



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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b><u>For Period Ended</u></b>										
Earned Premiums .....	\$ 451.5	\$ 462.8	\$ 470.3	\$ 477.6	\$ 495.6	\$ 507.5	\$ 512.8	\$ 509.9	\$ 1,862.2	\$ 2,025.8
Net Investment Income .....	93.1	72.3	72.6	71.1	76.9	82.4	74.6	80.8	309.1	314.7
Net Investment Gains (Losses) and Other Income .....	15.1	4.7	(0.4)	5.9	13.5	45.8	1.5	25.2	25.3	86.0
Total Revenues .....	<u>\$ 559.7</u>	<u>\$ 539.8</u>	<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>\$ 2,196.6</u>	<u>\$ 2,426.5</u>
Consolidated Net Operating Income <sup>1</sup> .....	\$ 53.9	\$ 2.1	\$ 9.6	\$ 31.5	\$ 46.3	\$ 38.9	\$ 31.7	\$ 42.3	\$ 97.1	\$ 159.2
Income from Continuing Operations .....	\$ 63.3	\$ 4.8	\$ 9.3	\$ 35.2	\$ 54.8	\$ 68.6	\$ 32.5	\$ 58.6	\$ 112.6	\$ 214.5
Net Income .....	\$ 65.4	\$ 4.7	\$ 9.3	\$ 35.1	\$ 55.2	\$ 70.1	\$ 34.0	\$ 58.4	\$ 114.5	\$ 217.7
Per Unrestricted Common Share Amounts:										
<u>Basic:</u>										
Consolidated Net Operating Income <sup>1</sup> .....	\$ 1.02	\$ 0.04	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 1.79	\$ 2.79
Income from Continuing Operations .....	\$ 1.20	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 2.08	\$ 3.75
Net Income .....	\$ 1.24	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.24	\$ 0.59	\$ 1.00	\$ 2.12	\$ 3.81
<u>Diluted:</u>										
Consolidated Net Operating Income <sup>1</sup> .....	\$ 1.02	\$ 0.04	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 1.79	\$ 2.78
Income from Continuing Operations .....	\$ 1.20	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 2.08	\$ 3.74
Net Income .....	\$ 1.24	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.23	\$ 0.59	\$ 1.00	\$ 2.12	\$ 3.80
Dividends Paid to Shareholders Per Share .....	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.96	\$ 0.96
<b><u>At Period End</u></b>										
Total Assets .....	\$ 7,833.4	\$ 7,905.3	\$ 7,969.8	\$ 7,944.2	\$ 7,656.4	\$ 7,745.9	\$ 7,820.8	\$ 8,056.2		
Insurance Reserves .....	\$ 4,007.6	\$ 4,041.7	\$ 4,064.2	\$ 4,067.3	\$ 4,061.0	\$ 4,086.1	\$ 4,108.6	\$ 4,117.1		
Debt .....	\$ 752.1	\$ 751.9	\$ 751.7	\$ 751.4	\$ 606.9	\$ 606.7	\$ 611.9	\$ 611.6		
Shareholders' Equity .....	\$ 2,090.7	\$ 2,104.5	\$ 2,138.6	\$ 2,144.7	\$ 2,051.5	\$ 2,009.1	\$ 2,005.0	\$ 2,172.4		
Shareholders' Equity Excluding Goodwill .....	\$ 1,778.9	\$ 1,792.7	\$ 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) .....	52.418	52.666	53.497	55.408	55.653	56.025	57.061	58.322		
Book Value Per Share <sup>2</sup> .....	\$ 39.88	\$ 39.96	\$ 39.98	\$ 38.71	\$ 36.86	\$ 35.86	\$ 35.14	\$ 37.25		
Book Value Per Share Excluding Goodwill <sup>1,2</sup> .....	\$ 33.94	\$ 34.04	\$ 34.15	\$ 33.08	\$ 31.26	\$ 30.30	\$ 29.67	\$ 31.90		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities <sup>1,2</sup> .....	\$ 34.50	\$ 35.31	\$ 35.32	\$ 35.13	\$ 34.49	\$ 32.93	\$ 31.91	\$ 31.55		
Debt to Total Capitalization <sup>2</sup> .....	26.5%	26.3%	26.0%	25.9%	22.8%	23.2%	23.4%	22.0%		
Rolling 12 Months Return on 5-point Average Shareholders Equity <sup>2,3</sup> .....	5.4%	5.0%	8.2%	9.4%	10.5%	7.8%	7.0%	5.5%		

<sup>1</sup> Non-GAAP Measure. See page 27 for definition.

<sup>2</sup> See Capital Metrics on page 8 for detail calculations.

<sup>3</sup> 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								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Revenues:</b>										
Earned Premiums .....	\$ 451.5	\$ 462.8	\$ 470.3	\$ 477.6	\$ 495.6	\$ 507.5	\$ 512.8	\$ 509.9	\$ 1,862.2	\$ 2,025.8
Net Investment Income .....	93.1	72.3	72.6	71.1	76.9	82.4	74.6	80.8	309.1	314.7
Other Income .....	0.6	0.5	0.2	0.1	0.3	0.1	0.2	0.2	1.4	0.8
Net Realized Gains on Sales of Investments .....	21.0	8.0	3.5	6.6	20.8	49.1	2.3	26.9	39.1	99.1
Other-than-temporary Impairment Losses:										
Total Other-than-temporary Impairment Losses .....	(6.5)	(3.8)	(4.1)	(0.8)	(7.6)	(3.5)	(2.3)	(2.4)	(15.2)	(15.8)
Portion of Losses Recognized in Other Comprehensive Income .....	—	—	—	—	—	0.1	1.3	0.5	—	1.9
Net Impairment Losses Recognized in Earnings .....	(6.5)	(3.8)	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(15.2)	(13.9)
<b>Total Revenues</b> .....	<b>559.7</b>	<b>539.8</b>	<b>542.5</b>	<b>554.6</b>	<b>586.0</b>	<b>635.7</b>	<b>588.9</b>	<b>615.9</b>	<b>2,196.6</b>	<b>2,426.5</b>
<b>Expenses:</b>										
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses ..	285.8	300.5	347.5	327.9	315.5	338.3	354.2	349.2	1,261.7	1,357.2
Insurance Expenses .....	156.4	158.6	161.3	152.1	162.9	170.1	163.1	158.3	628.4	654.4
Write-off of Long-lived Asset .....	—	54.6	—	—	—	—	—	—	54.6	—
Interest and Other Expenses .....	24.4	22.1	22.5	22.7	26.2	25.3	25.2	23.8	91.7	100.5
<b>Total Expenses</b> .....	<b>466.6</b>	<b>535.8</b>	<b>531.3</b>	<b>502.7</b>	<b>504.6</b>	<b>533.7</b>	<b>542.5</b>	<b>531.3</b>	<b>2,036.4</b>	<b>2,112.1</b>
<b>Income from Continuing Operations before Income Taxes</b> .....	<b>93.1</b>	<b>4.0</b>	<b>11.2</b>	<b>51.9</b>	<b>81.4</b>	<b>102.0</b>	<b>46.4</b>	<b>84.6</b>	<b>160.2</b>	<b>314.4</b>
Income Tax Benefit (Expense) .....	(29.8)	0.8	(1.9)	(16.7)	(26.6)	(33.4)	(13.9)	(26.0)	(47.6)	(99.9)
<b>Income from Continuing Operations</b> .....	<b>63.3</b>	<b>4.8</b>	<b>9.3</b>	<b>35.2</b>	<b>54.8</b>	<b>68.6</b>	<b>32.5</b>	<b>58.6</b>	<b>112.6</b>	<b>214.5</b>
Discontinued Operations:										
Income (Loss) from Discontinued Operations before Income Taxes .....	3.4	(0.2)	—	(0.2)	0.6	2.2	2.5	(0.4)	3.0	4.9
Income Tax Benefit (Expense) .....	(1.3)	0.1	—	0.1	(0.2)	(0.7)	(1.0)	0.2	(1.1)	(1.7)
<b>Income (Loss) from Discontinued Operations</b> .....	<b>2.1</b>	<b>(0.1)</b>	<b>—</b>	<b>(0.1)</b>	<b>0.4</b>	<b>1.5</b>	<b>1.5</b>	<b>(0.2)</b>	<b>1.9</b>	<b>3.2</b>
<b>Net Income</b> .....	<b>\$ 65.4</b>	<b>\$ 4.7</b>	<b>\$ 9.3</b>	<b>\$ 35.1</b>	<b>\$ 55.2</b>	<b>\$ 70.1</b>	<b>\$ 34.0</b>	<b>\$ 58.4</b>	<b>\$ 114.5</b>	<b>\$ 217.7</b>
<b>Income from Continuing Operations Per Unrestricted Share:</b>										
Basic .....	\$ 1.20	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 2.08	\$ 3.75
Diluted .....	\$ 1.20	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 2.08	\$ 3.74
<b>Net Income Per Unrestricted Share:</b>										
Basic .....	\$ 1.24	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.24	\$ 0.59	\$ 1.00	\$ 2.12	\$ 3.81
Diluted .....	\$ 1.24	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.99	\$ 1.23	\$ 0.59	\$ 1.00	\$ 2.12	\$ 3.80
<b>Dividends Paid to Shareholders Per Share</b> .....	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.24</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>
<b>Weighted Average Unrestricted Common Shares Outstanding (in Millions)</b>	<b>52.465</b>	<b>52.605</b>	<b>54.667</b>	<b>55.313</b>	<b>55.412</b>	<b>56.366</b>	<b>57.519</b>	<b>58.131</b>	<b>53.763</b>	<b>56.857</b>

