

KEMPER Corp  
Form S-4  
April 04, 2018  
Table of Contents

As filed with the Securities and Exchange Commission on April 4, 2018

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**Kemper Corporation**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**6331**  
**(Primary Standard Industrial**  
**Classification Code Number)**

**95-4255452**  
**(I.R.S. Employer**  
**Identification Number)**

**One East Wacker Drive, Chicago, Illinois 60601**

**(312) 661-4600**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**C. Thomas Evans, Jr.**

**Senior Vice President, Secretary and General Counsel**

**Kemper Corporation**

**One East Wacker Drive**

**Chicago, Illinois 60601**

**(312) 661-4600**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*with copies to:*

**Michael P. Goldman**

**Brian J. Fahrney**

**Sidley Austin LLP**

**One South Dearborn Street**

**Chicago, Illinois 60603**

**(312) 853-7000**

**Samuel J. Simon**

**President and General Counsel**

**Infinity Property and Casualty  
Corporation**

**2201 4th Avenue North**

**Birmingham, Alabama 35203**

**(205) 870-4000**

**James C. Kennedy**

**F. Mark Reuter**

**Keating Muething & Klekamp  
PLL**

**One East Fourth Street**

**Suite 1400**

**Cincinnati, Ohio 45202**

**(513) 579-6400**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as reasonably practicable after the effectiveness of this Registration Statement and the completion of the merger described in the enclosed joint proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, par value \$0.01 per share	13,246,060	N/A	\$724,548,086.40	\$90,206.24

- (1) The number of shares to be registered represents the maximum number of shares of Kemper Corporation ( *Kemper* ) common stock estimated to be issuable in connection with the merger agreement described in the joint proxy statement/prospectus based upon (i) 10,919,965 shares of common stock, no par value per share, of Infinity Property and Casualty Corporation ( *Infinity* ) outstanding as of March 30, 2018, multiplied by a mixed election stock exchange ratio of 1.2019 (the *mixed election stock exchange ratio* ), (ii) up to an aggregate of 38,612 shares of Infinity common stock issuable upon the vesting of each outstanding and unvested award of performance share units with respect to Infinity common stock granted pursuant to any Infinity stock plan ( *Infinity performance share awards* ), vested at the target number of shares of Infinity common stock subject to such Infinity performance share awards, multiplied by an exchange ratio (the *exchange ratio* ) equal to (x) 1.2019 plus (y) 0.8012, which is the quotient (rounded to four decimal places) of \$51.60 divided by \$64.40 (which was the 20-trading day volume-weighted average price of Kemper common stock as of February 12, 2018, the day prior to the date of media publications regarding the proposed merger), (iii) up to an aggregate of 0 shares of Infinity common stock issuable upon the vesting of each outstanding and unvested award of restricted shares of Infinity common stock granted under any Infinity stock plan ( *Infinity restricted shares* ) that is held by a non-employee member of the Infinity board of directors multiplied by the mixed election stock exchange ratio and (iv) up to an aggregate of 44,010 shares of Kemper common stock issuable upon the vesting of Kemper restricted stock units granted to holders of each outstanding and unvested award of Infinity restricted shares (other than those held by non-employee members of the Infinity board of directors) ( *Rollover RSUs* ), in consideration for the cancellation and conversion of such Infinity restricted shares into Kemper restricted stock units, with such Rollover RSUs determined by multiplying the number of cancelled Infinity restricted shares by the exchange ratio.
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the *Securities Act* ), and calculated pursuant to Rules 457(c) and 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price is equal to (a) the product of: (i) \$117.30, the average of the high and low prices per share of Infinity common stock on April 2, 2018, as reported on the NASDAQ Stock Market, and (ii) the approximate number of shares of Infinity common stock to be converted in the merger (calculated as set forth in note (1) above), minus (b) \$563,470,194 (the estimated minimum amount of cash to be paid to Infinity shareholders in the merger).
- (3) Calculated pursuant to Section 6(b) of the Securities Act and SEC Fee Advisory #1 for the Fiscal Year 2018 at a rate equal to \$124.50 per \$1,000,000 of the proposed maximum aggregate offering price.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

---

**Table of Contents**

**Information contained in this joint proxy statement/prospectus is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be offered or sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 4, 2018**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Stockholders:

Kemper Corporation ( *Kemper* ) and Infinity Property and Casualty Corporation ( *Infinity* ) have entered into an Agreement and Plan of Merger, dated as of February 13, 2018 (as amended from time to time, the *Merger Agreement* ), providing, among other things, that, upon the terms and subject to the conditions set forth in the Merger Agreement, a wholly owned subsidiary of Kemper will merge with and into Infinity, with Infinity surviving the Merger as a wholly owned subsidiary of Kemper (the *Merger* ).

If the Merger is completed, each share of Infinity common stock, no par value per share ( *Infinity common stock* ), outstanding as of immediately prior to the effective time of the Merger (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and extinguished and automatically converted into, at the election of the holder of such share, subject to proration and adjustment as described in the Merger Agreement, either (i) mixed consideration consisting of \$51.60 in cash, without interest and subject to any required withholding of taxes, and 1.2019 shares of Kemper common stock, par value \$0.01 per share ( *Kemper common stock* ), (ii) cash consideration consisting of \$129.00, without interest and subject to any required withholding of taxes or (iii) stock consideration consisting of 2.0031 shares of Kemper common stock. Holders of Infinity common stock who do not make an election will receive the mixed consideration described in (i) above.

Based on the number of shares of Infinity common stock outstanding on [X], 2018, the record date for each of the two companies' special meetings of stockholders and shareholders, Kemper expects to issue or reserve for issuance approximately [ ] million shares of Kemper common stock pursuant to the Merger Agreement (including shares of Kemper common stock issuable to Infinity shareholders and shares of Kemper common stock issuable pursuant to the vesting and/or conversion of Infinity's equity-based incentive awards). Based on these numbers and the number of shares of Kemper common stock outstanding on [X], 2018, upon the closing, pre-existing Kemper stockholders and former Infinity shareholders would own approximately 80% and 20% of the outstanding shares of Kemper common stock, respectively.

Kemper common stock is traded on the New York Stock Exchange ( *NYSE* ) under the trading symbol KMPR. On [ ], 2018, Kemper common stock closed at \$[ ] per share as reported by the NYSE.

Infinity common stock is traded on the NASDAQ Stock Market ( *NASDAQ* ) under the trading symbol IPCC. On [ ], 2018, Infinity common stock closed at \$[ ] per share as reported by the NASDAQ.

**The closing is subject to certain conditions, including Kemper stockholders approving a proposal to approve the issuance of shares of Kemper common stock to Infinity shareholders in the Merger (the *share issuance proposal* ) and Infinity shareholders approving a proposal to adopt the Merger Agreement pursuant to which Vulcan Sub, Inc., a wholly owned subsidiary of Kemper ( *Merger Sub* ) will be merged with and into Infinity, with Infinity continuing as the surviving corporation and a wholly owned subsidiary of Kemper (the *merger proposal* ). Approval of the share issuance proposal by Kemper stockholders requires the affirmative vote of a majority of votes cast at the Kemper special meeting with respect to the share issuance proposal, provided that a quorum is present. Approval of the merger proposal by Infinity shareholders requires the affirmative vote of shareholders entitled to exercise a majority of the voting power of Infinity.**

At the special meeting of Kemper stockholders (the *Kemper special meeting* ), Kemper stockholders will be asked to vote on (i) the share issuance proposal and (ii) a proposal to adjourn the Kemper special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the share issuance proposal if there are insufficient votes at the time of the Kemper special meeting or any adjournment or postponement thereof (the *Kemper meeting adjournment proposal* ).

---

**Table of Contents**

**The Kemper board of directors unanimously recommends that holders of Kemper common stock vote (i) FOR the share issuance proposal and (ii) FOR the Kemper meeting adjournment proposal.**

At the special meeting of Infinity shareholders (the *Infinity special meeting*), Infinity shareholders will be asked to vote on (i) the merger proposal, (ii) a proposal to approve, by a non-binding advisory vote, the compensation that may be paid or become payable to Infinity's named executive officers that is based on or otherwise relates to the Merger contemplated by the Merger Agreement (the *non-binding compensation advisory proposal*) and (iii) a proposal to adjourn the Infinity special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the merger proposal if there are insufficient votes at the time of the Infinity special meeting or any adjournment or postponement thereof (the *Infinity meeting adjournment proposal*).

**The Infinity board of directors unanimously recommends that holders of Infinity common stock vote (i) FOR the merger proposal, (ii) FOR the non-binding compensation advisory proposal and (iii) FOR the Infinity meeting adjournment proposal.**

The proposals are being presented to the Kemper stockholders and Infinity shareholders, respectively, at each company's special meeting. The dates, times and places of the meetings are as follows:

For Kemper stockholders:

[X], 2018, [X], local time,  
at [X]

For Infinity shareholders:

[X], 2018, [X], local time,  
at [X]

**Your vote is very important.** Whether or not you plan to attend your company's special meeting, please take the time to vote by completing and mailing the enclosed proxy card or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone.

**This joint proxy statement/prospectus contains important information about Kemper, Infinity, the Merger Agreement, the proposed Merger and the special meetings. We encourage you to read carefully this joint proxy statement/prospectus before voting, including the section entitled Risk Factors beginning on page 35.**

We hope to see you at the special meetings and look forward to the successful closing.

By Order of the Kemper Board of Directors,

Joseph P. Lacher, Jr.  
President, Chief Executive Officer and Director  
Kemper Corporation

By Order of the Infinity Board of Directors,

James R. Gober  
Executive Chairman  
Infinity Property and Casualty Corporation

**Neither the Securities and Exchange Commission nor any state or provincial securities regulator has approved or disapproved of the Merger or the other transactions described in this joint proxy statement/prospectus or the securities to be issued pursuant to the Merger Agreement or determined if the information contained in this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

Edgar Filing: KEMPER Corp - Form S-4

This joint proxy statement/prospectus is dated [ ], 2018, and is being mailed to Kemper stockholders and Infinity shareholders on or about [ ], 2018.



**Table of Contents**

**ADDITIONAL INFORMATION**

The accompanying document is the proxy statement of Infinity for the Infinity special meeting, the proxy statement of Kemper for the Kemper special meeting and the prospectus of Kemper for the shares of its common stock to be issued in the Merger. The accompanying joint proxy statement/prospectus incorporates by reference important business and financial information about Kemper and Infinity from documents that are not included in or delivered with the accompanying joint proxy statement/prospectus. You can obtain the documents that are incorporated by reference into the accompanying joint proxy statement/prospectus (other than certain exhibits or schedules to those documents), without charge, by requesting them in writing or by telephone from Kemper or Infinity at the following addresses and telephone numbers, or through the Securities and Exchange Commission website at *www.sec.gov*:

Kemper Corporation	Infinity Property and Casualty Corporation
One East Wacker Drive	2201 4th Avenue North
Chicago, Illinois 60601	Birmingham, Alabama 35203
Attention: Investor Relations	Attention: Investor Relations
Telephone: (312) 661-4930	Telephone: (205) 803-8186

In addition, if you have questions about the proposed Merger or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact Innisfree M&A Incorporated, the proxy solicitor for Kemper, toll-free at (888) 750-5834 or collect at (212) 750-5833, or D.F. King & Co., Inc., the proxy solicitor for Infinity, toll-free at (800) 706-3274. You will not be charged for any of these documents that you request.

To obtain timely delivery of the documents, you must request them no later than five business days before the date of the applicable special meeting. Therefore, if you would like to request documents from Kemper, please do so by [X], 2018 in order to receive them before the Kemper special meeting. If you would like to request documents from Infinity, please do so by [X], 2018 in order to receive them before the Infinity special meeting.

See **Where You Can Find More Information** beginning on page 216 of the accompanying joint proxy statement/prospectus for further information.

---

**Table of Contents**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [X], 2018**

To the Stockholders of Kemper Corporation ( *Kemper* ):

Kemper will hold a special meeting (the *Kemper special meeting* ) of holders of Kemper common stock at [X], located at [X], on [X], 2018, at [X], local time, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of Kemper common stock, par value \$0.01 per share ( *Kemper common stock* ), pursuant to the Agreement and Plan of Merger, dated as of February 13, 2018, by and among Kemper, a wholly owned subsidiary of Kemper and Infinity Property and Casualty Corporation (the *share issuance proposal* ).
2. To consider and vote upon a proposal to adjourn the special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the share issuance proposal if there are insufficient votes at the time of the Kemper special meeting or any adjournment or postponement thereof (the *Kemper meeting adjournment proposal* ).

The board of directors of Kemper (the *Kemper Board* ) has fixed [X], 2018 as the record date for determining stockholders entitled to receive this notice and to vote at the Kemper special meeting. Only Kemper stockholders of record at the close of business on the record date for the Kemper special meeting will be entitled to notice of, and to vote at, the Kemper special meeting and any adjournments or postponements thereof. A list of registered Kemper stockholders entitled to vote at the Kemper special meeting will be available for inspection during ordinary business hours at the executive offices of Kemper at One East Wacker Drive, Chicago, Illinois 60601 at least ten (10) days prior to the Kemper special meeting.

**The Kemper Board unanimously recommends that you vote FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal.**

**Your vote is very important.** We cannot complete the Merger described in this joint proxy statement/prospectus unless we receive the affirmative vote in favor of the share issuance proposal by the holders of at least a majority of the votes cast at the Kemper special meeting, provided that a quorum is present. **Under the current rules and interpretive guidance of the New York Stock Exchange, if you abstain from voting with respect to the share issuance proposal, it will have the same effect as a vote AGAINST the share issuance proposal.** However, the failure of a Kemper stockholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of the share issuance proposal.

