

Source: Unitrin, Inc.

### Unitrin, Inc. Reports Third Quarter 2010 Net Income of \$35.7 million

CHICAGO – (Business Wire)—November 1, 2010 – Unitrin, Inc. (NYSE: UTR – News) reported today net income of \$35.7 million (\$0.58 per unrestricted common share) for the three months ended September 30, 2010, compared to \$62.1 million (\$1.00 per unrestricted common share) for the same period in 2009. Net income was \$121.7 million (\$1.96 per unrestricted common share) for the nine months ended September 30, 2010, compared to \$98.4 million (\$1.58 per unrestricted common share) for the same period in 2009.

Income from continuing operations was \$35.5 million (\$0.57 per unrestricted common share) for the three months ended September 30, 2010, compared to \$61.0 million (\$0.98 per unrestricted common share) for the same period in 2009. Income from continuing operations was \$122.3 million (\$1.97 per unrestricted common share) for the nine months ended September 30, 2010, compared to \$96.1 million (\$1.54 per unrestricted common share) for the same period in 2009. Income from continuing operations for both the three and nine months ended September 30, 2010 included an after-tax charge of \$14.8 million to write off goodwill related to the Company's health insurance operation, Reserve National. Excluding the charge to write off goodwill, income from continuing operations was \$50.3 million and \$137.1 million for the three and nine months ended September 30, 2010, respectively.

Reserve National, which had been classified as a discontinued operation in the first and second quarters of 2010, has been re-established as a continuing operation and its operating results for the three and nine months ended September 30, 2010 and 2009 are reported in continuing operations in the Life and Health Insurance segment along with the operating results of the Company's Career Agency Companies.

Income from discontinued operations, related entirely to the Company's former Unitrin Business Insurance operation, was \$0.2 million (\$0.01 per unrestricted common share) for the three months ended September 30, 2010, compared to \$1.1 million (\$0.02 per unrestricted common share) for the same period in 2009.

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Income from Continuing Operations	\$ 35.5	\$ 61.0	\$ 122.3	\$ 96.1
Income (Loss) from Discontinued Operations	0.2	1.1	(0.6)	2.3
Net Income	<u>\$ 35.7</u>	<u>\$ 62.1</u>	<u>\$ 121.7</u>	<u>\$ 98.4</u>
Basic Net Income Per Unrestricted Share:				
Continuing Operations	\$ 0.57	\$ 0.98	\$ 1.97	\$ 1.54
Discontinued Operations	0.01	0.02	(0.01)	0.04
Total	<u>\$ 0.58</u>	<u>\$ 1.00</u>	<u>\$ 1.96</u>	<u>\$ 1.58</u>

## Highlights

- **Third quarter 2010 pre-tax segment operating profit of \$55.8 million, including charge of \$14.8 million to write off goodwill.**
- **Book value per share increases by \$5.06, or 16%, for the first nine months of 2010, ending at \$35.81**
- **432,700 shares of common stock were repurchased at a total cost of \$10.5 million during third quarter of 2010.**
- **Fireside Bank operating profit of \$5.3 million for the third quarter of 2010; Tier 1 capital ratio of 31.0%.**

Don Southwell, Unitrin's Chairman, President and Chief Executive Officer, commented, "Our Life and Health Insurance, Kemper<sup>®1</sup> and Unitrin Specialty segments continue to report solid operating results consistent with our expectations. Unitrin Direct, which had reported a net loss of \$5.3 million for the full year in 2009, reported positive net income for the sixth consecutive quarter. Earned premiums declined largely in line with our expectations as a result of the actions we took in 2009 to preserve capital and focus on the bottom line, the slow economy and the continuing soft property and casualty insurance market."

Commenting on the status of the Company's efforts to sell Reserve National, Mr. Southwell stated, "The uncertainty surrounding national health care reform has slowed our efforts to sell Reserve National at an attractive valuation. We believe that Reserve National's focus on supplemental products, its strong management team and its agility in the face of change bode well for its future and continue to pursue options to fully realize its value."