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

	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<b>Assets:</b>								
Investments:								
Fixed Maturities at Fair Value .....	\$ 4,777.6	\$ 4,697.2	\$ 4,680.0	\$ 4,619.5	\$ 4,575.0	\$ 4,645.0	\$ 4,701.1	\$ 4,856.5
Equity Securities at Fair Value .....	632.2	661.4	646.2	648.3	598.5	567.4	545.0	554.1
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings...	184.8	222.8	227.1	239.0	245.1	231.4	241.7	248.1
Fair Value Option Investments .....	53.3	50.6	40.3	—	—	—	—	—
Short-term Investments at Cost which Approximates Fair Value.....	342.2	316.2	480.1	506.9	284.7	286.8	239.3	362.8
Other Investments .....	449.6	450.5	448.3	448.2	448.0	446.2	496.0	494.8
<b>Total Investments</b> .....	<u>6,439.7</u>	<u>6,398.7</u>	<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 .....	76.1	93.1	61.8	65.0	66.5	76.1	69.5	97.5
Receivables from Policyholders .....	295.3	314.4	313.5	319.5	331.6	354.2	357.5	363.2
Other Receivables .....	187.0	247.5	190.5	225.5	193.1	203.9	206.2	202.7
Deferred Policy Acquisition Costs .....	303.3	306.7	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	311.8	311.8
Current and Deferred Income Tax Assets .....	—	4.3	10.1	—	31.8	61.6	85.7	—
Other Assets .....	220.2	228.8	255.3	258.7	267.4	253.0	258.6	260.2
<b>Total Assets</b> .....	<u>\$ 7,833.4</u>	<u>\$ 7,905.3</u>	<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>
<b>Liabilities and Shareholders' Equity:</b>								
Insurance Reserves:								
Life and Health .....	\$ 3,273.7	\$ 3,260.8	\$ 3,249.0	\$ 3,237.7	\$ 3,217.5	\$ 3,201.5	\$ 3,189.6	\$ 3,174.8
Property and Casualty .....	733.9	780.9	815.2	829.6	843.5	884.6	919.0	942.3
<b>Total Insurance Reserves</b> .....	<u>4,007.6</u>	<u>4,041.7</u>	<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 .....	536.9	568.2	571.8	582.5	598.9	635.3	640.3	646.8
Liabilities for Income Taxes .....	36.5	48.7	53.4	30.6	8.3	6.6	6.5	25.8
Debt at Amortized Cost .....	752.1	751.9	751.7	751.4	606.9	606.7	611.9	611.6
Accrued Expenses and Other Liabilities .....	409.6	390.3	390.1	367.7	329.8	402.1	448.5	482.5
<b>Total Liabilities</b> .....	<u>5,742.7</u>	<u>5,800.8</u>	<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>
<b>Shareholders' Equity:</b>								
Common Stock .....	5.2	5.3	5.3	5.5	5.6	5.6	5.7	5.8
Paid-in Capital .....	660.1	662.2	671.3	693.5	694.8	698.0	709.1	722.5
Retained Earnings .....	1,202.7	1,155.6	1,183.4	1,231.5	1,215.8	1,184.4	1,151.7	1,158.0
Accumulated Other Comprehensive Income .....	222.7	281.4	278.6	214.2	135.3	121.1	138.5	286.1
<b>Total Shareholders' Equity</b> .....	<u>2,090.7</u>	<u>2,104.5</u>	<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>
<b>Total Liabilities and Shareholders' Equity</b> .....	<u>\$ 7,833.4</u>	<u>\$ 7,905.3</u>	<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)

	Year Ended		
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
<b>Operating Activities:</b>			
Net Income .....	\$ 114.5	\$ 217.7	\$ 103.4
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:			
Decrease (Increase) in Deferred Policy Acquisition Costs .....	(0.4)	0.5	(9.4)
Amortization of Life Insurance in Force Acquired and Customer Relationships Acquired .....	7.2	8.3	8.0
Equity in Earnings of Equity Method Limited Liability Investments .....	(9.0)	(26.4)	(9.3)
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments .....	21.7	15.4	15.4
Decrease in Value of Fair Value Option Investments .....	0.7	—	—
Amortization of Investment Securities and Depreciation of Investment Real Estate .....	15.4	16.2	15.2
Net Realized Gains on Sales of Investments .....	(39.1)	(99.1)	(65.4)
Net Impairment Losses Recognized in Earnings .....	15.2	13.9	6.9
Net Gain on Sale of Portfolio of Automobile Loan Receivables .....	—	—	(12.9)
Benefit for Loan Losses .....	—	—	(2.0)
Depreciation of Property and Equipment .....	16.0	17.4	15.3
Write-off of Long-lived Asset .....	54.6	—	—
Decrease in Receivables .....	46.2	43.5	13.9
Decrease in Insurance Reserves .....	(54.7)	(72.5)	(1.1)
Decrease in Unearned Premiums .....	(62.0)	(52.0)	(15.2)
Change in Income Taxes .....	11.2	57.9	(14.9)
Decrease in Accrued Expenses and Other Liabilities .....	(20.3)	(54.8)	(15.6)
Other, Net .....	16.4	36.1	33.4
<b>Net Cash Provided by Operating Activities (Carryforward to page 7) .....</b>	<b>133.6</b>	<b>122.1</b>	<b>65.7</b>

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

	Year Ended		
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
<b>Net Cash Provided by Operating Activities (Carryforward from page 6)</b>	133.6	122.1	65.7
<b>Investing Activities:</b>			
Sales, Paydowns and Maturities of Fixed Maturities .....	573.7	664.4	914.4
Purchases of Fixed Maturities .....	(553.0)	(744.5)	(872.6)
Sales of Equity Securities .....	245.3	182.1	70.8
Purchases of Equity Securities .....	(235.2)	(213.4)	(137.7)
Sales of and Return of Investment of Equity Method Limited Liability Investments .....	55.2	31.3	56.0
Acquisitions of Equity Method Limited Liability Investments .....	(21.4)	(20.5)	(31.0)
Sales of Fair Value Option Investments .....	6.9	—	—
Purchases of Fair Value Option Investments .....	(60.9)	—	—
Decrease (Increase) in Short-term Investments .....	(63.9)	41.8	(80.0)
Acquisition and Improvements of Investment Real Estate .....	(2.1)	(5.4)	(5.5)
Sales of Investment Real Estate .....	0.9	102.7	6.0
Increase in Other Investments .....	(8.0)	(9.1)	(12.4)
Purchase of Corporate-owned Life Insurance .....	(33.5)	—	—
Acquisition of Software .....	(11.3)	(15.2)	(26.5)
Disposition of Business, Net of Cash Disposed .....	8.9	3.8	—
Net Proceeds from Sale of Portfolio of Automobile Loan Receivables .....	—	—	16.7
Receipts from Automobile Loan Receivables .....	—	—	2.0
Other, Net .....	(5.9)	(13.2)	(6.4)
<b>Net Cash Provided (Used) by Investing Activities</b> .....	<b>(104.3)</b>	<b>4.8</b>	<b>(106.2)</b>
<b>Financing Activities:</b>			
Net Proceeds from Issuance of Subordinated Debentures .....	144.0	—	—
Repayments of Debt .....	—	(5.5)	—
Common Stock Repurchases .....	(114.0)	(100.4)	(60.7)
Dividends and Dividend Equivalents Paid .....	(51.8)	(54.9)	(56.9)
Cash Exercise of Stock Options .....	0.5	1.7	1.3
Other, Net .....	1.6	2.4	1.9
<b>Net Cash Used by Financing Activities</b> .....	<b>(19.7)</b>	<b>(156.7)</b>	<b>(114.4)</b>
<b>Increase (Decrease) in Cash</b> .....	<b>9.6</b>	<b>(29.8)</b>	<b>(154.9)</b>
<b>Cash, Beginning of Year</b> .....	<b>66.5</b>	<b>96.3</b>	<b>251.2</b>
<b>Cash, End of Period</b> .....	<b>\$ 76.1</b>	<b>\$ 66.5</b>	<b>\$ 96.3</b>