It is important that your shares be represented and voted whether or not you plan to attend the Kemper special meeting in person. Instructions regarding the different methods for voting your shares are provided under the section entitled Questions and Answers About the Special Meetings of Kemper Stockholders and Infinity Shareholders.

By Order of the Board of Directors,

C. Thomas Evans, Jr.  
Secretary

[X], 2018

---

Table of Contents

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [X], 2018**

To the Shareholders of Infinity Property and Casualty Corporation ( *Infinity* ):

Infinity will hold a special meeting (the *Infinity special meeting* ) of holders of Infinity common stock, no par value per share ( *Infinity common stock* ) at [X], located at [X], on [X], 2018, at [X], local time, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of February 13, 2018 (as amended from time to time, the *Merger Agreement* ), by and among Kemper Corporation ( *Kemper* ), a wholly owned subsidiary of Kemper and Infinity (the *merger proposal* ).
2. To consider and vote on a proposal to approve, by a non-binding advisory vote, the compensation that may be paid or become payable to Infinity's named executive officers that is based on or otherwise relates to the Merger contemplated by the Merger Agreement (the *non-binding compensation advisory proposal* ).
3. To consider and vote upon a proposal to adjourn the special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the merger proposal if there are insufficient votes at the time of the Infinity special meeting or any adjournment or postponement thereof (the *Infinity meeting adjournment proposal* ).

The board of directors of Infinity (the *Infinity Board* ) has fixed the close of business on [X], 2018 as the record date for determining shareholders entitled to receive this notice and to vote at the Infinity special meeting. Only Infinity shareholders of record at the close of business on the record date for the Infinity special meeting will be entitled to notice of, and to vote at, the Infinity special meeting and any adjournments or postponements thereof. A list of registered Infinity shareholders entitled to vote at the Infinity special meeting will be available for inspection during ordinary business hours at the executive offices of Infinity at 2201 4th Avenue North, Birmingham, Alabama 35203 at least ten (10) days prior to the Infinity special meeting.

**The Infinity Board unanimously recommends that holders of Infinity common stock vote FOR the merger proposal, FOR the non-binding compensation advisory proposal and FOR the Infinity meeting adjournment proposal.**

**Your vote is very important.** We cannot complete the merger described in this joint proxy statement/prospectus unless the merger proposal receives the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity. **If you abstain from voting, fail to give voting instructions to a bank, broker, trust or other nominee holder of record if you hold your shares in street name through such bank, broker, trust or other nominee holder of record, or if you otherwise fail to vote, it will have the same effect as voting AGAINST the merger proposal.** It is important that your shares be represented and voted whether or not you plan to attend the Infinity special meeting in person. Instructions regarding the different methods for voting your shares are provided under the section entitled Questions and Answers About the Special Meetings of Kemper Stockholders and Infinity

Shareholders.

By Order of the Board of Directors,

James H. Romaker  
Secretary

[X], 2018

Table of Contents

## TABLE OF CONTENTS

<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS OF KEMPER STOCKHOLDERS AND INFINITY SHAREHOLDERS</u>	3
<u>SUMMARY</u>	13
<u>Information about the Companies</u>	13
<u>The Merger</u>	14
<u>Merger Consideration</u>	14
<u>Treatment of Infinity Equity Awards in the Merger</u>	15
<u>Ownership of Kemper After the Merger</u>	16
<u>Share Ownership of Kemper's and Infinity's Directors and Executive Officers</u>	16
<u>Recommendation of the Kemper Board and Its Reasons for the Merger</u>	17
<u>Recommendation of the Infinity Board and Its Reasons for the Merger</u>	17
<u>Opinion of Kemper's Financial Advisor</u>	17
<u>Opinion of Infinity's Financial Advisor</u>	18
<u>Interests of Infinity's Directors and Executive Officers in the Merger</u>	18
<u>Board of Directors of Kemper after the Merger</u>	19
<u>Listing of Kemper Common Stock and Delisting and Deregistration of Infinity Common Stock</u>	20
<u>Dissenting Rights of Infinity Shareholders</u>	20
<u>Conditions to Completion of the Merger</u>	21
<u>Regulatory Approvals; Materially Burdensome Condition</u>	22
<u>Financing</u>	22
<u>Infinity Acquisition Proposals</u>	23
<u>Kemper Acquisition Proposals</u>	23
<u>Termination of the Merger Agreement</u>	24
<u>Reimbursement of Fees and Expenses</u>	26
<u>Material U.S. Federal Income Tax Consequences</u>	26
<u>Accounting Treatment</u>	26
<u>Risk Factors</u>	27
<u>Kemper's Dividend Policy</u>	27
<u>Comparison of Rights of Kemper Stockholders and Infinity Shareholders</u>	27
<u>Expenses</u>	27
<u>Selected Historical Consolidated Financial Data of Kemper</u>	28
<u>Selected Historical Consolidated Financial Data of Infinity</u>	29
<u>Selected Unaudited Pro Forma Condensed Combined Financial Information</u>	30
<u>Comparative Historical and Unaudited Pro Forma Combined Per Share Information</u>	32
<u>Comparative Per Share Market Price Data and Dividend Information</u>	33
<u>RISK FACTORS</u>	35
<u>Risks Relating to the Merger and the Combined Company</u>	35
<u>Risks Relating to Kemper</u>	42
<u>Risks Relating to Infinity</u>	42
<u>THE KEMPER SPECIAL MEETING</u>	43
<u>General</u>	43
<u>Special Meeting of Kemper Stockholders</u>	43
<u>Voting Matters and Board Recommendations</u>	43

<u>Recommendation of the Kemper Board</u>	43
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	43
<u>Vote Required; Quorum; Adjournment</u>	44
<u>Voting by Kemper's Directors and Executive Officers</u>	44
<u>Voting; Proxies; Revocation</u>	45

**Table of Contents**

<u>Abstentions and Broker Non-Votes</u>	47
<u>Proxy Solicitation</u>	47
<u>Householding</u>	48
<u>Other Business; Adjournments</u>	48
<u>Assistance</u>	48
<u>THE INFINITY SPECIAL MEETING</u>	49
<u>General</u>	49
<u>Special Meeting of Infinity Shareholders</u>	49
<u>Voting Matters and Board Recommendations</u>	49
<u>Recommendation of the Infinity Board</u>	49
<u>Record Date; Outstanding Shares; Shares Entitled to Vote</u>	49
<u>Vote Required; Quorum; Adjournment</u>	50
<u>Voting by Infinity's Directors and Executive Officers</u>	50
<u>Voting; Proxies; Revocation</u>	51
<u>Abstentions and Broker Non-Votes</u>	52
<u>Proxy Solicitation</u>	53
<u>Householding</u>	53
<u>Other Business; Adjournments</u>	53
<u>Assistance</u>	53
<u>KEMPER PROPOSAL 1: SHARE ISSUANCE PROPOSAL</u>	54
<u>KEMPER PROPOSAL 2: MEETING ADJOURNMENT PROPOSAL</u>	55
<u>INFINITY PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT</u>	56
<u>INFINITY PROPOSAL 2: NON-BINDING COMPENSATION ADVISORY PROPOSAL</u>	57
<u>INFINITY PROPOSAL 3: MEETING ADJOURNMENT PROPOSAL</u>	58
<u>THE MERGER</u>	59
<u>General</u>	59
<u>Background of the Merger</u>	59
<u>Recommendation of the Kemper Board and Its Reasons for the Merger</u>	76
<u>Recommendation of the Infinity Board and Its Reasons for the Merger</u>	80
<u>Opinion of Kemper's Financial Advisor</u>	83
<u>Opinion of Infinity's Financial Advisor</u>	93
<u>Kemper's Dividend Policy</u>	101
<u>Regulatory Approvals</u>	101
<u>Commitment to Obtain Third-Party Approvals</u>	102
<u>Material U.S. Federal Income Tax Consequences</u>	103
<u>Accounting Treatment</u>	108
<u>Listing of Kemper Common Stock</u>	109
<u>Delisting and Deregistration of Infinity Common Stock</u>	109
<u>Interests of Infinity's Directors and Executive Officers in the Merger</u>	109
<u>Board of Directors of Kemper After the Merger</u>	114
<u>THE MERGER AGREEMENT</u>	115
<u>Structure and Completion of the Merger</u>	115
<u>Merger Consideration</u>	115
<u>Allocation of Merger Consideration and Illustrative Elections and Calculations</u>	117
<u>Manner and Procedure for Exchanging Shares of Infinity Common Stock; No Fractional Shares</u>	121
<u>Election Procedures</u>	122
<u>Treatment of Equity Awards</u>	123
<u>Dividends with Respect to Unexchanged Shares</u>	123



<u>Termination of Exchange Fund</u>	124
<u>No Liability</u>	124
<u>Dissenting Rights of Infinity Shareholders</u>	124
<u>Conditions to Completion of the Merger</u>	125

**Table of Contents**

<u>Definition of Material Adverse Effect</u>	127
<u>Infinity Acquisition Proposals</u>	128
<u>Kemper Acquisition Proposals</u>	131
<u>Special Meeting of Infinity Shareholders: Recommendation of the Infinity Board</u>	134
<u>Special Meeting of Kemper Stockholders: Recommendation of the Kemper Board</u>	136
<u>Timing of the Kemper Stockholder Meeting and Infinity Shareholder Meeting</u>	138
<u>Efforts to Complete the Merger</u>	138
<u>Conduct of Business Pending the Merger</u>	141
<u>Employee Benefit Matters</u>	146
<u>Board of Directors of Kemper After the Merger</u>	146
<u>Financing</u>	147
<u>Infinity Indebtedness</u>	150
<u>Other Covenants and Agreements</u>	150
<u>Director and Officer Indemnification</u>	151
<u>Termination of the Merger Agreement</u>	153
<u>Reimbursement of Fees and Expenses</u>	155
<u>Representations and Warranties</u>	156
<u>Expenses</u>	159
<u>Governing Law; Jurisdiction; Remedies; Waiver of Jury Trial</u>	159
<u>Amendments, Extensions and Waivers</u>	160
<u>THE VOTING AND SUPPORT AGREEMENTS</u>	161
<u>Voting and Support Agreements Kemper Voting and Support Agreements</u>	161
<u>Voting and Support Agreements Infinity Voting and Support Agreements</u>	161
<u>APPRAISAL AND DISSENTERS' RIGHTS</u>	163
<u>Kemper Stockholders</u>	163
<u>Infinity Shareholders</u>	163
<u>INFORMATION ABOUT KEMPER AND MERGER SUB</u>	166
<u>Kemper</u>	166
<u>Merger Sub</u>	166
<u>INFORMATION ABOUT INFINITY</u>	167
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF KEMPER</u>	168
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF INFINITY</u>	171
<u>DESCRIPTION OF KEMPER CAPITAL STOCK</u>	173
<u>Common Stock</u>	173
<u>Preferred Stock</u>	174
<u>Certain Statutory, Kemper Charter and Kemper Bylaws Provisions Affecting Stockholders</u>	174
<u>COMPARISON OF RIGHTS OF KEMPER STOCKHOLDERS AND INFINITY SHAREHOLDERS</u>	178
<u>KEMPER CORPORATION AND INFINITY PROPERTY AND CASUALTY CORPORATION</u>	
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	192
<u>NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	196
<u>CERTAIN UNAUDITED PROSPECTIVE FINANCIAL INFORMATION</u>	206
<u>Kemper Financial Projections</u>	208
<u>Infinity Financial Projections</u>	210
<u>Kemper-prepared Infinity Financial Projections</u>	211
<u>Combined Company Financial Projections</u>	213
<u>STOCKHOLDER AND SHAREHOLDER PROPOSALS</u>	215
<u>Kemper Stockholder Proposals</u>	215
<u>Infinity Shareholder Proposals</u>	215

LEGAL MATTERS  
EXPERTS

216  
216

---

**Table of Contents**

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	216
<u>DEFINED TERMS</u>	219
<u>ANNEXES</u>	
<u>Annex A Agreement and Plan of Merger</u>	A-1
<u>Annex B Form of Voting and Support Agreement between Infinity Property and Casualty Corporation and the directors and named executive officers of Kemper Corporation</u>	B-1
<u>Annex C Form of Voting and Support Agreement between Kemper Corporation and the directors and named executive officers of Infinity Property and Casualty Corporation</u>	C-1
<u>Annex D Opinion of Goldman Sachs &amp; Co. LLC</u>	D-1
<u>Annex E Opinion of Deutsche Bank Securities Inc.</u>	E-1
<u>Annex F Ohio Revised Code Section 1701.85</u>	F-1
<u>PART II INFORMATION NOT REQUIRED IN PROSPECTUS</u>	II-1

---

**Table of Contents**

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus contains certain statements regarding intentions, beliefs and expectations or predictions for the future of Kemper Corporation ( *Kemper* ) and Infinity Property and Casualty Corporation ( *Infinity* ), and collectively with Kemper, *we*, *us*, and *our* ), which are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the *Securities Act* ), and Section 21E of the Securities Exchange Act of 1934, as amended (the *Exchange Act* ). Forward-looking statements give expectations, intentions, beliefs or forecasts of future events or otherwise, and can be identified by the fact that they relate to future actions, performance or results rather than relating strictly to historical or current facts. 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, variations of such words and other words and expressions of similar meaning are intended to identify such forward-looking statements. However, the absence of such words or other words and expressions of similar meaning does not mean that a statement is not forward-looking.

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. Forward-looking statements involve a number of risks and uncertainties that are difficult to predict and are not guarantees or assurances of future performance. No assurances can be given that the results and financial condition contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. In evaluating these forward-looking statements, you should consider carefully the risks described herein and in other reports that Kemper and Infinity file with the Securities and Exchange Commission (the *SEC* ). See *Risk Factors* and *Where You Can Find More Information* beginning on page 216.