Mr. Southwell also commented, "Our plan to exit the automobile finance business and fully return the capital that we have invested in Fireside Bank continues to progress very well. We continue to expect that Fireside Bank will report positive results over the remaining course of the exit plan, with an expectation that at least \$250 million of capital, or \$6 million above Fireside Bank's capital level at the end of the third quarter of 2010, will be returned to Unitrin."

"We are pleased to see the balance sheet strengthening continue during the quarter, said Mr. Southwell. "The combination of solid operating performance, improving asset valuations, and emerging benefits from our strategic actions position Unitrin well as we head into 2011."

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<sup>1</sup> Kemper<sup>®</sup> is a registered service mark of Unitrin, Inc.

## **Total Revenues**

Total revenues were \$673.8 million for the third quarter of 2010, compared to \$750.6 million for the third quarter of 2009. Total revenues decreased due primarily to lower earned premiums, lower automobile finance revenues and lower net investment income.

Earned premiums were \$568.3 million and \$616.2 million for the third quarters of 2010 and 2009, respectively, a decrease of \$47.9 million. Earned premiums decreased in each of the segments comprising the Company's insurance operations due primarily to planned reductions to preserve capital and focus on the bottom line, the slow economy and the continuing soft property and casualty insurance market. Automobile finance revenues decreased by \$19.5 million for the third quarter of 2010, compared to the same period in 2009, as Fireside Bank continued to execute its plan to exit the automobile finance business.

Net investment income decreased by \$13.4 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower net investment income from equity method limited liability investments.

Net realized gains on sales of investments were \$7.2 million for the third quarter of 2010, compared to \$12.4 million for the same period in 2009. Net impairment losses recognized in earnings were \$4.6 million for the third quarter of 2010, compared to \$14.5 million for the same period in 2009. (See the tables labeled "Net Realized Gains on Sales of Investments" and "Net Impairment Losses Recognized in Earnings" for additional information.) The Company cannot anticipate when or if net realized gains or losses on sales of investments may occur in the future.

## **Quarterly Segment Results**

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

### **Kemper**

Operating profit in the Kemper segment decreased by \$9.3 million for the three months ended September 30, 2010, compared to the same period in 2009, due primarily to higher incurred losses and loss adjustment expenses ("LAE") as a percentage of earned premiums, lower net investment income and higher insurance expenses as a percentage of earned premiums.

Earned premiums in the Kemper segment decreased by \$12.9 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower volume, partially offset by higher average premium rates. Volume decreased due, in part, to Kemper's decision to maintain its underwriting discipline and increase premium rates while facing increased competition in a soft personal lines insurance market, as well as planned decreases related to certain initiatives implemented in 2009 to improve profitability and the return on required capital.

### Unitrin Specialty

Operating profit in the Unitrin Specialty segment decreased by \$2.5 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower net investment income, higher insurance expenses as a percentage of earned premiums and lower favorable loss and LAE reserve development. Favorable loss and LAE reserve development was \$1.5 million for the third quarter of 2010, compared to \$2.2 million for the same period in 2009.

Earned premiums in the Unitrin Specialty segment decreased by \$14.6 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower volume of personal automobile insurance and commercial automobile insurance, partially offset by higher average premium rates on personal automobile insurance. Volume decreased due primarily to increased competition in a soft personal lines insurance market and a shrinking commercial market due to the lingering effects of the recession.

### Unitrin Direct

The Unitrin Direct segment reported an operating loss of \$1.5 million for the third quarter of 2010, compared to an operating profit of \$0.6 million for the same period in 2009. Operating results decreased in the Unitrin Direct segment for the three months ended September 30, 2010, compared to the same period in 2009, due primarily to higher incurred losses and LAE as a percentage of earned premiums, higher insurance expenses as a percentage of earned premiums and lower net investment income.

Earned premiums in the Unitrin Direct segment decreased by \$19.5 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower volume resulting largely from initiatives to improve profitability and insurance risk selection.

### Life and Health Insurance

Operating profit in the Life and Health Insurance segment decreased by \$20.9 million for the third quarter of 2010, compared to the same period in 2009, due primarily to an after-tax charge of \$14.8 million to write off goodwill related to Reserve National and lower net investment income.

Earned premiums in the Life and Health Insurance segment decreased by \$0.9 million for the third quarter of 2010, compared to the same period in 2009, due primarily to lower volume, partially offset by higher average premium rates.