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

Three Months Ended

	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<b>Book Value Per Share</b>								
<u>Numerator</u>								
Shareholders' Equity .....	\$ 2,090.7	\$ 2,104.5	\$ 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)	(311.8)	(311.8)
Shareholders' Equity Excluding Goodwill .....	\$ 1,778.9	\$ 1,792.7	\$ 1,826.8	\$ 1,832.9	\$ 1,739.7	\$ 1,697.3	\$ 1,693.2	\$ 1,860.6
Shareholders' Equity .....	\$ 2,090.7	\$ 2,104.5	\$ 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 .....	(282.2)	(244.9)	(249.0)	(198.3)	(132.2)	(164.0)	(184.2)	(332.4)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities .....	\$ 1,808.5	\$ 1,859.6	\$ 1,889.6	\$ 1,946.4	\$ 1,919.3	\$ 1,845.1	\$ 1,820.8	\$ 1,840.0
<u>Denominator</u>								
Common Shares Issued and Outstanding .....	52.418	52.666	53.497	55.408	55.653	56.025	57.061	58.322
Book Value Per Share .....	\$ 39.88	\$ 39.96	\$ 39.98	\$ 38.71	\$ 36.86	\$ 35.86	\$ 35.14	\$ 37.25
Book Value Per Share Excluding Goodwill .....	\$ 33.94	\$ 34.04	\$ 34.15	\$ 33.08	\$ 31.26	\$ 30.30	\$ 29.67	\$ 31.90
Book Value Per Share Excluding Unrealized on Fixed Maturities.....	\$ 34.50	\$ 35.31	\$ 35.32	\$ 35.13	\$ 34.49	\$ 32.93	\$ 31.91	\$ 31.55
<b>Return on Shareholders' Equity</b>								
<u>Numerator</u>								
Rolling 12 Months Net Income .....	\$ 114.5	\$ 104.3	\$ 169.7	\$ 194.4	\$ 217.7	\$ 164.4	\$ 149.9	\$ 118.2
<u>Denominator (5-point Average)</u>								
5-point Average Shareholders' Equity .....	\$ 2,106.0	\$ 2,089.7	\$ 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).....	5.4%	5.0%	8.2%	9.4%	10.5%	7.8%	7.0%	5.5%
<b>Debt and Total Capitalization</b>								
Debt .....	\$ 752.1	\$ 751.9	\$ 751.7	\$ 751.4	\$ 606.9	\$ 606.7	\$ 611.9	\$ 611.6
Shareholders' Equity .....	2,090.7	2,104.5	2,138.6	2,144.7	2,051.5	2,009.1	2,005.0	2,172.4
Total Capitalization .....	\$ 2,842.8	\$ 2,856.4	\$ 2,890.3	\$ 2,896.1	\$ 2,658.4	\$ 2,615.8	\$ 2,616.9	\$ 2,784.0
Ratio of Debt to Shareholders' Equity .....	36.0%	35.7%	35.1%	35.0%	29.6%	30.2%	30.5%	28.2%
Ratio of Debt to Total Capitalization .....	26.5%	26.3%	26.0%	25.9%	22.8%	23.2%	23.4%	22.0%
<b>Parent Company Liquidity</b>								
Kemper Holding Company Cash and Investments .....	\$ 330.3	\$ 302.4	\$ 302.7	\$ 255.9	\$ 156.7	\$ 152.6	\$ 124.3	\$ 187.4
Borrowings Available Under Credit Agreement .....	225.0	225.0	225.0	225.0	225.0	325.0	325.0	325.0
Parent Company Liquidity .....	\$ 555.3	\$ 527.4	\$ 527.7	\$ 480.9	\$ 381.7	\$ 477.6	\$ 449.3	\$ 512.4
<b>Capital Returned to Shareholders</b>								
Common Stock Repurchased .....	\$ 9.0	\$ 29.9	\$ 68.3	\$ 8.3	\$ 15.2	\$ 36.3	\$ 42.4	\$ 6.5
Cash Dividends Paid .....	12.6	12.6	13.3	13.3	13.4	13.6	13.9	14.0
Total Capital Returned to Shareholders .....	\$ 21.6	\$ 42.5	\$ 81.6	\$ 21.6	\$ 28.6	\$ 49.9	\$ 56.3	\$ 20.5



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

	Dec 31, 2014	Sep 30, 2014	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 .....	249.5	249.4	249.3	249.2	249.0	248.9	248.8	248.7
6.00% Senior Notes due May 15, 2017 .....	358.5	358.3	358.2	358.0	357.9	357.8	357.6	357.4
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost .....	144.1	144.2	144.2	144.2	—	—	—	—
Mortgage Note Payable at Amortized Cost .....	—	—	—	—	—	—	5.5	5.5
Debt Outstanding .....	<u>\$ 752.1</u>	<u>\$ 751.9</u>	<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
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**As of Date of Financial Supplement**

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								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Revenues:</b>										
Property & Casualty Insurance:										
Earned Premiums:										
Personal Automobile .....	\$ 198.0	\$ 205.1	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 831.4	\$ 959.1
Homeowners .....	75.8	77.9	79.0	79.7	81.4	82.3	82.1	80.4	312.4	326.2
Other Personal .....	12.2	12.6	12.9	13.2	13.5	13.8	14.1	13.9	50.9	55.3
Total Personal .....	286.0	295.6	303.9	309.2	324.6	335.2	340.8	340.0	1,194.7	1,340.6
Commercial Automobile .....	14.0	14.1	13.6	13.1	13.6	13.5	13.1	12.1	54.8	52.3
Total Earned Premiums .....	300.0	309.7	317.5	322.3	338.2	348.7	353.9	352.1	1,249.5	1,392.9
Net Investment Income .....	17.1	18.5	19.5	17.6	23.0	21.3	21.5	25.1	72.7	90.9
Other Income .....	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.5	0.5
Total Property & Casualty Insurance.....	317.2	328.3	337.2	340.0	361.3	370.1	375.5	377.4	1,322.7	1,484.3
Life & Health Insurance:										
Earned Premiums:										
Life .....	96.0	96.8	97.2	97.6	97.8	98.4	98.6	97.9	387.6	392.7
Accident and Health .....	36.5	37.1	36.2	38.8	40.2	40.7	40.3	40.2	148.6	161.4
Property .....	19.0	19.2	19.4	18.9	19.4	19.7	20.0	19.7	76.5	78.8
Total Earned Premiums .....	151.5	153.1	152.8	155.3	157.4	158.8	158.9	157.8	612.7	632.9
Net Investment Income .....	71.3	49.2	48.0	50.2	50.6	56.5	49.8	53.0	218.7	209.9
Other Income .....	0.5	0.4	—	—	0.1	—	0.1	—	0.9	0.2
Total Life & Health Insurance.....	223.3	202.7	200.8	205.5	208.1	215.3	208.8	210.8	832.3	843.0
Total Segment Revenues .....	540.5	531.0	538.0	545.5	569.4	585.4	584.3	588.2	2,155.0	2,327.3
Net Realized Gains on Sales of Investments .....	21.0	8.0	3.5	6.6	20.8	49.1	2.3	26.9	39.1	99.1
Net Impairment Losses Recognized in Earnings.....	(6.5)	(3.8)	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(15.2)	(13.9)
Other .....	4.7	4.6	5.1	3.3	3.4	4.6	3.3	2.7	17.7	14.0
Total Revenues .....	<u>\$ 559.7</u>	<u>\$ 539.8</u>	<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>\$ 2,196.6</u>	<u>\$ 2,426.5</u>

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b><u>Segment Operating Profit (Loss):</u></b>										
Property & Casualty Insurance .....	\$ 36.0	\$ (23.9)	\$ (4.3)	\$ 19.3	\$ 41.6	\$ 32.2	\$ 25.6	\$ 40.2	\$ 27.1	\$ 139.6
Life & Health Insurance .....	51.2	31.4	24.7	34.6	38.6	35.2	31.2	31.9	141.9	136.9
Total Segment Operating Profit .....	87.2	7.5	20.4	53.9	80.2	67.4	56.8	72.1	169.0	276.5
Corporate and Other Operating Loss .....	(8.6)	(7.7)	(8.6)	(7.8)	(12.0)	(11.1)	(11.7)	(12.5)	(32.7)	(47.3)
Total Operating Profit (Loss) .....	78.6	(0.2)	11.8	46.1	68.2	56.3	45.1	59.6	136.3	229.2
Net Realized Gains on Sales of Investments .....	21.0	8.0	3.5	6.6	20.8	49.1	2.3	26.9	39.1	99.1
Net Impairment Losses Recognized in Earnings .....	(6.5)	(3.8)	(4.1)	(0.8)	(7.6)	(3.4)	(1.0)	(1.9)	(15.2)	(13.9)
Income from Continuing Operations before Income Taxes .....	<u>\$ 93.1</u>	<u>\$ 4.0</u>	<u>\$ 11.2</u>	<u>\$ 51.9</u>	<u>\$ 81.4</u>	<u>\$ 102.0</u>	<u>\$ 46.4</u>	<u>\$ 84.6</u>	<u>\$ 160.2</u>	<u>\$ 314.4</u>
<b><u>Segment Net Operating Income (Loss):</u></b>										
Property & Casualty Insurance .....	\$ 25.3	\$ (13.6)	\$ (1.2)	\$ 14.4	\$ 29.1	\$ 23.4	\$ 19.1	\$ 29.0	\$ 24.9	\$ 100.6
Life & Health Insurance .....	33.5	20.3	15.9	22.1	24.9	22.9	20.3	21.2	91.8	89.3
Total Segment Net Operating Income .....	58.8	6.7	14.7	36.5	54.0	46.3	39.4	50.2	116.7	189.9
Corporate and Other Net Operating Loss .....	(4.9)	(4.6)	(5.1)	(5.0)	(7.7)	(7.4)	(7.7)	(7.9)	(19.6)	(30.7)
Consolidated Operating Income .....	53.9	2.1	9.6	31.5	46.3	38.9	31.7	42.3	97.1	159.2
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments .....	13.6	5.2	2.4	4.2	13.5	31.9	1.5	17.5	25.4	64.4
Net Impairment Losses Recognized in Earnings .....	(4.2)	(2.5)	(2.7)	(0.5)	(5.0)	(2.2)	(0.7)	(1.2)	(9.9)	(9.1)
Income from Continuing Operations .....	<u>\$ 63.3</u>	<u>\$ 4.8</u>	<u>\$ 9.3</u>	<u>\$ 35.2</u>	<u>\$ 54.8</u>	<u>\$ 68.6</u>	<u>\$ 32.5</u>	<u>\$ 58.6</u>	<u>\$ 112.6</u>	<u>\$ 214.5</u>