With respect to the proposed transaction and the combined company, the risks, uncertainties and other factors that could cause actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, forward-looking statements include, without limitation:

failure of the combined company to realize all of the anticipated benefits of the transactions contemplated by the Merger Agreement (as defined on page 3) at all or in the anticipated timeframe;

changes to the value of the Merger Consideration (as defined on page 14) to be received by Infinity shareholders pursuant to the Merger Agreement as a result of changes in the price of Kemper common stock;

failure of the combined company to manage its growth;

failure by the combined company to retain and motivate key employees and retain and recruit qualified employees in sufficient numbers;

legal proceedings that may be instituted against Kemper and Infinity following announcement of such proposed Merger (as defined on page 3);

failure to receive regulatory clearances and approvals at all or within anticipated timeframes or the imposition by regulatory authorities of conditions that are not presently anticipated or that cannot be met;

the interests of certain directors and executive officers of Infinity being different from, or in addition to, the interests of Infinity shareholders;

the potential impairment of the goodwill and intangible assets that the combined company will record;

risks relating to the value of the shares of Kemper common stock (as defined on page 3) to be issued in the Merger;

effects on the market price of the common stock of the combined company of factors different from those affecting the market price for shares of Infinity common stock (as defined on page 3) or for shares of Kemper common stock;

**Table of Contents**

the effect of the Merger Agreement provisions that may discourage other companies from trying to acquire Infinity for a value greater than the Merger Consideration or from trying to acquire Kemper;

the significant transaction and integration costs that Kemper and Infinity will incur in connection with the proposed Merger;

the reduction of the percentage ownership interests of pre-existing Kemper stockholders due to the issuance of shares of Kemper common stock to Infinity shareholders pursuant to the Merger Agreement;

any failure to complete the proposed Merger could negatively impact the stock prices and future businesses and financial results of Kemper and Infinity;

any negative effects on the market price of Kemper common stock following the Merger if the Merger is not accretive and causes dilution to the combined company's earnings per share; and

other risks detailed from time to time in annual, quarterly and periodic reports filed by Kemper and Infinity with the SEC, whether or not related to the proposed Merger.

**YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS, ALL OF WHICH SPEAK ONLY AS OF THE DATE OF THIS JOINT PROXY STATEMENT/PROSPECTUS. KEMPER AND INFINITY UNDERTAKE NO DUTY OR OBLIGATION TO UPDATE OR CORRECT ANY FORWARD-LOOKING STATEMENT AS A RESULT OF EVENTS, CHANGES, EFFECTS, STATES OF FACTS, CONDITIONS, CIRCUMSTANCES, OCCURRENCES OR DEVELOPMENTS SUBSEQUENT TO THE DATE OF THIS JOINT PROXY STATEMENT/PROSPECTUS, EXCEPT AS REQUIRED BY LAW.**

---

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS OF KEMPER STOCKHOLDERS AND INFINITY SHAREHOLDERS**

*The following are some questions that you, as a Kemper stockholder or an Infinity shareholder, may have regarding the special meeting of Kemper stockholders (the **Kemper special meeting**) or the special meeting of Infinity shareholders (the **Infinity special meeting**) and brief answers to those questions. For more detailed information about the matters discussed in these questions and answers, see *The Kemper Special Meeting* and *The Infinity Special Meeting* beginning on pages 43 and 49 of this joint proxy statement/prospectus, respectively. Kemper and Infinity encourage you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the matters being considered at the Kemper special meeting or the Infinity special meeting. Additional important information is also contained in the Annexes to, and in the documents incorporated by reference into, this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 216 of this joint proxy statement/prospectus.*

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: The Kemper board of directors ( **Kemper Board** ) and Infinity board of directors ( **Infinity Board** ) are using this joint proxy statement/prospectus to solicit proxies of Kemper stockholders and Infinity shareholders pursuant to the Agreement and Plan of Merger, dated as of February 13, 2018 (as amended from time to time, the **Merger Agreement** ), by and among Kemper, a wholly owned subsidiary of Kemper and Infinity. The Merger Agreement provides, among other things, that, upon the terms and subject to the conditions set forth in the Merger Agreement, a wholly owned subsidiary of Kemper will merge with and into Infinity, with Infinity surviving the Merger as a wholly owned subsidiary of Kemper (the **Merger** ). The Merger will be effective, after all of the conditions to the closing are satisfied or, to the extent permitted by law, waived, at the time a certificate of merger is duly filed with, and accepted by, the Secretary of State of the State of Ohio or at such later date and time as is agreed upon by Kemper and Infinity and specified in the certificate of merger (such completion or consummation of the Merger, the **closing** or the **effective time** ).

In addition, this joint proxy statement/prospectus is a prospectus for Infinity shareholders because, pursuant to the Merger Agreement, Kemper is offering shares of Kemper common stock, par value \$0.01 per share ( **Kemper common stock** ) to be issued in exchange for shares of Infinity common stock in the Merger, at the election of Infinity shareholders.

In order to complete the Merger, Kemper stockholders must approve the issuance of new shares of Kemper common stock pursuant to the Merger Agreement (i.e., approve the **share issuance proposal** as defined below), and Infinity shareholders must adopt the Merger Agreement (i.e., approve the **merger proposal** as defined below).

Kemper and Infinity will hold separate special meetings of stockholders and shareholders, respectively, to obtain these approvals. This joint proxy statement/prospectus contains important information about the Merger Agreement, the Merger, the Kemper special meeting, and the Infinity special meeting, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your respective special meeting in person.

**Your vote is important. We encourage you to vote as soon as possible.**



**Q: What are Infinity shareholders entitled to receive in the Merger?**

A: If the Merger is completed, each share of Infinity common stock, no par value per share ( *Infinity common stock* ), issued and outstanding as of immediately prior to the effective time (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any

---

**Table of Contents**

holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and converted into, at the election of the holder of such share, subject to proration and adjustment, either (i) **Mixed Consideration** equal to 1.2019 shares of Kemper common stock and \$51.60 in cash, without interest and subject to any required withholding of taxes, (ii) **Cash Consideration** equal to \$129.00, without interest and subject to any required withholding of taxes, which consists of an amount of cash, without interest, consisting of (a) \$51.60 plus (b) the product of 1.2019 multiplied by \$64.40, which was the 20-trading day volume-weighted average price of Kemper common stock on the New York Stock Exchange ( *NYSE* ) as of February 12, 2018, the day prior to the date of media publications regarding the proposed Merger (the **Fixed Volume-Weighted Average Price** ) or (iii) **Stock Consideration** equal to 2.0031 shares of Kemper common stock, consisting of the sum of (a) 1.2019 plus (y) 0.8012, which is the quotient (rounded to four decimal places) of \$51.60 divided by the Fixed Volume-Weighted Average Price (such sum, the **exchange ratio** ). Holders of Infinity common stock who do not make an election will receive the Mixed Consideration. The shares of Kemper common stock issuable and cash payable upon conversion of shares of Infinity common stock in the Merger, and cash payable in lieu of the issuance of fractional shares of Kemper common stock, are referred to collectively as the **Merger Consideration**.

**Q: When and where will the special meetings of the Kemper stockholders and Infinity shareholders be held?**

A: The Kemper special meeting will take place on [X], 2018, at [X], local time, at [X].  
The Infinity special meeting will take place on [X], 2018, at [X], local time, at [X].

**Q: What are Kemper stockholders voting to approve, and why is this approval necessary?**

A: Kemper stockholders are voting on a proposal to approve the issuance of shares of Kemper common stock pursuant to the Merger Agreement (the **share issuance proposal** ). The approval by Kemper stockholders of the share issuance proposal is required by the rules and regulations of the NYSE, and is a condition to the closing. Based on the number of shares of Infinity common stock expected to be outstanding and Infinity equity awards expected to be vested or converted pursuant to the Merger Agreement as of the effective time, Kemper expects to issue up to approximately [ ] million shares of Kemper common stock in the Merger.

Kemper stockholders are also voting on a proposal to adjourn the Kemper special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the share issuance proposal if there are insufficient votes at the time of the Kemper special meeting or any adjournment or postponement thereof to approve the share issuance proposal (the **Kemper meeting adjournment proposal** ). The approval by Kemper stockholders of the Kemper meeting adjournment proposal is not a condition to the closing.

**Q: What are Infinity shareholders voting to approve and why is this approval necessary?**

A: Infinity shareholders are voting on a proposal to approve the adoption of the Merger Agreement (the **merger proposal** ). The approval by Infinity shareholders of the merger proposal is required under Ohio law and Infinity s

Amended and Restated Articles of Incorporation, dated as of May 21, 2007 (the *Infinity Articles* ), and is a condition to the closing.

Under Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ( *Dodd-Frank* ), Infinity is required to provide its shareholders the opportunity to vote to approve, by a non-binding advisory vote, the compensation that may be paid or become payable to Infinity's named executive officers that is based on or otherwise relates to the Merger contemplated by the Merger Agreement. Accordingly, Infinity shareholders are being provided with the opportunity to cast an advisory vote on such payments. The approval by Infinity shareholders of this proposal (the *non-binding compensation advisory proposal* ) is not a condition to the closing.

---

**Table of Contents**

Infinity shareholders are also voting on a proposal to adjourn the Infinity special meeting, for a period no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the merger proposal if there are insufficient votes at the time of the Infinity special meeting or any adjournment or postponement thereof (the *Infinity meeting adjournment proposal* ). The approval by Infinity shareholders of the Infinity meeting adjournment proposal is not a condition to the closing.

**Q: Why are the Infinity shareholders being asked to consider and vote on the non-binding compensation advisory proposal?**

A. The Securities and Exchange Commission (the *SEC* ) has adopted rules that require Infinity to seek an advisory, non-binding vote on matters deemed to relate to golden parachute compensation. The non-binding compensation advisory proposal relates to certain golden parachute compensation that will or may be paid by Infinity to its named executive officers as a result of or in connection with the Merger.

**Q: What will happen if the non-binding compensation advisory proposal is not approved at the Infinity special meeting?**

A. Approval of the non-binding compensation advisory proposal with respect to certain golden parachute compensation is not a condition to closing. Accordingly, Infinity shareholders may vote against the golden parachute compensation proposal but still vote in favor of the merger proposal. The non-binding compensation advisory proposal vote is an advisory, non-binding vote. If the Merger is completed, the golden parachute compensation described in the non-binding compensation advisory proposal may be paid to Infinity's named executive officers to the extent payable in accordance with the terms of their respective compensation agreements and contractual arrangements, even if Infinity shareholders do not approve the non-binding compensation advisory proposal.

**Q: Who can attend and vote at the special meetings?**

A. The Kemper Board has fixed [X], 2018 as the record date (the *Kemper record date* ) for determining stockholders entitled to receive notice of, and to vote at, the Kemper special meeting. Only stockholders of record at the close of business on the Kemper record date for the Kemper special meeting will be entitled to notice of, and to vote at, the Kemper special meeting and any adjournments or postponements thereof. As of the Kemper record date, there were [ ] shares of Kemper common stock outstanding and entitled to vote at the Kemper special meeting, held by approximately [ ] holders of record. Each holder of Kemper common stock is entitled to one vote for each share of Kemper common stock owned as of the Kemper record date. Please note that participants in the Kemper Corporation 401(k) and Retirement Plan (the *401(k) and Retirement Plan* ) cannot vote shares of Kemper common stock held through the 401(k) and Retirement Plan in person at the Kemper special meeting.

The Infinity Board has fixed [X], 2018 as the record date (the *Infinity record date* ) for determining shareholders entitled to receive notice of and to vote at the Infinity special meeting. Only shareholders of record at the close of business on the Infinity record date for the Infinity special meeting will be entitled to notice of, and to vote at, the Infinity special meeting and any adjournments or postponements thereof. As of the Infinity record date, there were [ ]

shares of Infinity common stock outstanding and entitled to vote at the Infinity special meeting, held by approximately [ ] holders of record. Each holder of Infinity common stock is entitled to one vote for each share of Infinity common stock owned as of the Infinity record date.

**Table of Contents**

**Q: What vote of Kemper stockholders is required to approve (i) the share issuance proposal and (ii) the Kemper meeting adjournment proposal?**

A: The approval by Kemper stockholders of the share issuance proposal and the approval of the Kemper meeting adjournment proposal require the affirmative vote of a majority of the votes cast on such proposal, provided that a quorum is present.

**Q: How does the Kemper Board recommend that Kemper stockholders vote?**

A: The Kemper Board unanimously recommends that Kemper stockholders vote (i) **FOR** the share issuance proposal and (ii) **FOR** the Kemper meeting adjournment proposal.

**Q: What vote of Infinity shareholders is required to approve (i) the merger proposal, (ii) the non-binding compensation advisory proposal and (iii) the Infinity meeting adjournment proposal?**

A: The approval by Infinity shareholders of the merger proposal requires the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity. The approval of the non-binding compensation advisory proposal and the approval of the Infinity meeting adjournment proposal require, in each case, the affirmative vote of a majority of votes cast on the proposal at the Infinity special meeting, provided that a quorum is present.

**Q: How does the Infinity Board recommend that Infinity shareholders vote?**

A: The Infinity Board unanimously recommends that Infinity shareholders vote (i) **FOR** the merger proposal, (ii) **FOR** the non-binding compensation advisory proposal and (iii) **FOR** the Infinity meeting adjournment proposal.

**Q: What should Kemper stockholders and Infinity shareholders do now in order to vote on the proposals being considered at their company's special meeting?**

A: Holders of Kemper common stock as of the Kemper record date and holders of Infinity common stock as of the Infinity record date may vote now by proxy by:

completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope;

calling the toll-free number specified on the enclosed proxy card; or

accessing the Internet website specified on the enclosed proxy card.