### Fireside Bank

Over a year and a half ago, Fireside Bank began executing its plan to exit the automobile finance business and wind down its operations in an orderly fashion over the next several years.

The exit plan has favorably exceeded the Company's expectations. Fireside Bank's ratio of Tier 1 capital to total average assets has nearly doubled, going from 15.6% at March 31, 2009 (the inception date of the plan) to a strong 31.0% at the end of the third quarter of 2010. Automobile loan receivables have declined steadily to \$457.4 million at September 30, 2010 from \$1,125.2 million at the inception of the plan, while certificates of deposits have declined to \$409.2 million at September 30, 2010 from \$1,054.4 million

at the inception of the plan. The reserve for loan losses remains strong at 13.1% of loans outstanding. Cash and U.S. Treasury and Agency investments now represent 58.8% of certificates of deposits outstanding. Fireside Bank estimates that collections of automobile loans receivables will be in excess of \$300 million over the next 15 months. The Company expects that the Fireside Bank segment will report positive bottom line results for the fourth quarter of 2010 and the full year. (See the “Fireside Bank Exit Plan Key Metrics” table below for additional information.)

Fireside Bank reported operating profit of \$5.3 million for the third quarter of 2010, compared to \$3.4 million for the same period in 2009. Automobile finance revenues decreased by \$19.5 million for the third quarter of 2010, compared to the same period in 2009, due to the lower levels of loans outstanding as a result of the exit plan.

#### Intermec

During the third quarter of 2010, the Company sold 1,244,096 shares of Intermec, Inc. (“Intermec”) common stock, thereby completing its pre-arranged trading plan in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. As a result of these sales, the Company’s approximate voting percentage in Intermec was reduced to 18%. As a result of this change in ownership and other qualitative factors, the Company determined that its investment in the common stock of Intermec no longer qualified for the equity method of accounting. Accordingly, the Company’s investment in Intermec common stock is included in Investments in Equity Securities and is reported at its fair value of \$136.8 million in the Condensed Consolidated Balance Sheet at September 30, 2010.

Consolidated results of operations for the three and nine months ended September 30, 2010 and 2009 are as follows:

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
<b>Revenues:</b>				
Earned Premiums	\$ 568.3	\$ 616.2	\$ 1,727.8	\$ 1,855.0
Automobile Finance Revenues	22.6	42.1	79.9	142.4
Net Investment Income	79.9	93.3	242.5	234.7
Other Income	0.4	1.1	1.0	2.0
Net Realized Gains on Sales of Investments	7.2	12.4	14.6	17.6
<b>Other-than-temporary Impairment Losses:</b>				
Total Other-than-temporary Impairment Losses	(3.6)	(14.6)	(13.9)	(49.9)
Portion of Losses Recognized in Other Comprehensive Income	<u>(1.0)</u>	<u>0.1</u>	<u>1.2</u>	<u>0.7</u>
Net Impairment Losses Recognized in Earnings	<u>(4.6)</u>	<u>(14.5)</u>	<u>(12.7)</u>	<u>(49.2)</u>
Total Revenues	<u>673.8</u>	<u>750.6</u>	<u>2,053.1</u>	<u>2,202.5</u>
<b>Expenses:</b>				
<b>Policyholders' Benefits and Incurred</b>				
Losses and Loss Adjustment Expenses	404.0	435.1	1,240.1	1,328.3
Insurance Expenses	168.9	177.0	506.8	543.7
Automobile Finance Expenses	11.3	29.2	44.9	111.6
Interest Expense on Certificates of Deposits	6.5	10.1	21.8	34.6
Write-off of Goodwill	14.8	-	14.8	1.5
Interest and Other Expenses	16.1	15.5	49.9	47.5
Total Expenses	<u>621.6</u>	<u>666.9</u>	<u>1,878.3</u>	<u>2,067.2</u>
<b>Income from Continuing Operations before Income</b>				
Taxes and Equity in Net Loss of Investee	52.2	83.7	174.8	135.3
Income Tax Expense	<u>(16.4)</u>	<u>(21.7)</u>	<u>(52.4)</u>	<u>(38.1)</u>
<b>Income from Continuing Operations before Equity</b>				
in Net Loss of Investee	35.8	62.0	122.4	97.2
Equity in Net Loss of Investee	<u>(0.3)</u>	<u>(1.0)</u>	<u>(0.1)</u>	<u>(1.1)</u>
Income from Continuing Operations	<u>35.5</u>	<u>61.0</u>	<u>122.3</u>	<u>96.1</u>
<b>Discontinued Operations:</b>				
Income (Loss) from Discontinued Operations before Income Taxes	0.3	1.6	(1.0)	3.7
Income Tax Benefit (Expense)	<u>(0.1)</u>	<u>(0.5)</u>	<u>0.4</u>	<u>(1.4)</u>
Income (Loss) from Discontinued Operations	<u>0.2</u>	<u>1.1</u>	<u>(0.6)</u>	<u>2.3</u>
Net Income	<u>\$ 35.7</u>	<u>\$ 62.1</u>	<u>\$ 121.7</u>	<u>\$ 98.4</u>
<b>Income from Continuing Operations Per Unrestricted Share:</b>				
Basic	<u>\$ 0.57</u>	<u>\$ 0.98</u>	<u>\$ 1.97</u>	<u>\$ 1.54</u>
Diluted	<u>\$ 0.57</u>	<u>\$ 0.98</u>	<u>\$ 1.96</u>	<u>\$ 1.54</u>
<b>Net Income Per Unrestricted Share:</b>				
Basic	<u>\$ 0.58</u>	<u>\$ 1.00</u>	<u>\$ 1.96</u>	<u>\$ 1.58</u>
Diluted	<u>\$ 0.58</u>	<u>\$ 1.00</u>	<u>\$ 1.95</u>	<u>\$ 1.58</u>
Dividends Paid to Shareholders Per Share	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>\$ 0.66</u>	<u>\$ 0.87</u>