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b><u>Earned Premiums by Product:</u></b>										
Personal Automobile .....	\$ 198.0	\$ 205.1	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 831.4	\$ 959.1
Homeowners .....	75.8	77.9	79.0	79.7	81.4	82.3	82.1	80.4	312.4	326.2
Other Personal Property and Casualty Insurance.....	31.2	31.8	32.3	32.1	32.9	33.5	34.1	33.6	127.4	134.1
Commercial Automobile .....	14.0	14.1	13.6	13.1	13.6	13.5	13.1	12.1	54.8	52.3
Life .....	96.0	96.8	97.2	97.6	97.8	98.4	98.6	97.9	387.6	392.7
Accident and Health .....	36.5	37.1	36.2	38.8	40.2	40.7	40.3	40.2	148.6	161.4
Total Earned Premiums .....	<u>\$ 451.5</u>	<u>\$ 462.8</u>	<u>\$ 470.3</u>	<u>\$ 477.6</u>	<u>\$ 495.6</u>	<u>\$ 507.5</u>	<u>\$ 512.8</u>	<u>\$ 509.9</u>	<u>\$ 1,862.2</u>	<u>\$ 2,025.8</u>
<b><u>Net Investment Income by Segment:</u></b>										
Property & Casualty Insurance:										
Equity Method Limited Liability Investments .....	\$ (0.5)	\$ 4.3	\$ 2.1	\$ 2.5	\$ 5.0	\$ 3.4	\$ 2.3	\$ 5.8	\$ 8.4	\$ 16.5
All Other Net Investment Income .....	17.6	14.2	17.4	15.1	18.0	17.9	19.2	19.3	64.3	74.4
Net Investment Income .....	<u>17.1</u>	<u>18.5</u>	<u>19.5</u>	<u>17.6</u>	<u>23.0</u>	<u>21.3</u>	<u>21.5</u>	<u>25.1</u>	<u>72.7</u>	<u>90.9</u>
Life & Health Insurance:										
Equity Method Limited Liability Investments .....	(0.1)	0.1	(1.1)	0.7	1.2	3.8	1.1	2.3	(0.4)	8.4
All Other Net Investment Income .....	71.4	49.1	49.1	49.5	49.4	52.7	48.7	50.7	219.1	201.5
Net Investment Income .....	<u>71.3</u>	<u>49.2</u>	<u>48.0</u>	<u>50.2</u>	<u>50.6</u>	<u>56.5</u>	<u>49.8</u>	<u>53.0</u>	<u>218.7</u>	<u>209.9</u>
Total Segment Net Investment Income.....	<u>88.4</u>	<u>67.7</u>	<u>67.5</u>	<u>67.8</u>	<u>73.6</u>	<u>77.8</u>	<u>71.3</u>	<u>78.1</u>	<u>291.4</u>	<u>300.8</u>
Unallocated Net Investment Income:										
Equity Method Limited Liability Investments .....	(0.1)	0.5	0.3	0.3	0.3	0.5	0.2	0.5	1.0	1.5
All Other Net Investment Income .....	4.8	4.1	4.8	3.0	3.0	4.1	3.1	2.2	16.7	12.4
Unallocated Net Investment Income.....	<u>4.7</u>	<u>4.6</u>	<u>5.1</u>	<u>3.3</u>	<u>3.3</u>	<u>4.6</u>	<u>3.3</u>	<u>2.7</u>	<u>17.7</u>	<u>13.9</u>
Net Investment Income .....	<u>\$ 93.1</u>	<u>\$ 72.3</u>	<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>\$ 309.1</u>	<u>\$ 314.7</u>

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

Year Ended Dec 31, 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 .....	27	\$ 30.1	17	\$ 2.0	27	\$ 31.1
\$5 - \$10 .....	3	19.8	—	—	3	20.4
\$10 - \$15 .....	1	12.8	—	—	1	13.1
\$15 - \$20 .....	—	—	—	—	—	—
\$20 - \$25 .....	—	—	—	—	—	—
Greater Than \$25 .....	1	33.8	—	—	1	33.9
<b>Total .....</b>	<b>32</b>	<b>\$ 96.5</b>	<b>17</b>	<b>\$ 2.0</b>	<b>32</b>	<b>\$ 98.5</b>

Year Ended Dec 31, 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 .....	28	\$ 47.1	15	\$ 3.6	27	\$ 44.3
\$5 - \$10 .....	—	—	—	—	1	6.4
\$10 - \$15 .....	—	—	—	—	—	—
\$15 - \$20 .....	—	—	—	—	—	—
\$20 - \$25 .....	—	—	—	—	—	—
Greater Than \$25 .....	—	—	—	—	—	—
<b>Total .....</b>	<b>28</b>	<b>\$ 47.1</b>	<b>15</b>	<b>\$ 3.6</b>	<b>28</b>	<b>\$ 50.7</b>

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Results of Operations</b>										
Net Premiums Written .....	\$ 269.1	\$ 307.0	\$ 308.7	\$ 304.3	\$ 302.9	\$ 345.0	\$ 348.9	\$ 345.4	\$ 1,189.1	\$ 1,342.2
Earned Premiums .....	300.0	309.7	317.5	322.3	338.2	348.7	353.9	352.1	1,249.5	1,392.9
Net Investment Income .....	17.1	18.5	19.5	17.6	23.0	21.3	21.5	25.1	72.7	90.9
Other Income .....	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.5	0.5
Total Revenues .....	317.2	328.3	337.2	340.0	361.3	370.1	375.5	377.4	1,322.7	1,484.3
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	198.6	206.8	209.4	230.4	237.7	245.1	246.3	251.1	845.2	980.2
Catastrophe Losses and LAE .....	4.4	14.2	61.9	16.0	2.1	10.4	25.9	8.7	96.5	47.1
Prior Years:										
Non-catastrophe Losses and LAE .....	(8.1)	(3.3)	(14.5)	(12.7)	(11.1)	(10.2)	(12.2)	(12.0)	(38.6)	(45.5)
Catastrophe Losses and LAE .....	(0.8)	(7.2)	(5.1)	(2.7)	(4.1)	(1.7)	(5.2)	(1.5)	(15.8)	(12.5)
Total Incurred Losses and LAE .....	194.1	210.5	251.7	231.0	224.6	243.6	254.8	246.3	887.3	969.3
Insurance Expenses, Excluding Write-off of Long-lived Assets.....	87.1	87.1	89.8	89.7	95.1	94.3	95.1	90.9	353.7	375.4
Write-off of Long-lived Asset .....	—	54.6	—	—	—	—	—	—	54.6	—
Operating Profit (Loss) .....	36.0	(23.9)	(4.3)	19.3	41.6	32.2	25.6	40.2	27.1	139.6
Income Tax Benefit (Expense) .....	(10.7)	10.3	3.1	(4.9)	(12.5)	(8.8)	(6.5)	(11.2)	(2.2)	(39.0)
Segment Net Operating Income (Loss) .....	\$ 25.3	\$ (13.6)	\$ (1.2)	\$ 14.4	\$ 29.1	\$ 23.4	\$ 19.1	\$ 29.0	\$ 24.9	\$ 100.6
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	66.2%	66.8%	66.0%	71.4%	70.3%	70.3%	69.6%	71.3%	67.7%	70.4%
Current Year Catastrophe Losses and LAE Ratio .....	1.5	4.6	19.5	5.0	0.6	3.0	7.3	2.5	7.7	3.4
Prior Years Non-catastrophe Losses and LAE Ratio.....	(2.7)	(1.1)	(4.6)	(3.9)	(3.3)	(2.9)	(3.4)	(3.4)	(3.1)	(3.3)
Prior Years Catastrophe Losses and LAE Ratio .....	(0.3)	(2.3)	(1.6)	(0.8)	(1.2)	(0.5)	(1.5)	(0.4)	(1.3)	(0.9)
Total Incurred Loss and LAE Ratio .....	64.7	68.0	79.3	71.7	66.4	69.9	72.0	70.0	71.0	69.6
Insurance Expense Ratio, Excluding Write-off of Long-lived Asset .....	29.0	28.1	28.3	27.8	28.1	27.0	26.9	25.8	28.3	27.0
Impact on Ratio from Write-off of Long-lived Asset .....	—	17.6	—	—	—	—	—	—	4.4	—
Combined Ratio .....	93.7%	113.7%	107.6%	99.5%	94.5%	96.9%	98.9%	95.8%	103.7%	96.6%
<b>Underlying Combined Ratio<sup>1</sup></b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	66.2%	66.8%	66.0%	71.4%	70.3%	70.3%	69.6%	71.3%	67.7%	70.4%
Insurance Expense Ratio, Excluding write-off of Long-lived Asset .....	29.0	28.1	28.3	27.8	28.1	27.0	26.9	25.8	28.3	27.0
Impact on Ratio from Write-off of Long-lived Asset .....	—	17.6	—	—	—	—	—	—	4.4	—
Underlying Combined Ratio .....	95.2%	112.5%	94.3%	99.2%	98.4%	97.3%	96.5%	97.1%	100.4%	97.4%
<b>Non-GAAP Measure Reconciliation</b>										
Underlying Combined Ratio .....	95.2%	112.5%	94.3%	99.2%	98.4%	97.3%	96.5%	97.1%	100.4%	97.4%
Current Year Catastrophe Losses and LAE Ratio .....	1.5	4.6	19.5	5.0	0.6	3.0	7.3	2.5	7.7	3.4
Prior Years Non-catastrophe Losses and LAE Ratio.....	(2.7)	(1.1)	(4.6)	(3.9)	(3.3)	(2.9)	(3.4)	(3.4)	(3.1)	(3.3)
Prior Years Catastrophe Losses and LAE Ratio .....	(0.3)	(2.3)	(1.6)	(0.8)	(1.2)	(0.5)	(1.5)	(0.4)	(1.3)	(0.9)
Combined Ratio as Reported .....	93.7%	113.7%	107.6%	99.5%	94.5%	96.9%	98.9%	95.8%	103.7%	96.6%