**Both Kemper and Infinity strongly encourage their stockholders and shareholders of record, respectively, to vote using the enclosed proxy card.**

If you hold Kemper common stock or Infinity common stock in street name, which means your shares are held of record by a bank, broker, trust or other nominee holder of record, you must provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your bank, broker, trust or other nominee holder of record to see if you may submit voting instructions using the Internet or by telephone.

Holders of Kemper common stock or Infinity common stock may also vote in person by attending the applicable company's special meeting. If you plan to attend your company's special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name and you wish to vote in person at your company's special meeting, you must bring a legal proxy, executed in your favor, from the record holder of the shares authorizing you to vote at the special meeting. For additional information, see *The Kemper Special Meeting* and *The Infinity Special Meeting* beginning on pages 43 and 49 of this joint proxy statement/prospectus, respectively.

---

**Table of Contents**

**Whether or not you plan to attend your company's special meeting, you are encouraged to vote your shares by proxy as described in this joint proxy statement/prospectus.**

**Q: How can I vote the shares of Kemper common stock I hold through the 401(k) and Retirement Plan?**

A: Participants in the 401(k) and Retirement Plan, who receive this joint proxy statement/prospectus in their capacity as holders of Kemper common stock through the 401(k) and Retirement Plan, are entitled to vote using the enclosed proxy card. The proxy card directs the trustee of the 401(k) and Retirement Plan to vote a participant's shares as indicated on the card. Shares of Kemper common stock held through the 401(k) and Retirement Plan for which no instructions are received will be voted by the trustee of the 401(k) and Retirement Plan in the same proportion as all other shares of Kemper common stock voted in accordance with timely voting instructions provided to the trustee by all other plan participants. The trustee of the 401(k) and Retirement Plan must receive a proxy card with your voting instructions by 1:00 am Central Daylight Time on the second business day preceding the date of the Kemper special meeting (the **401(k) Deadline**) for your voting instructions to be effective.

**Q: What will happen if I abstain from voting, fail to vote or do not direct how to vote on my proxy?**

A: For purposes of the Kemper stockholder proposals:

*Approval of the share issuance proposal.* Approval of the share issuance proposal requires the affirmative vote of a majority of the votes cast at the Kemper special meeting with respect to such proposal, provided that a quorum is present. Under the current rules and interpretive guidance of the NYSE, votes cast on the share issuance consist of votes for or against, as well as elections to abstain from voting on the share issuance. As a result, a Kemper stockholder's election to abstain from voting on the share issuance proposal will have the same effect as a vote **AGAINST** the approval of the share issuance proposal. The failure of a Kemper stockholder who holds his, hers or its shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of the share issuance proposal because these failures to vote are not considered votes cast. However, these failures to vote will make it more difficult to meet the requirement under Delaware law that the holders of a majority of the issued and outstanding shares of Kemper common stock entitled to vote at the Kemper special meeting be present in person or represented by proxy to constitute a quorum at the Kemper special meeting. The chair of the Kemper special meeting is entitled to adjourn the meeting to another place, date or time if a quorum is not present.

*Approval of the Kemper meeting adjournment proposal.* Approval of the Kemper meeting adjournment proposal requires the affirmative vote of a majority of the votes cast at the Kemper special meeting with respect to such proposal, provided that a quorum is present. For purposes of the Kemper meeting adjournment proposal, votes cast means votes for or against the proposal. As a result, a Kemper stockholder election to abstain from voting, the failure of a Kemper stockholder who holds his or her shares in street



name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of this proposal.

**All properly submitted proxies received by Kemper before the Kemper special meeting that are not revoked or changed prior to being exercised at the Kemper special meeting will be voted at the Kemper special meeting in accordance with the instructions indicated on the proxies or, if no instructions were provided, FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal.**

---

**Table of Contents**

For purposes of the Infinity shareholder proposals:

*Approval of the merger proposal.* Approval of the merger proposal requires the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record, or any other failure of an Infinity shareholder to vote will have the same effect as a vote **AGAINST** this proposal.

*Approval of the non-binding compensation advisory proposal.* Approval of the non-binding compensation advisory proposal requires the affirmative vote of a majority of the votes cast at the Infinity special meeting with respect to such proposal, provided that a quorum is present. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the non-binding compensation advisory proposal as these failures to vote are not considered votes cast with respect to the non-binding compensation advisory proposal.

*Approval of the Infinity meeting adjournment proposal.* Approval of the Infinity meeting adjournment proposal requires the affirmative vote of a majority of the votes cast at the Infinity special meeting with respect to such proposal, provided that a quorum is present. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the Infinity meeting adjournment proposal. In addition, even if a quorum is not present at the special meeting, the affirmative vote of shares representing a majority of the voting power of the shares present in person or represented by proxy or by use of communications equipment at the Infinity special meeting may adjourn the meeting to another place, date or time. In this case, an abstention from voting will have the same effect as a vote **AGAINST** the proposal to adjourn the meeting due to an absence of a quorum.

**All properly submitted proxies received by Infinity before the Infinity special meeting that are not revoked or changed prior to being exercised at the Infinity special meeting will be voted at the Infinity special meeting in accordance with the instructions indicated on the proxies or, if no instructions were provided, FOR the merger proposal, FOR the non-binding compensation advisory proposal and FOR the Infinity meeting adjournment proposal.**

Under applicable stock exchange rules, all of the proposals in this joint proxy statement/prospectus are non-routine matters, so there can be no broker non-votes at the special meeting. A broker non-vote occurs when shares held by a bank, broker, trust or other nominee holder of record are represented at a meeting, but the bank, broker, trust or other nominee holder of record has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal but has discretionary voting power on other proposals at such meeting. Accordingly, if your shares of Kemper common stock or Infinity common stock are held in street name, your bank, broker, trust or other nominee holder of record will NOT be able to vote your shares of Kemper common stock or Infinity common stock on any of the proposals, and your shares will not be counted in

determining the presence of a quorum at the applicable special meeting unless you have properly instructed your bank, broker, trust or other nominee holder of record on how to vote.

**Table of Contents**

**Q: Can I change or revoke my vote after I have delivered my proxy?**

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

signing and delivering a new, valid proxy bearing a later date and, if it is a written proxy, signed and delivered to the attention of your company's Corporate Secretary;

delivering a signed written notice of revocation to the Corporate Secretary of your company at:

Kemper Corporation  
One East Wacker Drive  
Chicago, Illinois 60601  
Attention: Corporate Secretary

Infinity Property and Casualty Corporation  
2201 4th Avenue North  
Birmingham, Alabama 35203  
Attention: Corporate Secretary

calling the toll-free telephone number, or accessing the proxy voting website, identified on the proxy card and re-voting any time prior to 10:59 p.m., Central Daylight Time, on the last business day preceding the applicable special meeting; or

attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held through the 401(k) and Retirement Plan, you can change your vote by:

delivering another signed proxy card with a later date anytime prior to the 401(k) Deadline;

calling the toll-free telephone number, or accessing the proxy voting website, identified on the proxy card and re-voting any time prior to the 401(k) Deadline.

If your shares are held in a street name account, you must contact your bank, broker, trust or other nominee to change your vote.

**Q: What should Kemper stockholders or Infinity shareholders do if they receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of Kemper common stock or Infinity common stock in more than one brokerage account, you will receive a

separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are both a Kemper stockholder and an Infinity shareholder, you will receive one or more separate proxy cards or voting instruction cards for each company. In each case, please complete, sign, date and return each proxy card that you receive to ensure that all of your shares are voted.

**Q: If I am an Infinity shareholder, how do I make an election for the type of Merger Consideration that I prefer to receive?**

A: Each holder of shares of Infinity common stock as of the close of business on the Infinity record date (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be mailed a form of election ( *Form of Election* ). These materials will be mailed concurrently with this joint proxy statement/prospectus. Each such Infinity shareholder should specify in the Form of Election (i) the number of shares of Infinity common stock for which such shareholder elects to have exchanged for the Mixed Consideration, (ii) the number of shares of Infinity common stock for which such shareholder elects to receive the Cash Consideration and (iii) the number of shares of Infinity common stock for which such shareholder elects to have exchanged for the

---

**Table of Contents**

Stock Consideration. Any Infinity shareholder who does not make an election will be deemed to have made an election to receive the Mixed Consideration. The consideration to be paid to Infinity shareholders electing to receive only Cash Consideration or Stock Consideration is subject, pursuant to the terms of the Merger Agreement, to automatic proration to ensure that the total amount of cash paid and the total number of shares of Kemper common stock issued in the Merger is approximately the same as what would be paid and issued if all Infinity shareholders were to receive the Mixed Consideration. No fractional shares of Kemper common stock will be issued in the Merger, and Infinity shareholders will receive cash in lieu of any fractional shares of Kemper common stock. The election will have been properly made only if the exchange agent has received at its designated office by 5:00 p.m., New York City, New York time, on the date that is ten (10) business days preceding the closing date (the ***Election Deadline***) a Form of Election properly completed and signed and accompanied by (x) in the case of shares of Infinity common stock represented by stock certificates, certificates representing shares of Infinity common stock, duly endorsed in blank or otherwise in form acceptable for transfer on the books of Infinity or (y) in the case of book-entry shares held by holders of Infinity common stock, any documentation required by the procedures set forth in the Form of Election.

**Q: When can Infinity shareholders expect to receive the Merger Consideration?**

A: If you hold physical stock certificates of Infinity common stock (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) and you do not make an election to receive the Cash Consideration, Stock Consideration or Mixed Consideration by delivering to the exchange agent by the Election Deadline a properly completed Form of Election and your share certificates, you will be sent a letter of transmittal as soon as reasonably practicable after the closing, describing how you may exchange your shares of Infinity common stock for the Mixed Consideration, and the exchange agent will forward you the cash and the Kemper common stock in book entry form (or applicable evidence of ownership) to which you are entitled, including cash in lieu of fractional shares of Kemper common stock, if any, after receiving the proper documentation from you.

If you hold your shares of Infinity common stock in book-entry form, after the closing, you need only to deliver the Form of Election for your shares to automatically be exchanged for the applicable Merger Consideration, including cash in lieu of fractional shares of Kemper common stock, if any.

**Q: If I am an Infinity shareholder, will I receive the Merger Consideration that I request on the Form of Election?**

A: Not necessarily. The aggregate amount of cash and the aggregate number of shares of Kemper common stock to be paid and issued, respectively, to Infinity shareholders pursuant to the Merger Agreement are fixed. Each share of Infinity common stock with respect to which an Infinity shareholder makes an election to receive the Mixed Consideration, and each share of Infinity common stock held by an Infinity shareholder who fails to make any valid election with respect to such stockholder's shares of Infinity common stock, will receive \$51.60 in cash and 1.2019 shares of Kemper common stock (subject to adjustment for any reclassification, stock split, recapitalization or other similar transaction with respect to shares of Kemper common stock). However, if the elections of all Infinity shareholders electing to receive solely the Cash Consideration or the Mixed Consideration (including all Infinity shareholders who fail to make a valid election with respect to their shares of Infinity

common stock) result in an oversubscription or undersubscription of the aggregate amount of cash available to be paid by Kemper to Infinity shareholders as Merger Consideration, the aggregate amount of cash payable by Kemper in the Merger will not be increased or decreased. Similarly, if the elections of all Infinity shareholders electing to receive solely the Stock Consideration or the Mixed Consideration (including all Infinity shareholders who fail to make a valid election with respect to their shares of Infinity common stock) result in an oversubscription or undersubscription of the aggregate number of shares of Kemper common stock available to be issued by

---

**Table of Contents**

Kemper to Infinity shareholders as Merger Consideration, the aggregate number of shares of Kemper common stock to be issued by Kemper in the Merger will not be increased or decreased. Rather, in each such case, the exchange agent will allocate between cash and Kemper common stock in the manner described in The Merger Agreement Merger Consideration Cash Consideration and The Merger Agreement Merger Consideration Stock Consideration beginning on pages 116 and 117, respectively, to ensure that the total amount of cash paid and the total number of shares of Kemper common stock issued in the Merger is the same as what would be paid and issued if all Infinity shareholders were to receive the Mixed Consideration. Accordingly, there is no assurance that an Infinity shareholder that has made a valid election to receive solely Cash Consideration or solely Stock Consideration will receive the form of consideration elected with respect to the shares of Infinity common stock held by such shareholder.

For detailed illustrations of the potential proration and adjustment of the Cash Consideration and Stock Consideration for those Infinity shareholders electing to receive solely Cash Consideration or solely Stock Consideration, see The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations beginning on page 117.

**Q: If I am an Infinity shareholder, what is the deadline for making an election?**

A: Your election, to be properly made, must be received by Computer Share Trust Company, N.A., the exchange agent for the Merger (the *exchange agent*) at its designated office by the Election Deadline, which is 5:00 p.m. New York City, New York, time on the date that is ten (10) business days preceding the closing. Kemper and Infinity will publicly announce the anticipated Election Deadline at least three (3) business days before the anticipated Election Deadline.

**Q: If I am an Infinity shareholder, what happens if I do not send a Form of Election or it is not received by the Election Deadline?**

A: If the exchange agent does not receive a properly completed Form of Election from you at or prior to the Election Deadline, then you will be deemed to have elected to receive Mixed Consideration with respect to your shares of Infinity common stock. You bear the risk of delivery of the Form of Election (including the risk of loss of any certificates representing shares of Infinity common stock) to the exchange agent.