Business segment revenues for the three and nine months ended September 30, 2010 and 2009 are as follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Revenues:				
Kemper:				
Earned Premiums	\$ 221.8	\$ 234.7	\$ 667.1	\$ 700.9
Net Investment Income	12.3	13.9	38.6	28.7
Other Income	0.1	0.1	0.3	0.3
Total Kemper	<u>234.2</u>	<u>248.7</u>	<u>706.0</u>	<u>729.9</u>
Unitrin Specialty:				
Earned Premiums	117.0	131.6	359.9	398.9
Net Investment Income	5.7	6.8	18.5	14.2
Other Income	0.2	0.1	0.5	0.2
Total Unitrin Specialty	<u>122.9</u>	<u>138.5</u>	<u>378.9</u>	<u>413.3</u>
Unitrin Direct:				
Earned Premiums	68.6	88.1	217.6	264.7
Net Investment Income	4.8	6.2	16.0	12.6
Other Income	-	0.6	0.1	0.7
Total Unitrin Direct	<u>73.4</u>	<u>94.9</u>	<u>233.7</u>	<u>278.0</u>
Life and Health Insurance:				
Earned Premiums	160.9	161.8	483.2	490.5
Net Investment Income	53.8	60.9	158.4	167.4
Other Income	0.1	0.2	0.1	0.7
Total Life and Health Insurance	<u>214.8</u>	<u>222.9</u>	<u>641.7</u>	<u>658.6</u>
Fireside Bank:				
Interest, Loan Fees and Eamed Discounts	22.4	41.2	78.9	139.4
Other Automobile Finance Revenues	0.2	0.9	1.0	3.0
Automobile Finance Revenues	22.6	42.1	79.9	142.4
Net Investment Income	0.5	0.6	1.5	2.3
Total Fireside Bank	<u>23.1</u>	<u>42.7</u>	<u>81.4</u>	<u>144.7</u>
Total Segment Revenues	668.4	747.7	2,041.7	2,224.5
Unallocated Dividend Income	-	0.4	0.3	1.1
Net Realized Gains on Sales of Investments	7.2	12.4	14.6	17.6
Net Impairment Losses Recognized in Earnings	(4.6)	(14.5)	(12.7)	(49.2)
Other	2.8	4.6	9.2	8.5
Total Revenues	<u>\$ 673.8</u>	<u>\$ 750.6</u>	<u>\$ 2,053.1</u>	<u>\$ 2,202.5</u>