<sup>1</sup> 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)

	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<b><u>Insurance Reserves:</u></b>								
Automobile .....	\$ 501.4	\$ 524.2	\$ 545.4	\$ 568.9	\$ 595.1	\$ 614.9	\$ 638.4	\$ 649.3
Homeowners .....	102.4	118.8	128.3	114.4	99.9	118.2	122.6	122.4
Other Personal .....	47.3	47.5	47.2	47.9	47.6	47.1	46.9	50.3
Insurance Reserves .....	<u>\$ 651.1</u>	<u>\$ 690.5</u>	<u>\$ 720.9</u>	<u>\$ 731.2</u>	<u>\$ 742.6</u>	<u>\$ 780.2</u>	<u>\$ 807.9</u>	<u>\$ 822.0</u>
<b><u>Insurance Reserves:</u></b>								
Loss Reserves:								
Case .....	\$ 423.6	\$ 447.6	\$ 460.8	\$ 468.1	\$ 471.2	\$ 491.8	\$ 509.0	\$ 514.7
Incurred but Not Reported .....	<u>135.8</u>	<u>148.9</u>	<u>162.5</u>	<u>164.2</u>	<u>169.0</u>	<u>180.5</u>	<u>184.6</u>	<u>190.2</u>
Total Loss Reserves .....	559.4	596.5	623.3	632.3	640.2	672.3	693.6	704.9
LAE Reserves .....	91.7	94.0	97.6	98.9	102.4	107.9	114.3	117.1
Insurance Reserves .....	<u>\$ 651.1</u>	<u>\$ 690.5</u>	<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								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Premiums</b>										
Net Premiums Written .....	\$ 179.1	\$ 202.1	\$ 200.1	\$ 207.7	\$ 204.2	\$ 232.9	\$ 233.0	\$ 244.1	\$ 789.0	\$ 914.2
Earned Premiums .....	\$ 198.0	\$ 205.1	\$ 212.0	\$ 216.3	\$ 229.7	\$ 239.1	\$ 244.6	\$ 245.7	\$ 831.4	\$ 959.1
<b>Losses and LAE</b>										
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	\$ 150.0	\$ 149.8	\$ 153.1	\$ 163.1	\$ 189.5	\$ 181.3	\$ 184.0	\$ 186.9	\$ 616.0	\$ 741.7
Catastrophe Losses and LAE .....	0.4	1.6	9.8	0.9	0.1	0.8	4.2	2.5	12.7	7.6
Prior Years:										
Non-catastrophe Losses and LAE .....	(4.7)	(3.1)	(11.9)	(11.3)	(7.6)	(6.9)	(8.5)	(6.9)	(31.0)	(29.9)
Catastrophe Losses and LAE .....	—	(0.3)	(0.1)	(0.2)	0.1	(0.1)	(0.3)	0.1	(0.6)	(0.2)
Total Incurred Losses and LAE .....	\$ 145.7	\$ 148.0	\$ 150.9	\$ 152.5	\$ 182.1	\$ 175.1	\$ 179.4	\$ 182.6	\$ 597.1	\$ 719.2
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	75.8%	73.0%	72.2%	75.4%	82.6%	75.8%	75.2%	76.1%	74.1%	77.3%
Current Year Catastrophe Losses and LAE Ratio.....	0.2	0.8	4.6	0.4	—	0.3	1.7	1.0	1.5	0.8
Prior Years Non-catastrophe Losses and LAE Ratio .....	(2.4)	(1.5)	(5.6)	(5.2)	(3.3)	(2.9)	(3.5)	(2.8)	(3.7)	(3.1)
Prior Years Catastrophe Losses and LAE Ratio.....	—	(0.1)	—	(0.1)	—	—	(0.1)	—	(0.1)	—
Total Incurred Loss and LAE Ratio .....	73.6%	72.2%	71.2%	70.5%	79.3%	73.2%	73.3%	74.3%	71.8%	75.0%



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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Premiums</b>										
Net Premiums Written .....	\$ 12.3	\$ 13.7	\$ 15.3	\$ 14.3	\$ 12.3	\$ 12.7	\$ 14.4	\$ 14.3	\$ 55.6	\$ 53.7
Earned Premiums .....	\$ 14.0	\$ 14.1	\$ 13.6	\$ 13.1	\$ 13.6	\$ 13.5	\$ 13.1	\$ 12.1	\$ 54.8	\$ 52.3
<b>Losses and LAE</b>										
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	\$ 10.4	\$ 11.5	\$ 11.6	\$ 11.1	\$ 10.6	\$ 10.9	\$ 12.8	\$ 9.4	\$ 44.6	\$ 43.7
Catastrophe Losses and LAE .....	—	0.1	0.1	—	(0.1)	0.1	0.1	—	0.2	0.1
Prior Years:										
Non-catastrophe Losses and LAE .....	(1.9)	(0.6)	0.4	(0.5)	(1.0)	(2.0)	(0.7)	0.7	(2.6)	(3.0)
Catastrophe Losses and LAE .....	—	—	—	—	—	—	—	—	—	—
Total Incurred Losses and LAE .....	\$ 8.5	\$ 11.0	\$ 12.1	\$ 10.6	\$ 9.5	\$ 9.0	\$ 12.2	\$ 10.1	\$ 42.2	\$ 40.8
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	74.3%	81.6%	85.4%	84.7%	78.0%	80.8%	97.6%	77.7%	81.3%	83.5%
Current Year Catastrophe Losses and LAE Ratio.....	—	0.7	0.7	—	(0.7)	0.7	0.8	—	0.4	0.2
Prior Years Non-catastrophe Losses and LAE Ratio .....	(13.6)	(4.3)	2.9	(3.8)	(7.4)	(14.8)	(5.3)	5.8	(4.7)	(5.7)
Prior Years Catastrophe Losses and LAE Ratio.....	—	—	—	—	—	—	—	—	—	—
Total Incurred Loss and LAE Ratio .....	60.7%	78.0%	89.0%	80.9%	69.9%	66.7%	93.1%	83.5%	77.0%	78.0%