**Q: If I am an Infinity shareholder, can I change my election after the Form of Election has been submitted?**

A: Yes. You may revoke your election at or prior to the Election Deadline by submitting a written notice of revocation to the exchange agent. Revocations must specify the name in which your shares are registered on the share transfer books of Infinity and any other information that the exchange agent may request. If you wish to submit a new election, you must do so in accordance with the election procedures described in this joint proxy statement/prospectus and the Form of Election. If you instructed a bank, broker, trust or other nominee holder of record to submit an election for your shares, you must follow directions from your bank, broker, trust or other nominee holder of record for changing those instructions. The notice of revocation must be received by the exchange agent at or prior to the Election Deadline in order for the revocation to be valid.



**Q: If I am an Infinity shareholder, may I transfer shares of Infinity common stock after making an election?**

A: Yes, but only if you revoke your election or the Merger Agreement is terminated. Once you properly make an election with respect to any shares of Infinity common stock, you will be unable to sell or otherwise transfer those shares, unless you properly revoke your election or the Merger Agreement is terminated.

**Table of Contents**

**Q: If I am an Infinity shareholder, may I transfer shares of Infinity common stock before the Infinity special meeting?**

A: Yes. The Infinity record date is earlier than the Infinity special meeting and the date that the Merger is expected to be completed. If you transfer your shares of Infinity common stock after the Infinity record date but before the Infinity special meeting, you will retain your right to vote at the Infinity special meeting, but you will have transferred the right to receive the Mixed Consideration, Cash Consideration or Stock Consideration, each of which may only be received if you hold your shares through the closing.

**Q: Who can help answer my questions?**

A: If you have any questions about the special meetings, the Merger or how to submit your proxy, or, for Infinity shareholders, how to complete your Form of Election, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact the proxy solicitors listed below.

If you are a Kemper stockholder, please contact Innisfree M&A Incorporated, Kemper's proxy solicitor:

501 Madison Avenue, 20th floor

New York, New York 10022

Kemper stockholders may call toll free: (888) 750-5834

Banks and brokers may call collect: (212) 750-5833

If you are an Infinity shareholder, please contact D.F. King & Co., Inc., Infinity's proxy solicitor:

**D.F. King & Co., Inc.**

48 Wall Street

New York, NY 10005

Toll-free: (800) 706-3274

Banks and Brokers: (212) 269-5550

Email: IPCC@dfking.com



---

**Table of Contents**

**SUMMARY**

*This summary highlights certain information in this joint proxy statement/prospectus, but does not contain all of the information that may be important to you. You should read carefully this entire joint proxy statement/prospectus and the attached Annexes and the other documents to which this joint proxy statement/prospectus refers you for a more complete description of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger and the issuance of shares of Kemper common stock pursuant to the Merger Agreement. In addition, you are encouraged to read carefully the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about Kemper and Infinity that has been filed with the SEC. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 216.*

**Information about the Companies**

***Kemper (see page 166)***

Kemper is a diversified insurance holding company, with subsidiaries that provide automobile, homeowners, life, health, and other insurance products to individuals and businesses. The principal executive offices of Kemper are located at One East Wacker Drive, Chicago, Illinois 60601, and its telephone number is (312) 661-4600.

Kemper is a holding company incorporated under the laws of the State of Delaware in 1990, with equity securities traded on the NYSE. On August 25, 2011, Kemper adopted its current name and changed its NYSE ticker symbol to KMPR. Prior to the name change, Kemper was known as Unitrin, Inc. and traded under the NYSE ticker symbol UTR.

Kemper is engaged, through its subsidiaries, in the property and casualty insurance and life and health insurance businesses. Kemper conducts its operations through two operating segments: Property & Casualty Insurance and Life & Health Insurance. Kemper conducts its operations solely in the United States.

Kemper's subsidiaries employ approximately 5,550 full-time associates supporting their operations, of which approximately 1,850 are employed in its Property & Casualty Insurance segment, approximately 3,200 are employed in the Life & Health Insurance segment and the remainder are employed in various corporate and other staff and shared functions.

For additional information regarding Kemper, please refer to its Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, as well as Kemper's other filings with the SEC. See *Where You Can Find More Information* beginning on page 216.

***Merger Sub (see page 166)***

Vulcan Sub, Inc. ( ***Merger Sub*** ) is a direct wholly owned subsidiary of Kemper and was formed solely for the purpose of consummating the Merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement. The principal executive offices of Merger Sub are located at One East Wacker Drive, Chicago, Illinois 60601, and its telephone number is (312) 661-4600.



**Table of Contents*****Infinity (see page 167)***

Infinity was incorporated under the laws of the State of Ohio on September 16, 2002. Infinity is a holding company that provides insurance, through its subsidiaries, for personal auto with a concentration on non-standard risks, commercial auto and classic collectors. Infinity's headquarters are located at 2201 4th Avenue North, Birmingham, Alabama. Infinity employed approximately 2,300 people at December 31, 2017. Infinity's common stock is traded on the NASDAQ under the symbol IPCC.

Infinity offers personal and commercial auto insurance primarily in four key states: Arizona, California, Florida and Texas. Infinity's target customers are urban and Hispanic drivers. This narrow geographic and demographic focus allows Infinity to concentrate its efforts and resources on providing competitively priced products to underserved segments while generating adequate returns for its shareholders.

For additional information regarding Infinity, please refer to its Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, as well as Infinity's other filings with the SEC. See *Where You Can Find More Information* beginning on page 216.

***The Merger (see page 59)***

Kemper, Merger Sub and Infinity have entered into the Merger Agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus. Upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with applicable law, Merger Sub will merge with and into Infinity, with Infinity surviving the Merger as a wholly owned subsidiary of Kemper. Upon the closing, Infinity common stock will no longer be publicly traded on NASDAQ. You are encouraged to read carefully the Merger Agreement in its entirety because it is the legal document that governs the Merger. Kemper and Infinity currently expect that the Merger will be completed during the third quarter of 2018, subject to the satisfaction or waiver of applicable conditions to the closing, including the receipt of certain regulatory approvals including approvals from insurance regulators. Following the Merger, Kemper and Infinity are referred to as the *combined company*.

***Merger Consideration (see page 115)***

Under the terms of the Merger Agreement, as of the effective time, each share of Infinity common stock issued and outstanding as of immediately prior to the effective time (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and convert into, at the election of the holder thereof, the right to receive either the Mixed Consideration, Cash Consideration or Stock Consideration, in each case as described below, subject to the automatic proration and adjustment procedures described under *The Merger Agreement Merger Consideration Cash Consideration* beginning on page 116, *The Merger Agreement Merger Consideration Stock Consideration* beginning on page 117 and *The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations* beginning on page 117.

The consideration to be paid to Infinity shareholders electing to receive only Cash Consideration or Stock Consideration is subject, pursuant to the terms of the Merger Agreement, to automatic proration and adjustment, as applicable, to ensure that the total amount of cash paid and the total number of shares of Kemper common stock issued in the Merger is approximately the same as what would be paid and issued if all Infinity shareholders were to receive the Mixed Consideration. Accordingly, the total number of shares of Kemper common stock to be issued and the total amount of cash to be paid by Kemper as part of the Merger Consideration will not change from what was agreed to in the Merger Agreement (other than for adjustment in



---

## **Table of Contents**

the event that there is any change in the outstanding shares or classes of capital stock of Kemper or Infinity as a result of any reclassification, stock split (including a reverse stock split), recapitalization, split-up, combination, exchange or readjustment of shares or other similar transaction, or any stock dividend or stock distribution that is declared thereon. However, since the market price of Kemper common stock will fluctuate, the total value of the Mixed Consideration and the value of the Stock Consideration may increase or decrease between the date of the Merger Agreement and the effective time. Accordingly, the value of the actual per share consideration to be paid to Infinity shareholders cannot be determined until after the effective time. No fractional shares of Kemper common stock will be issued in the Merger, and Infinity shareholders will receive cash in lieu of any fractional shares of Kemper common stock.

### ***Mixed Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes a valid election to receive a fixed combination of cash and Kemper common stock, and each share for which an Infinity shareholder fails to make any election with respect to such shareholder's shares of Infinity common stock, will be converted into the right to receive the combination of (i) \$51.60 in cash and (ii) 1.2019 shares of Kemper common stock.

### ***Cash Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes a valid election to receive cash will be converted into the right to receive an amount of cash equal to \$129.00, without interest and subject to any required withholding of taxes, subject to the automatic proration and adjustment procedures described under The Merger Agreement Merger Consideration Cash Consideration beginning on page 116 and The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations beginning on page 117.

### ***Stock Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes a valid election to receive Kemper common stock will convert into the right to receive 2.0031 shares of Kemper common stock, subject to the automatic proration and adjustment procedures described under The Merger Agreement Merger Consideration Stock Consideration beginning on page 117 and The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations beginning on page 117.

### **Treatment of Infinity Equity Awards in the Merger (see page 109)**

Pursuant to the Merger Agreement, at the effective time:

#### ***Infinity performance share awards***

Each award of Infinity performance share units with respect to Infinity common stock granted under an Infinity stock plan that is outstanding and unvested immediately prior to the effective time ( ***Infinity performance share awards*** ) will vest with respect to the target number of shares of Infinity common stock subject to such Infinity performance share award (the ***target share amount*** ) and will be converted into shares of Kemper common stock (provided that any such shares of Kemper common stock held after payment of required withholding taxes may not be sold or transferred prior to the first anniversary of the date of the closing), with the number of shares of Kemper common stock subject to each Infinity performance share award determined by multiplying such target share amount by 2.0031.





---

## **Table of Contents**

### *Director Restricted Shares*

Each award of restricted shares of Infinity common stock granted under any Infinity stock plan that is outstanding and unvested immediately prior to the effective time ( *Infinity restricted shares* ) and held by a non-employee member of the Infinity Board ( *Director Restricted Shares* ) will vest in full and be eligible to receive the Merger Consideration

### *Rollover RSUs*

Each award of Infinity restricted shares (other than the Director Restricted Shares) will be cancelled without any acceleration of vesting and in exchange Kemper will grant, as soon as practicable following the closing, a number of restricted stock units with respect to Kemper common stock determined by multiplying the number of cancelled Infinity restricted shares by 2.0031 ( *Rollover RSUs* ) with such Rollover RSUs vesting in accordance with any applicable award or other agreement between the recipient of such Rollover RSUs and Kemper (or an affiliate thereof).

### **Ownership of Kemper After the Merger**

Based on the number of shares of common stock of Kemper and Infinity outstanding on [X], 2018, the record date for the two companies' special meetings, Kemper expects to issue or reserve for issuance approximately [ ] million shares of Kemper common stock in connection with the Merger (including shares of Kemper common stock issuable to Infinity shareholders and shares of Kemper common stock issuable pursuant to certain Infinity equity-based awards). Based on these numbers, upon the closing, pre-existing Kemper stockholders and former Infinity shareholders would own approximately 80% and 20% of the outstanding shares of Kemper common stock, respectively, immediately following the closing. The Merger will have no effect on the number of shares of Kemper common stock owned by existing Kemper stockholders.

### **Share Ownership of Kemper's and Infinity's Directors and Executive Officers**

At the close of business on the Kemper record date, directors and executive officers of Kemper and their affiliates owned and were entitled to vote approximately [ ] shares of Kemper common stock, collectively representing approximately [ ]% of the shares of Kemper common stock outstanding on that date. Approval of the share issuance proposal by Kemper stockholders requires the affirmative vote of a majority of votes cast at the Kemper special meeting with respect to the share issuance proposal, provided that a quorum is present. On February 13, 2018, all of Kemper's directors and named executive officers entered into Voting and Support Agreements with Infinity ( *Kemper Voting and Support Agreements* ) pursuant to which, among other things and subject to certain exceptions, each director and named executive officer agreed to vote or cause to be voted any shares of Kemper common stock of which they are the beneficial or record owner in favor of the share issuance proposal. Kemper currently expects that Kemper's executive officers not party to the Kemper Voting and Support Agreements will vote in favor of the share issuance proposal, although they are under no obligation to do so. See *The Voting and Support Agreements* Kemper Voting and Support Agreements beginning on page 161. A form of the Kemper Voting and Support Agreement is attached as Annex B to this joint proxy statement/prospectus.

At the close of business on the Infinity record date, directors and executive officers of Infinity and their affiliates owned and were entitled to vote approximately [ ] shares of Infinity common stock, collectively representing [ ]% of the shares of Infinity common stock outstanding on that date. Approval of the merger proposal by Infinity shareholders requires the affirmative vote of shareholders entitled to exercise a majority of the voting power of Infinity. On February 13, 2018, all of Infinity's directors and named executive officers entered into Voting and Support Agreements with Kemper (the *Infinity Voting and Support Agreements* )



---

**Table of Contents**

pursuant to which, among other things and subject to certain exceptions, each director and named executive officer agreed to vote or cause to be voted any shares of Infinity common stock of which they are the beneficial or record owner in favor of the merger proposal. Infinity currently expects that Infinity's executive officers not party to the Infinity Voting and Support Agreements will vote in favor of the merger proposal, although they are under no obligation to do so. See *The Voting and Support Agreements* Infinity Voting and Support Agreements beginning on page 161. A form of the Infinity Voting and Support Agreement is attached as Annex C to this joint proxy statement/prospectus.

**Recommendation of the Kemper Board and Its Reasons for the Merger (see page 76).**

After careful consideration, on February 13, 2018 the Kemper Board unanimously adopted resolutions approving the Merger Agreement and the consummation of the transactions contemplated by the Merger Agreement and the share issuance, including the Merger, upon the terms and subject to the conditions set forth in the Merger Agreement. **The Kemper Board unanimously recommends that Kemper stockholders vote FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal at the Kemper special meeting.**

For a summary of the factors considered by the Kemper Board in reaching its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby, as well as the Kemper Board's reasons for, and certain risks related to, the Merger, see *The Merger Recommendation of the Kemper Board and Its Reasons for the Merger* beginning on page 80.