Business segment operating profit (loss) for the three and nine months ended September 30, 2010 and 2009 is as follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Segment Operating Profit (Loss):				
Kemper	\$ 17.1	\$ 26.4	\$ 54.0	\$ 61.1
Unitrin Specialty	8.0	10.5	23.0	21.3
Unitrin Direct	(1.5)	0.6	(1.7)	(18.4)
Life and Health Insurance	26.9	47.8	100.9	118.9
Fireside Bank	5.3	3.4	14.7	(1.5)
Total Segment Operating Profit	55.8	88.7	190.9	181.4
Unallocated Dividend Income	-	0.4	0.3	1.1
Net Realized Gains on Sales of Investments	7.2	12.4	14.6	17.6
Net Impairment Losses Recognized in Earnings	(4.6)	(14.5)	(12.7)	(49.2)
Other Expense, Net	(6.2)	(3.3)	(18.3)	(15.6)
Income from Continuing Operations before Income Taxes and Equity in Net Loss of Investee	<u>\$ 52.2</u>	<u>\$ 83.7</u>	<u>\$ 174.8</u>	<u>\$ 135.3</u>

Business segment net income (loss) for the three and nine months ended September 30, 2010 and 2009 is as follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Segment Net Income (Loss):				
Kemper	\$ 13.5	\$ 19.2	\$ 41.6	\$ 45.7
Unitrin Specialty	6.2	7.8	18.0	16.8
Unitrin Direct	0.3	1.3	0.8	(9.7)
Life and Health Insurance	12.4	31.7	60.3	77.7
Fireside Bank	3.2	2.4	8.9	(7.3)
Total Segment Net Income	35.6	62.4	129.6	123.2
Net Income (Loss) From:				
Unallocated Dividend Income	0.1	0.4	0.3	1.0
Net Realized Gains on Sales of Investments	4.7	8.1	9.5	11.5
Net Impairment Losses Recognized in Earnings	(3.0)	(9.4)	(8.3)	(32.0)
Other Expense, Net	(1.6)	0.5	(8.7)	(6.5)
Income from Continuing Operations before Equity in Net Loss of Investee	35.8	62.0	122.4	97.2
Equity in Net Loss of Investee	(0.3)	(1.0)	(0.1)	(1.1)
Income from Continuing Operations	<u>\$ 35.5</u>	<u>\$ 61.0</u>	<u>\$ 122.3</u>	<u>\$ 96.1</u>



The components of Net Realized Gains on Sales of Investments for the three and nine months ended September 30, 2010 and 2009 are as follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Fixed Maturities:				
Gains on Sales	\$ 0.9	\$ 3.9	\$ 5.7	\$ 7.3
Losses on Sales	-	(0.2)	-	(0.3)
Equity Securities:				
Gains on Sales	5.7	8.3	7.7	9.8
Investee- Intermec				
Gains on Sales	-	-	0.8	-
Other Investments:				
Gains on Sales	0.1	-	0.1	-
Losses on Sales	-	(0.1)	(0.1)	(0.1)
Trading Securities Net Gains	0.5	0.5	0.4	0.9
Net Realized Gains on Sales of Investments	<u>\$ 7.2</u>	<u>\$ 12.4</u>	<u>\$ 14.6</u>	<u>\$ 17.6</u>

The components of Net Impairment Losses Recognized in Earnings for the three and nine months ended September 30, 2010 and 2009 are as follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Fixed Maturities	\$ (4.6)	\$ (14.5)	\$ (12.4)	\$ (41.2)
Equity Securities	-	-	(0.3)	(8.0)
Net Impairment Losses Recognized in Earnings	<u>\$ (4.6)</u>	<u>\$ (14.5)</u>	<u>\$ (12.7)</u>	<u>\$ (49.2)</u>

## Fireside Bank Exit Plan Key Metrics

Key metrics for the Fireside Bank exit plan are set forth in the table below, which compares the status of the plan at the end of the third quarter of 2010, with the end of 2009 and with March 31, 2009, the plan's approximate inception date.

