23.3	1.8	0.4
Maryland	—	18.1	3.6	21.7	1.7	0.3
Tennessee	4.5	7.3	9.3	21.1	1.6	0.3
Minnesota	14.8	4.4	1.7	20.9	1.6	0.3
Missouri	—	—	18.5	18.5	1.4	0.3
Iowa	—	—	17.0	17.0	1.3	0.3
Kentucky	—	1.1	15.0	16.1	1.2	0.2
Rhode Island	10.5	—	5.1	15.6	1.2	0.2
Pennsylvania	11.7	2.5	1.3	15.5	1.2	0.2
Hawaii	14.8	—	—	14.8	1.1	0.2
Illinois	—	5.9	8.0	13.9	1.1	0.2
Arizona	—	3.0	10.1	13.1	1.0	0.2
District of Columbia	—	—	11.8	11.8	0.9	0.2
Nebraska	—	6.5	5.2	11.7	0.9	0.2
California	0.3	—	10.7	11.0	0.8	0.2
Oklahoma	—	—	10.7	10.7	0.8	0.2
West Virginia	9.3	—	—	9.3	0.7	0.1
All Other States	13.0	7.5	31.1	51.6	4.0	0.8
Total ⁽¹⁾	<u>\$ 630.6</u>	<u>\$ 140.6</u>	<u>\$ 533.3</u>	<u>\$ 1,304.5</u>	<u>100.0%</u>	<u>20.0%</u>

¹ Sum of percentages for individual lines may not equal total due to rounding.

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

Asset Class	Unfunded Commitment	Reported Value	
	Jun 30, 2014	Jun 30, 2014	Dec 31, 2013
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:			
Distressed Debt	\$ —	\$ 111.8	\$ 126.1
Mezzanine Debt	17.6	44.9	46.0
Secondary Transactions	17.7	53.3	54.0
Senior Debt	1.2	7.5	7.5
Growth Equity	—	5.4	7.8
Leveraged Buyout	0.2	4.2	3.7
Other	—	—	—
Total Equity Method Limited Liability Investments	36.7	227.1	245.1
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	64.5	67.3	63.8
Distressed Debt	4.1	17.2	14.4
Senior Debt	23.2	18.0	15.0
Secondary Transactions	14.1	14.4	13.7
Hedge Fund	—	12.6	12.5
Leveraged Buyout	2.8	10.0	9.9
Real Estate	—	7.2	6.3
Other	1.6	47.7	38.3
Total Reported as Other Equity Interests at Fair Value	110.3	194.4	173.9
Reported as Fair Value Option Investments:			
Hedge Fund	—	40.3	—
Total Investments in Limited Liability Companies and Limited Partnerships	\$ 147.0	\$ 461.8	\$ 419.0

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 Net 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 after-tax impact of net unrealized gains 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 after-tax impact of net unrealized gains 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 by total Common Shares Issued and Outstanding. 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 is an after-tax, non-GAAP financial measure and is computed by excluding from Income from Continuing Operations the after-tax impact of 1) Net Realized Gains 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 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 to Income from Continuing Operations is presented below:

<i>Dollars in Millions (Unaudited)</i>	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
Consolidated Net Operating Income	\$ 9.6	\$ 31.5	\$ 46.3	\$ 38.9	\$ 31.7	\$ 42.3	\$ 41.1	\$ 74.0
Net Income (Loss) From:								
Net Realized Gains on Sales of Investments	2.4	4.2	13.5	31.9	1.5	17.5	6.6	19.0
Net Impairment Losses Recognized in Earnings	(2.7)	(0.5)	(5.0)	(2.2)	(0.7)	(1.2)	(3.2)	(1.9)
Income from Continuing Operations	\$ 9.3	\$ 35.2	\$ 54.8	\$ 68.6	\$ 32.5	\$ 58.6	\$ 44.5	\$ 91.1

Consolidated Net Operating Income Per Unrestricted Share is a non-GAAP financial measure. It is computed by dividing Consolidated Net Operating Income by the weighted average unrestricted shares outstanding. The most directly comparable GAAP financial measure is Income from Continuing Operations Per Unrestricted Share-Basic.

A reconciliation of Consolidated Net Operating Income Per Unrestricted Share-basic to Income from Continuing Operations Per Unrestricted Share-basic is presented below:

(Unaudited)	Three Months Ended						Six Months Ended	
	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Jun 30, 2014	Jun 30, 2013
Consolidated Net Operating Income Per Unrestricted Share	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 0.74	\$ 1.27
Net Income (Loss) Per Unrestricted Share From:								
Net Realized Gains on Sales of Investments	0.04	0.08	0.24	0.56	0.02	0.30	0.12	0.33
Net Impairment Losses Recognized in Earnings	(0.05)	(0.01)	(0.09)	(0.04)	(0.01)	(0.02)	(0.06)	(0.03)
Income from Continuing Operations Per Unrestricted Share	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 0.80	\$ 1.57

Underlying Combined Ratio is a non-GAAP financial measure. It 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, which uses total incurred losses and LAE, including the impact of catastrophe losses and loss and LAE reserve development. 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.