**Recommendation of the Infinity Board and Its Reasons for the Merger (see page 80)**

After careful consideration, on February 13, 2018, the Infinity Board unanimously adopted the Merger Agreement and approved the consummation of the transactions contemplated by the Merger Agreement, including the Merger, upon the terms and subject to the conditions set forth in the Merger Agreement. **The Infinity Board unanimously recommends that Infinity shareholders vote FOR the merger proposal, FOR the non-binding compensation advisory proposal and FOR the Infinity meeting adjournment proposal at the Infinity special meeting.**

For a summary of the factors considered by the Infinity Board in reaching its decision to adopt the Merger Agreement and approve the consummation of the transactions contemplated by the Merger Agreement, including the Merger, as well as the Infinity Board's reasons for, and certain risks related to, the Merger, see *The Merger Recommendation of the Infinity Board and Its Reasons for the Merger* beginning on page 80.

**Opinion of Kemper's Financial Advisor (see page 83)**

At a meeting of the Kemper Board held on February 13, 2018, Goldman Sachs & Co. LLC ( *Goldman Sachs* ) delivered to the Kemper Board its oral opinion, subsequently confirmed in writing, that, as of February 13, 2018, and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was fair from a financial point of view to Kemper.

**The full text of Goldman Sachs' written opinion, dated February 13, 2018, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached as Annex D and is incorporated by reference into this joint proxy statement/prospectus. A summary of Goldman Sachs' opinion is set forth in this joint proxy statement/prospectus in the section entitled *The Merger Opinion of Kemper's Financial Advisor***



---

**Table of Contents**

**beginning on page 83 and is qualified in its entirety by reference to the full text of Goldman Sachs' written opinion. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Kemper Board in connection with its consideration of the proposed Merger and the opinion does not constitute a recommendation as to how any holder of shares of Kemper common stock should vote with respect to the share issuance proposal or any other matter.**

Pursuant to an engagement letter between Kemper and Goldman Sachs, Kemper has agreed to pay Goldman Sachs for its services in connection with the transactions an aggregate fee of \$13 million, all of which is contingent upon the closing.

**Opinion of Infinity's Financial Advisor (see page 93)**

At the February 12, 2018 meeting of the Infinity Board, Deutsche Bank Securities Inc. ( *Deutsche Bank* ), financial advisor to Infinity, rendered its oral opinion to the Infinity Board, confirmed by delivery of a written opinion dated February 13, 2018, to the effect that as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the Merger Consideration was fair, from a financial point of view, to the holders of Infinity common stock (excluding Kemper and its affiliates). Deutsche Bank did not express any opinion as to the proration and election procedures in the Merger Agreement.

**The full text of Deutsche Bank's written opinion, dated February 13, 2018, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the review undertaken in connection with the opinion, is attached as Annex E and is incorporated by reference into this joint proxy statement/prospectus. A summary of Deutsche Bank's opinion is set forth in this joint proxy statement/prospectus in the section entitled **The Merger Opinion of Infinity's Financial Advisor** beginning on page 93 and is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank's opinion was addressed to, and for the use and benefit of, the Infinity Board in connection with and for the purpose of its evaluation of the Merger. Deutsche Bank did not express an opinion, and Deutsche Bank's opinion did not constitute a recommendation, as to how any holder of Infinity common stock should vote or act with respect to the Merger or any other matter, including whether any such holder should elect to receive the Mixed Consideration, the Cash Consideration or the Stock Consideration. Deutsche Bank's opinion was limited to the fairness of the Merger Consideration, from a financial point of view, to the holders of Infinity common stock (excluding Kemper and its affiliates) as of the date of the opinion. The opinion did not address any other terms of the Merger or the Merger Agreement. Nor did the opinion address the terms of any other agreement entered into or to be entered into in connection with the Merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision by Infinity to engage in the Merger or the relative merits of the Merger as compared to any alternative transactions or business strategies.**

Pursuant to an engagement letter between Infinity and Deutsche Bank, dated December 21, 2017, Infinity has agreed to pay Deutsche Bank a transaction fee equal to 1% of the value of the aggregate consideration (as defined in the engagement letter), which equaled approximately \$13 million as of March 29, 2018, for its services as financial advisor to Infinity in connection with the Merger, of which \$1.0 million became payable upon the delivery of Deutsche Bank's opinion and the remainder of which is contingent upon the closing.

**Interests of Infinity's Directors and Executive Officers in the Merger (see page 109)**

When considering the Infinity recommendation, Infinity shareholders should be aware that directors and executive officers of Infinity have certain interests in the Merger that may be different from or in addition to the interests of Infinity shareholders generally. The Infinity Board was aware of these interests and considered them, among other

things, in evaluating and negotiating the Merger Agreement and the Merger.

**Table of Contents**

These interests include the following:

Infinity executive officers and directors hold outstanding shares of Infinity common stock, which will be treated like all other shares of Infinity common stock in the Merger. See Security Ownership of Certain Beneficial Owners and Management of Infinity beginning on page 171.

Pursuant to the terms of certain letter agreements entered into between Kemper and each of Glen N. Godwin, Samuel J. Simon and Robert H. Bateman, Messrs. Godwin, Simon and Bateman will continue to be employed pursuant to the terms of their respective employment agreements, and the term of each such executive's employment agreement shall be extended for a period of two (2) years following the closing.

The letter agreements also provide that each of Messrs. Godwin, Simon and Bateman will be entitled to receive a retention bonus equal to the cash severance benefit that he would have received under his current employment agreement with Infinity if his employment had been terminated by Infinity immediately prior to the expiration of the term (as extended by the letter agreements) for a reason other than cause, subject generally to the executive remaining in continuous employment with the combined company through the extended term.

The letter agreements also provide that Kemper will, as soon as practicable after the closing, grant each of Messrs. Godwin, Simon and Bateman a special award of time-based restricted stock units having a grant date value equal to \$1,000,000. The special grant will vest in full at the expiration of the applicable term, provided generally that the executive remains in continuous employment with the combined company through such date.

In connection with the Merger, the Infinity Board approved the extension of Mr. Gober's employment for a period commencing March 1, 2018 through the effective time of the Merger. During such period, Mr. Gober will be paid a salary at a rate of \$287,500 per annum, payable in accordance with Infinity's normal payroll practices. Mr. Gober will not be entitled to any other compensation in respect of such period.

In connection with the Merger, the Infinity Board established the Term Sheet Committee (as described on page 63 of this joint proxy statement/prospectus), which included Samuel J. Weinhoff serving as Chairman of the committee and Victor T. Adamo, Richard J. Bielen, Teresa A. Canida and James L. Weidner serving as the remaining members of the Term Sheet Committee. As compensation for the Term Sheet Committee's services throughout the negotiation of the Merger Agreement, the Nominating and Corporate Governance Committee of the Infinity Board approved a payment to Mr. Weinhoff of \$25,000 and to each other member of the Term Sheet Committee of \$20,000, to be paid in April 2018.

Certain directors and officers of Infinity will have rights to indemnification from Kemper after the effective time. See The Merger Agreement Interests of Infinity's Directors and Executive Officers in the Merger beginning on page 109.



The Infinity Board was aware of these interests and considered them, among other matters, in adopting the Merger Agreement and in determining to recommend that Infinity shareholders adopt the Merger Agreement. See The Merger Interests of Infinity's Directors and Executive Officers in the Merger, beginning on page 109 for additional information about these interests.

**Board of Directors of Kemper after the Merger (see page 114)**

In connection with the Merger, Kemper has agreed to take all actions necessary to cause, as of the effective time, the election as a member of the Kemper Board of one (1) individual who is serving as a director of the Infinity Board as of February 13, 2018 or immediately prior to the closing. The decision as to which individual

---

**Table of Contents**

will be so elected by the Kemper Board shall be in the sole discretion of Kemper and shall comply with the policies of the Kemper Board's Nominating and Corporate Governance Committee, Kemper's corporate governance guidelines, applicable laws and the NYSE's rules and regulations.

Information about the current Kemper and Infinity directors and executive officers can be found in the documents listed under the heading "Where You Can Find More Information" beginning on page 216.

**Listing of Kemper Common Stock and Delisting and Deregistration of Infinity Common Stock (see page 109)**

Application will be made to have the shares of Kemper common stock to be issued in the Merger approved for listing on NYSE, subject to official notice of issuance, where Kemper common stock currently is traded under the symbol **KMPR**. If the Merger is completed, Infinity common stock will be delisted from the NASDAQ Stock Market LLC (the **NASDAQ**) and will be deregistered under the Exchange Act. As a result, Infinity will no longer be publicly traded or file periodic reports with the SEC.

**Dissenting Rights of Infinity Shareholders (see page 124)**

Under Ohio law, if the merger proposal is approved by the Infinity shareholders, any holder of shares of Infinity common stock who does not vote in favor of approving the merger proposal may be entitled to seek relief as a dissenting shareholder under Section 1701.85 of the Ohio General Corporation Law (the **OGCL**), which includes the right to seek appraisal of the fair cash value of such holder's shares as determined by the Court of Common Pleas of Hamilton County, Ohio, but only if such shareholder complies with the procedures of Ohio law applicable to the exercise of the rights of a dissenting shareholder, including by delivering to Infinity a written demand with the information required by Section 1701.85(A)(4) of the OGCL before the vote on the merger proposal. The appraised fair cash value of Infinity common stock could be more, the same as or less than the Merger Consideration. See "The Merger Agreement - Dissenting Rights of Infinity Shareholders" and "Appraisal and Dissenters' Rights" beginning on pages 124 and 163, respectively.

**SECTION 1701.85 OF THE OGCL, GOVERNING THE RIGHTS OF DISSENTING INFINITY SHAREHOLDERS, IS ATTACHED IN ITS ENTIRETY AS ANNEX F TO THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY INFINITY SHAREHOLDER WHO WISHES TO EXERCISE THE RIGHTS OF A DISSENTING SHAREHOLDER OR WHO WISHES TO PRESERVE THE RIGHT TO DO SO SHOULD REVIEW ANNEX F CAREFULLY AND SHOULD CONSULT SUCH SHAREHOLDER'S LEGAL ADVISOR, AS FAILURE TO TIMELY COMPLY WITH THE PROCEDURES SET FORTH IN SECTION 1701.85 OF THE OGCL WILL RESULT IN THE LOSS OF THOSE RIGHTS.**

Merely not voting for the Merger will not preserve the right of Infinity shareholders to seek an appraisal of their shares of Infinity common stock under Ohio law because a submitted proxy not marked **AGAINST** or **ABSTAIN** will be voted **FOR** the merger proposal, **FOR** the non-binding compensation advisory proposal and **FOR** the Infinity meeting adjournment proposal. Accordingly, the submission of a proxy not marked **AGAINST** or **ABSTAIN** will result in the waiver of appraisal rights. Infinity shareholders who wish to exercise their appraisal rights and hold shares in the name of a bank, broker, trust or other nominee holder of record must instruct their bank, broker, trust or other nominee holder of record to take the steps necessary to enable them to demand appraisal for their shares.



**Table of Contents**

**Conditions to Completion of the Merger (see page 125)**

The respective obligations of Kemper, Merger Sub and Infinity to effect the Merger are subject to the satisfaction or waiver of the following conditions at or prior to the closing:

the affirmative vote of a majority of the votes cast at the Kemper special meeting with respect to the share issuance proposal;

the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity in favor of the merger proposal;

the approval for listing on the NYSE, subject to official notice of issuance, of the shares of Kemper common stock to be issued to Infinity shareholders in the Merger;

the expiration or termination of any applicable waiting period (or extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the *HSR Act* );

the receipt of authorizations, consents, orders, declarations or approvals of, notifications to or filings or registrations with, or terminations or expirations of waiting periods imposed by, certain insurance regulators, and other governmental entities, the failure of which to be obtained or made or occur would reasonably be likely to have, individually or in the aggregate, a material adverse effect (as described on page 127 of this joint proxy statement/prospectus) with respect to Kemper after giving effect to the Merger;

the absence of any temporary restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing the closing;

the declaration by the SEC of the effectiveness under the Securities Act of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part and the absence of any stop order or proceedings initiated (and not withdrawn) by the SEC for that purpose;

in the case of Kemper's and Merger Sub's obligation to effect the Merger, the satisfaction of certain employee retention requirements;

in the case of Kemper's and Merger Sub's obligation to effect the Merger, no proper exercise of appraisal rights under Ohio law by Infinity shareholders holding more than 10% of the outstanding shares of Infinity common stock;

in the case of Kemper's and Merger Sub's obligation to effect the Merger, the absence of any pending action commenced by certain governmental entities wherein a judgment, individually or in the aggregate with other such judgments, would reasonably be expected to prevent the closing or impose or require a materially burdensome condition (as defined on page 22 of this joint proxy statement/prospectus);

in the case of Kemper's and Merger Sub's obligation to effect the Merger, the absence of certain approvals under applicable insurance laws imposing or requiring a materially burdensome condition;

in the case of each party's obligation to effect the Merger, the absence of a material adverse effect with respect to the other party and its subsidiaries since the date of the Merger Agreement;

in the case of each party's obligation to effect the Merger, subject to certain materiality exceptions, the accuracy of the representations and warranties made by the other party, and the receipt of a certificate from an executive officer of the other party to that effect; and

in the case of each party's obligation to effect the Merger, compliance by the other party in all material respects with such party's respective covenants under the Merger Agreement, and the receipt of a certificate from an executive officer of the other party to that effect.