(Dollars in Millions)	Sept. 30, 2010	Dec. 31, 2009	Mar. 31, 2009
Net Automobile Loan Receivables Outstanding	\$ 457.4	\$ 744.1	\$ 1,125.2
Loans 30 or more days delinquent:			
Dollars	\$ 21.2	\$ 76.1	\$ 103.4
As a percentage of Reserve for Loan Losses	35.3%	91.4%	91.0%
Reserve for Loan Losses:			
Dollars	\$ 60.0	\$ 83.3	\$ 113.6
As a percentage of Net Automobile Receivables Outstanding	13.1%	11.2%	10.1%
Cash and U.S. Treasury and Agency Investments	\$ 240.5	\$ 214.0	\$ 204.7
Certificates of Deposits:			
Maturing in One Year or Less	\$ 208.7	\$ 245.4	\$ 425.3
Maturing in More than One Year	200.5	437.0	629.1
Total	\$ 409.2	\$ 682.4	\$ 1,054.4
Cash and U.S. Treasury and Agency Investments as a percentage of Certificates of Deposits	58.8%	31.4%	19.4%
Total Capital	\$ 243.4	\$ 233.4	\$ 229.6
Tier 1 Capital	\$ 216.6	\$ 201.2	\$ 207.2
Tier 1 Capital to Total Average Assets	31.0%	21.3%	15.6%
Tier 1 Capital to Net Automobile Loan Receivables Outstanding	47.4%	27.0%	18.4%

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

	September 30, 2010 (Unaudited)	December 31, 2009
Assets:		
Investments:		
Fixed Maturities at Fair Value (Amortized Cost: 2010 - \$4,290.6; 2009 - \$4,413.2)	\$ 4,711.4	\$ 4,561.4
Equity Securities at Fair Value (Cost: 2010 - \$333.1; 2009 - \$184.4)	415.6	195.4
Investee (Intermec) at Cost Plus Cumulative Undistributed Comprehensive Income (Fair Value: 2009 - \$162.8)	-	98.4
Short-term Investments at Cost which Approximates Fair Value	404.4	397.0
Other Investments	806.4	771.6
Total Investments	6,337.8	6,023.8
Cash	149.6	143.7
Automobile Loan Receivables at Cost and Net of Reserve for Loan Losses (Fair Value: 2010 - \$401.7; 2009 - \$666.2)	397.4	660.8
Other Receivables	630.7	642.0
Deferred Policy Acquisition Costs	528.1	521.1
Goodwill	311.8	331.8
Current and Deferred Income Tax Assets	27.2	107.6
Other Assets	158.3	142.7
Total Assets	\$ 8,540.9	\$ 8,573.5
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life and Health	\$ 3,054.0	\$ 3,028.0
Property and Casualty	1,131.4	1,211.3
Total Insurance Reserves	4,185.4	4,239.3
Certificates of Deposits at Cost (Fair Value: 2010 - \$428.8; 2009 - \$717.9)	409.2	682.4
Unearned Premiums	703.9	724.9
Liabilities for Income Taxes	60.3	11.7
Notes Payable at Amortized Cost (Fair Value: 2010 - \$574.5; 2009 - \$534.2)	561.9	561.4
Accrued Expenses and Other Liabilities	419.9	436.2
Total Liabilities	6,340.6	6,655.9
Shareholders' Equity:		
Common Stock, \$0.10 Par Value, 100 Million Shares Authorized; 61,450,301 Shares Issued and Outstanding at September 30, 2010 and 62,357,016 Shares Issued and Outstanding at December 31, 2009	6.1	6.2
Paid-in Capital	756.0	765.9
Retained Earnings	1,154.6	1,086.7
Accumulated Other Comprehensive Income	283.6	58.8
Total Shareholders' Equity	2,200.3	1,917.6
Total Liabilities and Shareholders' Equity	\$ 8,540.9	\$ 8,573.5