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Premiums</b>										
Net Premiums Written .....	\$ 191.4	\$ 215.8	\$ 215.4	\$ 222.0	\$ 216.5	\$ 245.6	\$ 247.4	\$ 258.4	\$ 844.6	\$ 967.9
Earned Premiums .....	\$ 212.0	\$ 219.2	\$ 225.6	\$ 229.4	\$ 243.3	\$ 252.6	\$ 257.7	\$ 257.8	\$ 886.2	\$ 1,011.4
<b>Losses and LAE</b>										
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	\$ 160.4	\$ 161.3	\$ 164.7	\$ 174.2	\$ 200.1	\$ 192.2	\$ 196.8	\$ 196.3	\$ 660.6	\$ 785.4
Catastrophe Losses and LAE .....	0.4	1.7	9.9	0.9	—	0.9	4.3	2.5	12.9	7.7
Prior Years:										
Non-catastrophe Losses and LAE .....	(6.6)	(3.7)	(11.5)	(11.8)	(8.6)	(8.9)	(9.2)	(6.2)	(33.6)	(32.9)
Catastrophe Losses and LAE .....	—	(0.3)	(0.1)	(0.2)	0.1	(0.1)	(0.3)	0.1	(0.6)	(0.2)
Total Incurred Losses and LAE .....	\$ 154.2	\$ 159.0	\$ 163.0	\$ 163.1	\$ 191.6	\$ 184.1	\$ 191.6	\$ 192.7	\$ 639.3	\$ 760.0
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	75.6%	73.5%	73.0%	75.9%	82.3%	76.0%	76.4%	76.1%	74.5%	77.6%
Current Year Catastrophe Losses and LAE Ratio.....	0.2	0.8	4.4	0.4	—	0.4	1.7	1.0	1.5	0.8
Prior Years Non-catastrophe Losses and LAE Ratio .....	(3.1)	(1.7)	(5.1)	(5.1)	(3.5)	(3.5)	(3.6)	(2.4)	(3.8)	(3.3)
Prior Years Catastrophe Losses and LAE Ratio.....	—	(0.1)	—	(0.1)	—	—	(0.1)	—	(0.1)	—
Total Incurred Loss and LAE Ratio .....	72.7%	72.5%	72.3%	71.1%	78.8%	72.9%	74.4%	74.7%	72.1%	75.1%

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Premiums</b>										
Net Premiums Written .....	\$ 66.5	\$ 78.6	\$ 80.5	\$ 70.9	\$ 74.2	\$ 85.4	\$ 87.0	\$ 74.3	\$ 296.5	\$ 320.9
Earned Premiums .....	\$ 75.8	\$ 77.9	\$ 79.0	\$ 79.7	\$ 81.4	\$ 82.3	\$ 82.1	\$ 80.4	\$ 312.4	\$ 326.2
<b>Losses and LAE</b>										
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	\$ 31.4	\$ 38.1	\$ 37.9	\$ 49.1	\$ 30.9	\$ 47.6	\$ 43.1	\$ 48.8	\$ 156.5	\$ 170.4
Catastrophe Losses and LAE .....	3.8	12.3	50.4	14.3	2.2	8.8	21.2	6.0	80.8	38.2
Prior Years:										
Non-catastrophe Losses and LAE .....	(0.7)	1.5	(1.6)	(0.7)	(3.0)	(0.3)	(1.0)	(4.6)	(1.5)	(8.9)
Catastrophe Losses and LAE .....	(0.8)	(6.0)	(4.4)	(2.1)	(3.8)	(1.6)	(4.2)	(1.6)	(13.3)	(11.2)
Total Incurred Losses and LAE .....	\$ 33.7	\$ 45.9	\$ 82.3	\$ 60.6	\$ 26.3	\$ 54.5	\$ 59.1	\$ 48.6	\$ 222.5	\$ 188.5
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	41.5%	48.9%	48.0%	61.6%	38.0%	57.8%	52.5%	60.6%	50.1%	52.2%
Current Year Catastrophe Losses and LAE Ratio.....	5.0	15.8	63.8	17.9	2.7	10.7	25.8	7.5	25.9	11.7
Prior Years Non-catastrophe Losses and LAE Ratio .....	(0.9)	1.9	(2.0)	(0.9)	(3.7)	(0.4)	(1.2)	(5.7)	(0.5)	(2.7)
Prior Years Catastrophe Losses and LAE Ratio .....	(1.1)	(7.7)	(5.6)	(2.6)	(4.7)	(1.9)	(5.1)	(2.0)	(4.3)	(3.4)
Total Incurred Loss and LAE Ratio .....	44.5%	58.9%	104.2%	76.0%	32.3%	66.2%	72.0%	60.4%	71.2%	57.8%

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Premiums</b>										
Net Premiums Written .....	\$ 11.2	\$ 12.6	\$ 12.8	\$ 11.4	\$ 12.2	\$ 14.0	\$ 14.5	\$ 12.7	\$ 48.0	\$ 53.4
Earned Premiums .....	\$ 12.2	\$ 12.6	\$ 12.9	\$ 13.2	\$ 13.5	\$ 13.8	\$ 14.1	\$ 13.9	\$ 50.9	\$ 55.3
<b>Losses and LAE</b>										
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE .....	\$ 6.8	\$ 7.4	\$ 6.8	\$ 7.1	\$ 6.7	\$ 5.3	\$ 6.4	\$ 6.0	\$ 28.1	\$ 24.4
Catastrophe Losses and LAE .....	0.2	0.2	1.6	0.8	(0.1)	0.7	0.4	0.2	2.8	1.2
Prior Years:										
Non-catastrophe Losses and LAE .....	(0.8)	(1.1)	(1.4)	(0.2)	0.5	(1.0)	(2.0)	(1.2)	(3.5)	(3.7)
Catastrophe Losses and LAE .....	—	(0.9)	(0.6)	(0.4)	(0.4)	—	(0.7)	—	(1.9)	(1.1)
Total Incurred Losses and LAE .....	\$ 6.2	\$ 5.6	\$ 6.4	\$ 7.3	\$ 6.7	\$ 5.0	\$ 4.1	\$ 5.0	\$ 25.5	\$ 20.8
<b>Ratios Based On Earned Premiums</b>										
Current Year Non-catastrophe Losses and LAE Ratio.....	55.8%	58.6%	52.8%	53.7%	49.6%	38.3%	45.5%	43.2%	55.2%	44.1%
Current Year Catastrophe Losses and LAE Ratio.....	1.6	1.6	12.4	6.1	(0.7)	5.1	2.8	1.4	5.5	2.2
Prior Years Non-catastrophe Losses and LAE Ratio .....	(6.6)	(8.7)	(10.9)	(1.5)	3.7	(7.2)	(14.2)	(8.6)	(6.9)	(6.7)
Prior Years Catastrophe Losses and LAE Ratio .....	—	(7.1)	(4.7)	(3.0)	(3.0)	—	(5.0)	—	(3.7)	(2.0)
Total Incurred Loss and LAE Ratio .....	50.8%	44.4%	49.6%	55.3%	49.6%	36.2%	29.1%	36.0%	50.1%	37.6%

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

	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b>Results of Operations</b>										
Earned Premiums:										
Life .....	\$ 96.0	\$ 96.8	\$ 97.2	\$ 97.6	\$ 97.8	\$ 98.4	\$ 98.6	\$ 97.9	\$ 387.6	\$ 392.7
Accident and Health .....	36.5	37.1	36.2	38.8	40.2	40.7	40.3	40.2	148.6	161.4
Property .....	19.0	19.2	19.4	18.9	19.4	19.7	20.0	19.7	76.5	78.8
Total Earned Premiums .....	151.5	153.1	152.8	155.3	157.4	158.8	158.9	157.8	612.7	632.9
Net Investment Income .....	71.3	49.2	48.0	50.2	50.6	56.5	49.8	53.0	218.7	209.9
Other Income .....	0.5	0.4	—	—	0.1	—	0.1	—	0.9	0.2
Total Revenues .....	223.3	202.7	200.8	205.5	208.1	215.3	208.8	210.8	832.3	843.0
Policyholders' Benefits and Incurred Losses and LAE.....	91.7	89.9	95.8	97.0	91.0	94.6	99.4	102.9	374.4	387.9
Insurance Expenses .....	80.4	81.4	80.3	73.9	78.5	85.5	78.2	76.0	316.0	318.2
Operating Profit .....	51.2	31.4	24.7	34.6	38.6	35.2	31.2	31.9	141.9	136.9
Income Tax Expense .....	(17.7)	(11.1)	(8.8)	(12.5)	(13.7)	(12.3)	(10.9)	(10.7)	(50.1)	(47.6)
Segment Net Operating Income .....	\$ 33.5	\$ 20.3	\$ 15.9	\$ 22.1	\$ 24.9	\$ 22.9	\$ 20.3	\$ 21.2	\$ 91.8	\$ 89.3