---

**Table of Contents**

The conditions set forth in the Merger Agreement may be waived by Kemper or Infinity, in whole or in part, to the extent permitted by applicable law. For a more detailed discussion of these matters, see The Merger Agreement Conditions to Completion of the Merger beginning on page 125. The condition that the expiration or termination of any applicable waiting period (or extension thereof) under the HSR Act has been satisfied, as early termination of the waiting period was granted on March 12, 2018.

**Regulatory Approvals; Materially Burdensome Condition (see page 101)**

Kemper and Infinity have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the transactions contemplated by the Merger Agreement including, subject to certain limitations, (i) obtaining all necessary actions or non-actions, waivers, consents, qualifications and approvals from governmental entities (including under the HSR Act and applicable insurance regulatory laws), (ii) obtaining all necessary consents, qualifications and approvals from non-governmental third parties, (iii) defending any lawsuits or other legal proceedings challenging the Merger Agreement or the consummation of the transactions contemplated by the Merger Agreement, including seeking to have any stay or temporary restraining order entered by any governmental entity vacated or reversed (but excluding any lawsuits or legal proceedings brought by or against any applicable state insurance regulator) and (iv) executing and delivering any additional documents or instruments necessary to consummate the Merger Agreement and transactions contemplated thereby. On February 28, 2018, Kemper and Infinity each filed a notification and report form under the HSR Act with the Federal Trade Commission ( *FTC* ) and the U.S. Department of Justice ( *DOJ* ). Early termination of the waiting period under the HSR Act was granted by the FTC on March 12, 2018.

Notwithstanding the foregoing, none of Kemper or any of its subsidiaries will be obligated to, and neither Infinity nor any of its subsidiaries will, without the prior written consent of Kemper, consent to, take or refrain from taking, or offer or commit or consent to take or refrain from taking (i) any action that involves (A) making any divestiture or disposition of any portion of any business or assets, (B) licensing any portion of any business or assets, (C) accepting or entering any consent decree or hold separate order or (D) placing any assets in trust, in each case by Kemper, Infinity or any their respective subsidiaries or affiliates, in each case except for such actions related to de minimis assets (with such assets measured on a scale relative to Infinity and its subsidiaries, taken as a whole), (ii) any action that involves (A) accepting or entering into any operational restriction or restriction on the payment or declaration of dividends, (B) making any capital commitment or capital guaranty or (C) entering into any capital support agreement, statement of support, guarantee, keep well or other similar capital maintenance undertaking to maintain a minimum risk-based capital level or rating, in each case with respect to, or in connection with, Kemper, Infinity or their respective subsidiaries or affiliates which, in each case and together with any other such action, would or would reasonably be expected to detract from the benefits reasonably expected to be derived by Kemper and its subsidiaries as a result of the Merger (with such benefits measured on a scale relative to Infinity and its subsidiaries, taken as a whole and to include Kemper's ability to operate its business after giving effect to the Merger), or (iii) any action that would reasonably be expected to have a material adverse effect with respect to either Kemper or Infinity, after giving effect to the Merger (with such materiality measured on a scale relative to Infinity and its subsidiaries, taken as a whole), in each case of the immediately foregoing clauses (i), (ii) and (iii), whether before or after the closing (any such action, a *materially burdensome condition* ). See The Merger Agreement Conditions to Completion of the Merger and The Merger Agreement Efforts to Complete the Merger beginning on pages 125 and 138, respectively.

**Financing (see page 147)**

Kemper currently anticipates borrowing under its available credit facilities and/or incurring indebtedness under an unsecured bank loan to fund a portion of the cash payable in connection with the Merger Consideration.



---

**Table of Contents**

Prior to the effective time or the termination of the Merger Agreement, as the case may be, at Kemper's sole expense, Infinity has agreed to, and has agreed to cause each of its subsidiaries to, use its reasonable best efforts to provide, or cause to be provided by its and their respective personnel and representatives, to Kemper such cooperation reasonably requested by Kemper in connection with the arrangement of any debt financing obtained to fund the Merger Consideration. See The Merger Agreement Financing beginning on page 147.

**Infinity Acquisition Proposals (see page 128)**

Subject to certain exceptions, the Merger Agreement precludes Infinity, its directors and officers and their respective other representatives from, among other things, soliciting, initiating or knowingly encouraging or knowingly inducing or facilitating the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to an Infinity acquisition proposal (as described on page 130 of this joint proxy statement/prospectus). Notwithstanding such restrictions, the Merger Agreement provides that, at any time prior to Infinity shareholders approving the merger proposal, provided that Infinity and its subsidiaries have complied with their non-solicitation restrictions, the Infinity Board may, upon receiving an Infinity acquisition proposal that did not result from a breach of the Merger Agreement and determining in good faith (after consultation with Infinity's outside legal counsel and outside financial advisor) that such Infinity acquisition proposal constitutes an Infinity superior proposal (as described on page 131 of this joint proxy statement/prospectus), make an Infinity adverse recommendation change (as described on page 130 of this joint proxy statement/prospectus) and may cause Infinity to terminate the Merger Agreement and concurrently enter into a binding definitive agreement to effect such Infinity superior proposal if Infinity has taken certain actions (as described under The Merger Agreement Infinity Acquisition Proposals and The Merger Agreement Special Meeting of Infinity Shareholders; Recommendation of the Infinity Board beginning on pages 128 and 134, respectively).

**Kemper Acquisition Proposals (see page 131)**

Subject to certain exceptions, the Merger Agreement precludes Kemper, its directors and officers and their respective other representatives from, among other things, soliciting, initiating or knowingly encouraging or knowingly inducing or facilitating the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to a Kemper acquisition proposal (as described on page 133 of this joint proxy statement/prospectus). Notwithstanding such restrictions, the Merger Agreement provides that, at any time prior to Kemper stockholders approving the share issuance proposal, provided that Kemper and its subsidiaries have complied with their non-solicitation restrictions, the Kemper Board may, upon receiving a Kemper acquisition proposal that did not result from a breach of the Merger Agreement and determining in good faith (after consultation with Kemper's outside legal counsel and outside financial advisor) that such Kemper acquisition proposal constitutes a Kemper superior proposal (as described on page 133 of this joint proxy statement/prospectus), make a Kemper adverse recommendation change (as described on page 133 of this joint proxy statement/prospectus) and may cause Kemper to terminate the Merger Agreement and concurrently enter into a binding definitive agreement to effect such Kemper superior proposal if Kemper has taken certain actions (as described under The Merger Agreement Kemper Acquisition Proposals and The Merger Agreement Special Meeting of Kemper Stockholders; Recommendation of the Kemper Board beginning on pages 131 and 136, respectively).



---

**Table of Contents**

**Termination of the Merger Agreement (see page 153)**

***Termination by Kemper or Infinity***

The Merger Agreement may be terminated and the Merger may be abandoned prior to the effective time by the mutual written consent of Kemper and Infinity. Moreover, either Kemper or Infinity may terminate the Merger Agreement at any time prior to the effective time if:

any court of competent jurisdiction or other government entity has issued a judgment, order, injunction, rule or decree, or taken any other action, restraining, enjoining or otherwise prohibiting or making illegal the closing or any of the other transactions contemplated by the Merger Agreement and such judgment, order, injunction, rule, decree or other action has become final and nonappealable (provided that the right to terminate the Merger Agreement for this reason will not be available to any party that has failed to (i) use its reasonable best efforts to contest, resolve or lift, as applicable, such judgment, order, injunction, rule, decree or other action and (ii) comply with its obligations described in The Merger Agreement Efforts to Complete the Merger beginning on page 138 in all material respects as its relates to such governmental entity);

the Infinity special meeting (including any adjournment or postponement thereof) was held to obtain the approval of the merger proposal and concluded without obtaining such approval (provided that Infinity may not terminate the Merger Agreement for this reason if Infinity has not complied with its obligations under the Merger Agreement with respect to not soliciting Infinity acquisition proposals and the holding of the Infinity special meeting);

the Kemper special meeting (including any adjournment or postponement thereof) was held to obtain the approval of the share issuance proposal and concluded without obtaining such approval (provided that Kemper may not terminate the Merger Agreement for this reason if Kemper has not complied with its obligations under the Merger Agreement with respect to not soliciting Kemper acquisition proposals and the holding of the Kemper special meeting); or

the effective time has not occurred on or before November 13, 2018 (or, if extended pursuant to the Merger Agreement, February 13, 2019) (the *outside date*) (provided, that neither Kemper nor Infinity has the right to terminate the Merger Agreement for this reason if the failure to consummate the Merger by such date results from the material breach or failure to perform by Kemper or Merger Sub (in the case of termination by Kemper) or Infinity (in the case of termination by Infinity) of any of its representations, warranties, covenants or agreements contained in the Merger Agreement). See The Merger Agreement Termination of the Merger Agreement beginning on page 153.

***Termination by Kemper***

Kemper may terminate the Merger Agreement as follows:

if Infinity breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of the applicable conditions precedent to Kemper's obligation to complete the Merger and (ii) cannot be or has not been cured within the lesser of (A) thirty (30) days after the giving by Kemper of written notice to Infinity of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (B) the number of days remaining until the outside date, provided that Kemper will not have the right to terminate the Merger Agreement for this reason if Kemper or Merger Sub is then in material breach of any of its representations, warranties, obligations or agreements under the Merger Agreement;

if, prior to Infinity shareholders approving the merger proposal, the Infinity Board or any committee thereof has (i) effected or permitted an Infinity adverse recommendation change (whether or not

**Table of Contents**

permitted to do so under the terms of the Merger Agreement), (ii) adopted, approved, endorsed, declared advisable or recommended to Infinity shareholders an Infinity acquisition proposal other than the Merger, (iii) failed to publicly reaffirm the Infinity recommendation within five business days following receipt of a written request by Kemper to provide such reaffirmation after an Infinity acquisition proposal has been publicly disclosed or has become publicly known, (iv) failed to include in this joint proxy statement/prospectus the Infinity recommendation or included in this joint proxy statement/prospectus any proposal to vote upon or consider any Infinity acquisition proposal other than the Merger or (v) failed to recommend against a competing tender offer or exchange offer for 15% or more of the outstanding capital stock of Infinity within ten (10) business days after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its shareholders);

if Infinity breaches in any material respect any of its obligations with respect to not soliciting Infinity acquisition proposals; or

if, prior to Kemper stockholders approving the share issuance proposal, Kemper terminates the Merger Agreement in order to enter into a definitive agreement to effect a Kemper superior proposal, so long as Kemper has complied with its obligations with respect to not soliciting Kemper acquisition proposals in all material respects and enters into such definitive agreement concurrently with the termination of the Merger Agreement and pays the termination fee (described below) in accordance with the procedures and within the time periods set forth in the Merger Agreement. See The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Reimbursement of Fees and Expenses beginning on pages 153 and 155, respectively.

***Termination by Infinity***

Infinity may terminate the Merger Agreement as follows:

if Kemper or Merger Sub breaches or fails to perform in any material respect any of its respective representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of the applicable conditions precedent to Infinity's obligation to complete the Merger and (ii) cannot be or has not been cured within the lesser of (A) thirty (30) days after the giving by Infinity of written notice to Kemper of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (B) the number of days remaining until the outside date, provided that Infinity will not have the right to terminate the Merger Agreement for this reason if Infinity is then in material breach of any of its representations, warranties, obligations or agreements under the Merger Agreement;

if, prior to Kemper stockholders approving the share issuance proposal, the Kemper Board or any committee thereof has (i) effected or permitted a Kemper adverse recommendation change (whether or not permitted to do so under the terms of the Merger Agreement), (ii) adopted, approved, endorsed, declared advisable or recommended to Kemper stockholders a Kemper acquisition proposal, (iii) failed to publicly reaffirm the Kemper recommendation within five business days following receipt of a written request by Infinity to provide such reaffirmation after a Kemper acquisition proposal has been publicly disclosed or has become publicly known, (iv) failed to include in this joint proxy statement/prospectus the Kemper recommendation

or included in this joint proxy statement/prospectus any proposal to vote upon or consider any Kemper acquisition proposal or (v) failed to recommend against a competing tender offer or exchange offer for 15% or more of the outstanding capital stock of Kemper within five business days after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders);

---

**Table of Contents**

if Kemper breaches in any material respect any of its obligations with respect to not soliciting Kemper acquisition proposals; or

if, prior to Infinity shareholders approving the merger proposal, Infinity terminates the Merger Agreement in order to enter into a definitive agreement to effect an Infinity superior proposal, so long as Infinity has complied with its obligations with respect to not soliciting Infinity acquisition proposals in all material respects and enters into such definitive agreement concurrently with the termination of the Merger Agreement, and pays the termination fee (described below) in accordance with the procedures and within the time periods set forth in the Merger Agreement. See *The Merger Agreement Termination of the Merger Agreement* and *The Merger Agreement Reimbursement of Fees and Expenses* beginning on pages 153 and 155, respectively.

**Reimbursement of Fees and Expenses (see page 155)**

Kemper must pay Infinity a termination fee of \$49,598,810 if the Merger Agreement is terminated under certain specified circumstances, including (i) following a failure by Infinity or Kemper to obtain the requisite stockholder approvals, if in certain circumstances, Kemper enters into a transaction with respect to a Kemper acquisition proposal concurrently with or within twelve (12) months of such termination, or (ii) if Infinity terminates the Merger Agreement following a Kemper adverse recommendation change.

Infinity must pay Kemper a termination fee of \$49,598,810 if the Merger Agreement is terminated under certain specified circumstances, including (i) following a failure by Kemper or Infinity to obtain the requisite stockholder approvals, if in certain circumstances, Infinity enters into a transaction with respect to an Infinity acquisition proposal concurrently with or within 12 months of such termination, or (ii) if Kemper terminates the Merger Agreement following an Infinity adverse recommendation change.