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

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

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

- The incidence, frequency, and severity of catastrophes occurring in any particular reporting period or geographic concentration, including natural disasters, pandemics and terrorist attacks or other man-made events;
- The number and severity of insurance claims (including those associated with catastrophe losses) and their impact on the adequacy of loss reserves;
- Changes in facts and circumstances affecting assumptions used in determining loss and LAE reserves;
- The impact of inflation on insurance claims, including, but not limited to, the effects attributed to scarcity of resources available to rebuild damaged structures, including labor and materials and the amount of salvage value recovered for damaged property;
- Changes in the pricing or availability of reinsurance, or in the financial condition of reinsurers and amounts recoverable therefrom;
- Orders, interpretations or other actions by regulators that impact the reporting, adjustment and payment of claims;
- The impact of residual market assessments and assessments for insurance industry insolvencies;
- Changes in industry trends and significant industry developments;
- Uncertainties related to regulatory approval of insurance rates, policy forms, license applications and similar matters;

- Developments related to insurance policy claims and coverage issues including, but not limited to, interpretations or decisions by courts or regulators that may govern or influence insurance policy coverage issues arising with respect to losses incurred in connection with hurricanes and other catastrophes;
- Changes in ratings by credit rating agencies, including A.M. Best Co., Inc.;
- Adverse outcomes in litigation or other legal or regulatory proceedings involving Unitrin or its subsidiaries or affiliates;
- Regulatory, accounting or tax changes that may affect the cost of, or demand for, the Company's products or services;
- Governmental actions, including, but not limited to, implementation of the provisions of the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and the Dodd-Frank Act, new laws or regulations or court decisions interpreting existing laws and regulations or policy provisions;
- Changes in distribution channels, methods or costs resulting from changes in laws or regulations, lawsuits or market forces;
- Changes in laws or regulations governing or affecting the regulatory status of industrial banks, such as Fireside Bank, and their parent companies, including minimum capital requirements and restrictions on the non-financial activities and equity investments of companies that acquire control of industrial banks;
- Changes in the estimated rates of automobile loan receivables net charge-off used to estimate Fireside Bank's reserve for loan losses, including, but not limited to, changes in general economic conditions, unemployment rates and the impact of changes in the value of collateral held;
- The degree of success in effecting an orderly wind-down of the operations of Fireside Bank and the recovery of Unitrin's investment in Fireside Bank;
- The degree of success in identifying a buyer for Reserve National and effecting a sale or, at a minimum, a sale that results in a complete recovery of the Company's investment in Reserve National;
- Changes in general economic conditions, including performance of financial markets, interest rates, unemployment rates and fluctuating values of particular investments held by the Company;
- The level of success and costs expended in realizing economies of scale and implementing significant business consolidations and technology initiatives;
- Heightened competition, including, with respect to pricing, entry of new competitors and the development of new products by new and existing competitors;
- Increased costs and risks related to data security;
- Absolute and relative performance of the Company's products or services; and
- Other risks and uncertainties described from time to time in Unitrin's filings with the U.S. Securities and Exchange Commission ("SEC").

No assurances can be given that the results contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. The Company assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this press release. The reader is

advised, however, to consult any further disclosures Unitrin makes on related subjects in its filings made with the SEC.

Unitrin is a diversified insurance holding company, with subsidiaries that principally provide life, auto, homeowners and other insurance products for individuals and small businesses.

Unitrin's principal businesses are:

- **Kemper**, which provides auto, homeowners and other insurance products to individuals through a network of independent agents,
- **Unitrin Direct**, which markets auto and homeowners insurance to consumers via direct mail, the Internet and employer-sponsored employee benefit programs and other affinity relationships,
- **Unitrin Specialty**, which provides auto insurance through a network of independent agents and brokers to individuals and small businesses which have had difficulty procuring insurance through traditional channels, usually due to adverse driving records or claim or credit histories, and
- **Life and Health Insurance**, which specializes in the sale of life insurance products to persons of modest incomes through a network of employee agents.

Additional information about Unitrin, including a copy of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, is available by visiting its website ([www.unitrin.com](http://www.unitrin.com)).

Unitrin plans to issue a news release discussing its full year and fourth quarter results and file its annual report on Form 10-K for the year ended December 31, 2010 during the week of January 31, 2011.

Unitrin, Inc.

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KEYWORD: ILLINOIS

INDUSTRY KEYWORD: INSURANCE BANKING EARNINGS