	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
<b>Insurance Reserves:</b>								
Future Policyholder Benefits .....	\$ 3,214.7	\$ 3,202.5	\$ 3,189.5	\$ 3,173.8	\$ 3,157.7	\$ 3,146.7	\$ 3,133.3	\$ 3,119.4
Incurred Losses and LAE Reserves:								
Life .....	38.8	38.7	39.4	42.6	37.6	33.1	34.3	35.0
Accident and Health .....	20.2	19.6	20.1	21.3	22.2	21.7	22.0	20.4
Property .....	4.5	4.3	5.3	5.6	5.3	4.7	5.7	8.0
Total Incurred Losses and LAE Reserves .....	63.5	62.6	64.8	69.5	65.1	59.5	62.0	63.4
Insurance Reserves .....	\$ 3,278.2	\$ 3,265.1	\$ 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								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
<b><u>Net Investment Income</u></b>										
Interest and Dividends on Fixed Maturities .....	\$ 57.4	\$ 56.1	\$ 56.9	\$ 57.0	\$ 58.3	\$ 59.5	\$ 58.6	\$ 59.1	\$ 227.4	\$ 235.5
Dividends on Equity Securities .....	34.1	7.7	10.8	7.3	8.9	11.3	9.0	8.8	59.9	38.0
Equity Method Limited Liability Investments .....	(0.7)	4.9	1.3	3.5	6.5	7.7	3.6	8.6	9.0	26.4
Fair Value Option Investments .....	(1.3)	0.3	0.3	—	—	—	—	—	(0.7)	—
Short-term Investments .....	0.1	0.1	0.2	0.2	0.1	—	—	—	0.6	0.1
Real Estate .....	2.9	3.1	2.9	3.2	3.1	3.7	6.6	7.4	12.1	20.8
Loans to Policyholders .....	5.2	5.2	5.0	5.1	5.1	5.0	4.8	4.9	20.5	19.8
Other .....	0.1	—	—	—	—	—	—	—	0.1	—
<b>Total Investment Income .....</b>	<b>97.8</b>	<b>77.4</b>	<b>77.4</b>	<b>76.3</b>	<b>82.0</b>	<b>87.2</b>	<b>82.6</b>	<b>88.8</b>	<b>328.9</b>	<b>340.6</b>
Investment Expenses:										
Real Estate .....	2.7	3.1	2.7	2.8	3.0	3.0	6.0	6.3	11.3	18.3
Other Investment Expenses .....	2.0	2.0	2.1	2.4	2.1	1.8	2.0	1.7	8.5	7.6
<b>Total Investment Expenses .....</b>	<b>4.7</b>	<b>5.1</b>	<b>4.8</b>	<b>5.2</b>	<b>5.1</b>	<b>4.8</b>	<b>8.0</b>	<b>8.0</b>	<b>19.8</b>	<b>25.9</b>
<b>Net Investment Income .....</b>	<b>\$ 93.1</b>	<b>\$ 72.3</b>	<b>\$ 72.6</b>	<b>\$ 71.1</b>	<b>\$ 76.9</b>	<b>\$ 82.4</b>	<b>\$ 74.6</b>	<b>\$ 80.8</b>	<b>\$ 309.1</b>	<b>\$ 314.7</b>
<b><u>Net Realized Gains on Sales of Investments</u></b>										
Fixed Maturities:										
Gains on Sales .....	\$ 2.0	\$ 0.2	\$ 0.4	\$ 4.4	\$ 1.3	\$ 2.5	\$ 1.4	\$ 25.7	\$ 7.0	\$ 30.9
Losses on Sales .....	(0.2)	—	—	—	(0.4)	—	—	—	(0.2)	(0.4)
Equity Securities:										
Gains on Sales .....	21.4	7.9	3.0	0.8	19.9	0.7	0.8	0.4	33.1	21.8
Losses on Sales .....	(2.0)	—	—	—	(0.2)	(0.2)	—	(0.1)	(2.0)	(0.5)
Equity Method Limited Liability Investments:										
Gains on Sales .....	—	—	—	—	—	2.3	0.2	—	—	2.5
Real Estate:										
Gains on Sales .....	—	—	—	—	—	43.6	—	0.6	—	44.2
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)	(0.1)	0.2	—	0.2	0.2	—	0.2	(0.1)	0.6
<b>Net Realized Gains on Sales of Investments .....</b>	<b>\$ 21.0</b>	<b>\$ 8.0</b>	<b>\$ 3.5</b>	<b>\$ 6.6</b>	<b>\$ 20.8</b>	<b>\$ 49.1</b>	<b>\$ 2.3</b>	<b>\$ 26.9</b>	<b>\$ 39.1</b>	<b>\$ 99.1</b>
<b><u>Net Impairment Losses Recognized in Earnings</u></b>										
Fixed Maturities .....	\$ (0.1)	\$ (2.2)	\$ (3.1)	\$ (0.3)	\$ (5.9)	\$ (2.2)	\$ (0.5)	\$ (1.7)	\$ (5.7)	\$ (10.3)
Equity Securities .....	(4.0)	(1.6)	(1.0)	(0.5)	(1.7)	(1.2)	(0.5)	(0.2)	(7.1)	(3.6)
Real Estate .....	(2.4)	—	—	—	—	—	—	—	(2.4)	—
<b>Net Impairment Losses Recognized in Earnings .....</b>	<b>\$ (6.5)</b>	<b>\$ (3.8)</b>	<b>\$ (4.1)</b>	<b>\$ (0.8)</b>	<b>\$ (7.6)</b>	<b>\$ (3.4)</b>	<b>\$ (1.0)</b>	<b>\$ (1.9)</b>	<b>\$ (15.2)</b>	<b>\$ (13.9)</b>

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

	Dec 31, 2014		Dec 31, 2013		Dec 31, 2012	
	Carrying Value	Percent of Total <sup>1</sup>	Carrying Value	Percent of Total <sup>1</sup>	Carrying Value	Percent of Total <sup>1</sup>
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities .....	\$ 345.5	5.4%	\$ 362.2	5.9%	\$ 428.9	6.6%
States and Political Subdivisions .....	1,477.1	22.9	1,361.0	22.1	1,401.4	21.7
Corporate Securities:						
Bonds and Notes .....	2,878.5	44.7	2,793.7	45.4	2,993.4	46.3
Redeemable Preferred Stocks .....	6.7	0.1	7.4	0.1	32.6	0.5
Collateralized Loan Obligations .....	64.4	1.0	44.7	0.7	—	—
Other Mortgage- and Asset-backed .....	5.4	0.1	6.0	0.1	3.9	0.1
Subtotal Fixed Maturities Reported at Fair Value .....	<u>4,777.6</u>	<u>74.2</u>	<u>4,575.0</u>	<u>74.3</u>	<u>4,860.2</u>	<u>75.2</u>
Equity Securities Reported at Fair Value:						
Preferred Stocks .....	109.5	1.7	110.2	1.8	100.5	1.6
Common Stocks .....	133.8	2.1	189.5	3.1	154.2	2.4
Other Equity Interests:						
Exchange Traded Funds .....	202.7	3.1	124.9	2.0	125.9	1.9
Limited Liability Companies and Limited Partnerships .....	186.2	2.9	173.9	2.8	141.3	2.2
Subtotal Equity Securities Reported at Fair Value .....	<u>632.2</u>	<u>9.8</u>	<u>598.5</u>	<u>9.7</u>	<u>521.9</u>	<u>8.1</u>
Equity Method Limited Liability Investments .....	<u>184.8</u>	<u>2.9</u>	<u>245.1</u>	<u>4.0</u>	<u>253.0</u>	<u>3.9</u>
Fair Value Option Investments .....	<u>53.3</u>	<u>0.8</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Short-term Investments at Cost which Approximates Fair Value .....	<u>342.2</u>	<u>5.3</u>	<u>284.7</u>	<u>4.6</u>	<u>327.5</u>	<u>5.1</u>
Other Investments:						
Loans to Policyholders at Unpaid Principal .....	283.4	4.4	275.4	4.5	266.3	4.1
Real Estate at Depreciated Cost .....	160.9	2.5	167.1	2.7	226.2	3.5
Trading Securities at Fair Value .....	4.9	0.1	5.0	0.1	4.5	0.1
Other .....	0.4	—	0.5	—	0.5	—
Subtotal Other Investments .....	<u>449.6</u>	<u>7.0</u>	<u>448.0</u>	<u>7.3</u>	<u>497.5</u>	<u>7.7</u>
Total Investments .....	<u>\$ 6,439.7</u>	<u>100.0%</u>	<u>\$ 6,151.3</u>	<u>100.0%</u>	<u>\$ 6,460.1</u>	<u>100.0%</u>
<b><u>S&amp;P Equivalent Rating for Fixed Maturities</u></b>						
AAA, AA, A .....	\$ 3,249.3	68.0%	\$ 3,128.1	68.4%	\$ 3,319.1	68.3%
BBB .....	1,156.4	24.2	1,119.9	24.5	1,199.0	24.7
BB, B .....	166.7	3.5	144.6	3.1	158.9	3.2
CCC or Lower .....	205.2	4.3	182.4	4.0	183.2	3.8
Total Investments in Fixed Maturities .....	<u>\$ 4,777.6</u>	<u>100.0%</u>	<u>\$ 4,575.0</u>	<u>100.0%</u>	<u>\$ 4,860.2</u>	<u>100.0%</u>
<b><u>Duration (in Years)</u></b>						
Total Investments in Fixed Maturities .....	<u>6.9</u>		<u>6.8</u>		<u>7.1</u>	

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

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

	Dec 31, 2014		Dec 31, 2013		Dec 31, 2012	
	Amount	Percent of Total Investments	Amount	Percent of Total Investments	Amount	Percent of Total Investments
<b>Fair Value of Non-governmental Fixed Maturities by Industry</b>						
Manufacturing .....	\$ 1,247.4	19.4%	\$ 1,196.9	19.5%	\$ 1,371.1	21.2%
Finance, Insurance and Real Estate .....	785.6	12.2	767.9	12.5	780.8	12.1
Transportation, Communication and Utilities .....	312.9	4.9	306.7	5.0	289.2	4.5
Services .....	305.0	4.7	277.5	4.5	298.6	4.6
Mining .....	139.7	2.2	143.1	2.3	143.4	2.2
Retail Trade .....	74.5	1.2	75.6	1.2	66.5	1.0
Wholesale Trade .....	69.7	1.1	60.7	1.0	57.8	0.9
Agriculture, Forestry and Fishing .....	15.3	0.2	18.8	0.3	19.2	0.3
Other .....	4.9	0.1	4.6	0.1	3.3	0.1
<b>Total Fair Value of Non-governmental Fixed Maturities .....</b>	<b>\$ 2,955.0</b>	<b>46.0%</b>	<b>\$ 2,851.8</b>	<b>46.4%</b>	<b>\$ 3,029.9</b>	<b>46.9%</b>

	Dec 31, 2014	
	Fair Value	Percent of Total Investments
<b>Ten Largest Investment Exposures <sup>1</sup></b>		
Fixed Maturities:		
States and Political Subdivisions:		
Texas .....	\$ 96.7	1.5%
Ohio .....	79.4	1.2
Michigan .....	68.7	1.1
Florida .....	65.1	1.0
Georgia .....	64.2	1.0
Colorado .....	60.2	0.9
Wisconsin .....	59.9	0.9
Equity Securities - Other Equity Interests:		
Vanguard Total Stock Market ETF .....	70.3	1.1
iShares® Core S&P 500 ETF .....	53.4	0.8
Equity Method Limited Liability Investments:		
Tennenbaum Opportunities Fund V, LLC .....	63.5	1.0
<b>Total .....</b>	<b>\$ 681.4</b>	<b>10.5%</b>

<sup>1</sup> 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 December 31, 2014.



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

Dec 31, 2014

	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond <sup>1</sup>	Percent of Total Investments <sup>1</sup>
Texas .....	\$ 30.9	\$ 18.6	\$ 47.2	\$ 96.7	6.9%	1.5%
Ohio .....	40.7	4.9	33.8	79.4	5.7	1.2
Michigan .....	37.8	—	30.9	68.7	4.9	1.1
Florida .....	52.6	—	12.5	65.1	4.7	1.0
Georgia .....	49.5	5.6	9.1	64.2	4.6	1.0
Colorado .....	—	15.8	44.4	60.2	4.3	0.9
Wisconsin .....	51.5	7.0	1.4	59.9	4.3	0.9
Arkansas .....	53.1	—	—	53.1	3.8	0.8
New York .....	6.4	—	41.0	47.4	3.4	0.7
Washington .....	15.8	0.3	29.5	45.6	3.3	0.7
North Carolina .....	17.8	1.9	22.9	42.6	3.1	0.7
Louisiana .....	16.8	0.2	24.2	41.2	3.0	0.6
Utah .....	28.7	1.6	10.8	41.1	3.0	0.6
Oregon .....	31.0	—	1.1	32.1	2.3	0.5
Virginia .....	—	19.4	11.5	30.9	2.2	0.5
Connecticut .....	25.2	—	5.4	30.6	2.2	0.5
Minnesota .....	27.0	—	3.5	30.5	2.2	0.5
Nevada .....	22.7	7.3	—	30.0	2.2	0.5
Indiana .....	—	—	28.8	28.8	2.1	0.4
Mississippi .....	24.7	—	3.1	27.8	2.0	0.4
Delaware .....	17.7	—	9.7	27.4	2.0	0.4
Massachusetts .....	—	—	26.6	26.6	1.9	0.4
New Jersey .....	—	5.6	20.2	25.8	1.9	0.4
South Carolina .....	20.4	3.2	—	23.6	1.7	0.4
Maryland .....	—	18.3	3.7	22.0	1.6	0.3
Tennessee .....	4.6	7.6	9.5	21.7	1.6	0.3
Missouri .....	—	—	19.3	19.3	1.4	0.3
Iowa .....	—	—	17.5	17.5	1.3	0.3
California .....	0.4	—	17.1	17.5	1.3	0.3
Kentucky .....	—	1.1	16.0	17.1	1.2	0.3
Idaho .....	3.2	7.6	5.5	16.3	1.2	0.3
Arizona .....	—	—	16.3	16.3	1.2	0.3
Rhode Island .....	10.9	—	5.1	16.0	1.1	0.2
Pennsylvania .....	11.6	2.5	1.3	15.4	1.1	0.2
Illinois .....	—	5.6	9.4	15.0	1.1	0.2
Hawaii .....	14.8	—	—	14.8	1.1	0.2
Nebraska .....	—	7.0	5.4	12.4	0.9	0.2
District of Columbia .....	—	—	12.2	12.2	0.9	0.2
Alabama .....	6.2	—	5.7	11.9	0.9	0.2
All Other States .....	22.6	—	44.4	67.0	4.8	1.0
Total <sup>(1)</sup> .....	<u>\$ 644.6</u>	<u>\$ 141.1</u>	<u>\$ 606.0</u>	<u>\$ 1,391.7</u>	<u>100.0%</u>	<u>21.6%</u>

<sup>1</sup> 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	
	Dec 31, 2014	Dec 31, 2014	Dec 31, 2013
<b>Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:</b>			
Distressed Debt .....	\$ —	\$ 93.0	\$ 126.1
Secondary Transactions .....	17.7	48.9	54.0
Mezzanine Debt .....	15.0	27.0	46.0
Growth Equity .....	—	5.3	7.8
Senior Debt .....	4.9	5.0	7.5
Leveraged Buyout .....	0.1	3.9	3.7
Other .....	—	1.7	—
<b>Total Equity Method Limited Liability Investments .....</b>	<b>37.7</b>	<b>184.8</b>	<b>245.1</b>
<b>Reported as Other Equity Interests at Fair Value:</b>			
Mezzanine Debt .....	61.9	69.7	63.8
Senior Debt .....	17.7	21.4	15.0
Distressed Debt .....	1.6	18.2	14.4
Secondary Transactions .....	12.5	15.6	13.7
Hedge Fund .....	—	9.1	12.5
Leveraged Buyout .....	2.5	8.0	9.9
Real Estate .....	—	—	6.3
Other .....	1.7	44.2	38.3
<b>Total Reported as Other Equity Interests at Fair Value .....</b>	<b>97.9</b>	<b>186.2</b>	<b>173.9</b>
<b>Reported as Fair Value Option Investments:</b>			
Hedge Fund .....	—	53.3	—
<b>Total Investments in Limited Liability Companies and Limited Partnerships .....</b>	<b>\$ 135.6</b>	<b>\$ 424.3</b>	<b>\$ 419.0</b>

**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) 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								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
Consolidated Net Operating Income .....	\$ 53.9	\$ 2.1	\$ 9.6	\$ 31.5	\$ 46.3	\$ 38.9	\$ 31.7	\$ 42.3	\$ 97.1	\$ 159.2
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments .....	13.6	5.2	2.4	4.2	13.5	31.9	1.5	17.5	25.4	64.4
Net Impairment Losses Recognized in Earnings .....	(4.2)	(2.5)	(2.7)	(0.5)	(5.0)	(2.2)	(0.7)	(1.2)	(9.9)	(9.1)
Income from Continuing Operations .....	<u>\$ 63.3</u>	<u>\$ 4.8</u>	<u>\$ 9.3</u>	<u>\$ 35.2</u>	<u>\$ 54.8</u>	<u>\$ 68.6</u>	<u>\$ 32.5</u>	<u>\$ 58.6</u>	<u>\$ 112.6</u>	<u>\$ 214.5</u>

**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:

<i>(Unaudited)</i>	Three Months Ended								Year Ended	
	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2014	Dec 31, 2013
Consolidated Net Operating Income Per Unrestricted Share..	\$ 1.02	\$ 0.04	\$ 0.18	\$ 0.56	\$ 0.83	\$ 0.69	\$ 0.55	\$ 0.72	\$ 1.79	\$ 2.79
Net Income (Loss) Per Unrestricted Share From:										
Net Realized Gains on Sales of Investments .....	0.26	0.10	0.04	0.08	0.24	0.56	0.02	0.30	0.47	1.12
Net Impairment Losses Recognized in Earnings .....	(0.08)	(0.05)	(0.05)	(0.01)	(0.09)	(0.04)	(0.01)	(0.02)	(0.18)	(0.16)
Income from Continuing Operations Per Unrestricted Share..	\$ 1.20	\$ 0.09	\$ 0.17	\$ 0.63	\$ 0.98	\$ 1.21	\$ 0.56	\$ 1.00	\$ 2.08	\$ 3.75

**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 Insurance Expense (including write-offs of long-lived assets) Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding total incurred losses and LAE, including the impact of catastrophe losses and loss and LAE reserve development from prior years with the Insurance Expense (including write-offs of long-lived assets) 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.