If the Merger Agreement is terminated under certain circumstances, including if Kemper or Infinity fail to obtain the requisite stockholder or shareholder approvals, Kemper or Infinity may be required to reimburse the other party for its expenses incurred in connection with the Merger in an aggregate amount not to exceed \$14,171,089.

**Material U.S. Federal Income Tax Consequences (see page 103)**

For U.S. holders (as described on page 104 of this joint proxy statement/prospectus), the receipt of the Merger Consideration in exchange for shares of Infinity common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. Infinity shareholders should consult their tax advisors regarding the particular tax consequences of the exchange of shares of Infinity common stock for the Merger Consideration pursuant to the Merger in light of their particular circumstances (including the application and effect of any state, local or foreign income and other tax laws). See *Material U.S. Federal Income Tax Consequences* beginning on page 103.

**Accounting Treatment (see page 108)**

Kemper will account for the acquisition of shares of Infinity common stock through the Merger under the acquisition method of accounting for business combinations. In determining the acquirer for accounting purposes, Kemper considered the factors required under Financial Accounting Standards Board Accounting Standards Codification 805, *Business Combinations* ( **ASC 805** ) and determined that Kemper will be considered the acquirer of Infinity for accounting purposes. Accordingly, Kemper's cost to acquire all issued and outstanding shares of Infinity common stock will be allocated to Infinity's acquired assets, liabilities and non-controlling interests based upon their estimated fair values. The allocation of the purchase price is preliminary and is dependent upon estimates of certain valuations

that are subject to change.

## **Table of Contents**

### **Risk Factors (see page 35)**

In evaluating the Merger, the Merger Agreement or the issuance of shares of Kemper common stock pursuant to the Merger Agreement, you should read carefully this joint proxy statement/prospectus and especially consider the factors discussed in the section entitled **Risk Factors** beginning on page 35.

### **Kemper's Dividend Policy**

Kemper has historically paid quarterly dividends and intends to continue paying regular quarterly dividends to its stockholders. However, any decision to pay dividends on its common stock will be at the discretion of the Kemper Board, which may determine not to declare dividends at all or at a reduced amount. As a holding company with no significant business operations of its own, Kemper relies on dividends from its insurance subsidiaries to meet its obligations and pay dividends to its stockholders, and such insurance subsidiaries are subject to significant regulatory restrictions under state insurance laws and regulations that limit their ability to declare and pay dividends. See **The Merger Kemper's Dividend Policy** on page 101.

### **Comparison of Rights of Kemper Stockholders and Infinity Shareholders (see page 178)**

The rights of the Kemper stockholders are governed by Kemper's Restated Certificate of Incorporation, dated as of August 6, 2014 (the ***Kemper Charter***) and Amended and Restated Bylaws, effective August 6, 2014 (the ***Kemper Bylaws***) as well as the Delaware General Corporation Law (***DGCL***). The rights of the Infinity shareholders are governed by Infinity's Amended and Restated Articles of Incorporation, dated as of May 21, 2007 (the ***Infinity Articles***) and Regulations, as amended and restated as of August 1, 2017, (the ***Infinity Regulations***) as well as the OGCL. Following the closing, the rights of the Infinity shareholders will be governed by the Kemper Charter and the Kemper Bylaws, as well as the DGCL, and the former Infinity shareholders will have the same rights as Kemper stockholders. However, because the Kemper Charter and Kemper Bylaws are different from the Infinity Articles and Infinity Regulations, and the DGCL is different from the OGCL, the rights of Infinity shareholders will differ in some respects from the rights afforded to them prior to the Merger. Certain of these differences are described in detail under **Comparison of Rights of Kemper Stockholders and Infinity Shareholders** beginning on page 178.

### **Expenses (see page 159)**

Generally, all fees and expenses incurred in connection with the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this joint proxy statement/prospectus.

**Table of Contents****Selected Historical Consolidated Financial Data of Kemper**

The following tables set forth the selected historical consolidated financial data of Kemper and its subsidiaries. The selected consolidated financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 have been derived from Kemper's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2017, which are incorporated by reference into this joint proxy statement/prospectus. The selected consolidated financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013 have been derived from Kemper's audited consolidated financial statements and related notes for such years, which have not been incorporated by reference into this joint proxy statement/prospectus. Historical results are not necessarily indicative of the results that may be expected for any future period.

This selected historical consolidated financial data should be read in conjunction with Kemper's audited consolidated financial statements, the notes related thereto and the related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Kemper's Annual Report on Form 10-K for the year ended December 31, 2017. See [Where You Can Find More Information](#) beginning on page 216.

(Dollars in Millions, Except for Per Share Amounts)	2017	2016	2015	2014	2013
<b>FOR THE YEAR</b>					
Earned Premiums	\$ 2,350.0	\$ 2,220.0	\$ 2,009.6	\$ 1,862.2	\$ 2,025.8
Net Investment Income	327.2	298.3	302.6	309.1	314.7
Other Income	4.0	3.2	3.7	1.4	0.8
Net Realized Gains on Sales of Investments	56.5	33.1	52.1	39.1	99.1
Net Impairment Losses Recognized in Earnings	(14.3)	(32.7)	(27.2)	(15.2)	(13.9)
<b>Total Revenues</b>	<b>\$ 2,723.4</b>	<b>\$ 2,521.9</b>	<b>\$ 2,340.8</b>	<b>\$ 2,196.6</b>	<b>\$ 2,426.5</b>
Income from Continuing Operations	\$ 119.9	\$ 12.7	\$ 80.2	\$ 112.6	\$ 214.5
Income from Discontinued Operations	1.0	4.1	5.5	1.9	3.2
<b>Net Income</b>	<b>\$ 120.9</b>	<b>\$ 16.8</b>	<b>\$ 85.7</b>	<b>\$ 114.5</b>	<b>\$ 217.7</b>
<b>Per Unrestricted Share:</b>					
Income from Continuing Operations	\$ 2.32	\$ 0.25	\$ 1.55	\$ 2.08	\$ 3.75
Income from Discontinued Operations	0.02	0.08	0.10	0.04	0.06
<b>Net Income</b>	<b>\$ 2.34</b>	<b>\$ 0.33</b>	<b>\$ 1.65</b>	<b>\$ 2.12</b>	<b>\$ 3.81</b>
<b>Per Unrestricted Share Assuming Dilution:</b>					
Income from Continuing Operations	\$ 2.31	\$ 0.25	\$ 1.55	\$ 2.08	\$ 3.74
Income from Discontinued Operations	0.02	0.08	0.10	0.04	0.06
<b>Net Income</b>	<b>\$ 2.33</b>	<b>\$ 0.33</b>	<b>\$ 1.65</b>	<b>\$ 2.12</b>	<b>\$ 3.80</b>
<b>Dividends Paid to Shareholders Per Share</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>



**AT YEAR END**

Total Assets	<b>\$ 8,376.2</b>	\$ 8,210.5	\$ 8,036.1	\$ 7,833.4	\$ 7,656.4
Insurance Reserves	<b>\$ 4,537.8</b>	\$ 4,406.7	\$ 4,203.8	\$ 4,007.6	\$ 4,061.0
Unearned Premiums	<b>653.9</b>	618.7	613.1	536.9	598.9
Long-term Debt, Current and Non-current	<b>592.3</b>	751.6	750.6	752.1	606.9
All Other Liabilities	<b>476.6</b>	458.3	476.2	446.1	338.1
Total Liabilities	<b>6,260.6</b>	6,235.3	6,043.7	5,742.7	5,604.9
Shareholders Equity	<b>2,115.6</b>	1,975.2	1,992.4	2,090.7	2,051.5
Total Liabilities and Shareholders Equity	<b>\$ 8,376.2</b>	\$ 8,210.5	\$ 8,036.1	\$ 7,833.4	\$ 7,656.4
Book Value Per Share	<b>\$ 41.11</b>	\$ 38.52	\$ 38.82	\$ 39.88	\$ 36.86

**Table of Contents****Selected Historical Consolidated Financial Data of Infinity**

The following tables set forth the selected historical consolidated financial data of Infinity and its subsidiaries. The selected consolidated financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 have been derived from Infinity's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2017, which are incorporated by reference into this joint proxy statement/prospectus. The summary selected consolidated financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013 have been derived from Infinity's audited consolidated financial statements and related notes for such years, which have not been incorporated by reference into this joint proxy statement/prospectus. Historical results are not necessarily indicative of the results that may be expected for any future period.

This selected historical consolidated financial data should be read in conjunction with Infinity's audited consolidated financial statements, the notes related thereto and the related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Infinity's Annual Report on Form 10-K for the year ended December 31, 2017. See [Where You Can Find More Information](#) beginning on page 216.

(Dollars in Millions, Except for Per Share Amounts)	2017	2016	2015	2014	2013
Gross written premium	\$ 1,397.3	\$ 1,401.4	\$ 1,387.9	\$ 1,360.9	\$ 1,339.8
Gross written premium growth	(0.3)%	1.0%	2.0%	1.6%	6.8%
Net written premium	1,386.9	1,392.5	1,373.3	1,347.6	1,329.9
Net earned premium	1,371.3	1,391.7	1,346.6	1,325.9	1,302.5
Total revenues	1,518.0	1,538.7	1,484.0	1,461.7	1,443.2
Loss & LAE ratio	76.8%	78.8%	76.9%	75.5%	78.1%
Underwriting ratio	18.3%	17.9%	18.7%	19.6%	19.9%
Combined ratio	95.2%	96.7%	95.6%	95.1%	98.0%
Net earnings	\$ 45.4	\$ 43.1	\$ 51.5	\$ 57.2	\$ 32.6
Net earnings per diluted share	\$ 4.10	\$ 3.88	\$ 4.51	\$ 4.95	\$ 2.80
Return on average common shareholders' equity	6.4%	6.2%	7.4%	8.4%	5.0%
Cash and investments	\$ 1,647.2	\$ 1,576.5	\$ 1,538.5	\$ 1,611.6	\$ 1,582.2
Total assets	2,473.4	2,402.6	2,385.1	2,383.0	2,315.3
Unpaid losses and LAE	715.1	685.5	670.0	668.2	646.6
Unearned premium	627.6	614.3	616.6	589.3	566.0
Long-term debt	273.8	273.6	273.4	273.2	273.0
Total liabilities	1,753.1	1,703.4	1,697.5	1,685.3	1,658.5
Total shareholders' equity	720.3	699.2	687.6	697.7	656.8
Cash dividends per common share	\$ 2.32	\$ 2.08	\$ 1.72	\$ 1.44	\$ 1.20
Common shares outstanding	10,935	11,044	11,151	11,483	11,504
Book value per common share	\$ 65.87	\$ 63.31	\$ 61.66	\$ 60.75	\$ 57.09
Ratios:					
Debt to total capital	27.6%	28.2%	28.6%	28.3%	29.5%
Interest coverage	6.7	5.4	6.3	6.9	4.2



**Table of Contents****Selected Unaudited Pro Forma Condensed Combined Financial Information**

The following selected unaudited pro forma condensed combined statement of income data for the year ended December 31, 2017 is presented as if the Merger had occurred on January 1, 2017. The following selected unaudited pro forma condensed combined balance sheet data as of December 31, 2017 is presented as if the Merger had occurred on December 31, 2017.

The summary selected unaudited pro forma condensed combined financial data is based on the historical financial statements of Kemper and Infinity after giving effect to the Merger and the assumptions and adjustments as discussed in the section entitled Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 192, including assumptions relating to the allocation of the consideration paid for Infinity based on preliminary estimates of the fair value of the assets acquired and liabilities assumed and may be revised. There can be no assurance that such revisions will not result in material changes to the information presented. This selected unaudited pro forma condensed combined financial information is provided for illustrative purposes only and is not necessarily indicative of what the operating results or financial position of Kemper or Infinity would have been had the Merger and related transactions been completed at the beginning of the period or on the date indicated, nor are they necessarily indicative of any future operating results or financial position. Kemper and Infinity may have performed differently had they been combined during the periods presented. The following should be read in connection with the section of this joint proxy statement/prospectus entitled Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 192 and other information included in or incorporated by reference into this joint proxy statement/prospectus.

**Unaudited Pro Forma Condensed Combined Statement of Income Information**

	<b>For the Year Ended Dec. 31, 2017</b>
<u>(Dollars in Millions)</u>	
Earned Premiums	<b>\$ 3,721.3</b>
Net Investment Income	<b>360.7</b>
Other Income	<b>5.4</b>
Net Realized Gains on Sales of Investments	<b>61.8</b>
Net Impairment Losses Recognized in Earnings	<b>(17.4)</b>
Total Revenues	<b>\$ 4,131.8</b>
Income from Continuing Operations	<b>\$ 139.8</b>
Income from Discontinued Operations	<b>1.0</b>
Net Income	<b>\$ 140.8</b>



---

**Table of Contents****Unaudited Pro Forma Condensed Combined Balance Sheet Data**

<u>(Dollars in Millions)</u>	<b>As of Dec. 31, 2017</b>
Total Assets	<b>\$ 11,387.4</b>
Insurance Reserves	<b>\$ 5,240.9</b>
Unearned Premiums	<b>1,281.5</b>
Long-term Debt, Current and Non-current	<b>1,310.1</b>
All Other Liabilities	<b>694.7</b>
Total Liabilities	<b>8,527.2</b>
Shareholders' Equity	<b>2,860.2</b>
Total Liabilities and Shareholders' Equity	<b>\$ 11,387.4</b>

**Table of Contents****Comparative Historical and Unaudited Pro Forma Combined Per Share Information**

Presented below are Kemper's and Infinity's historical per share information as of and for the year ended December 31, 2017, and pro forma combined per share information as of and for the year ended December 31, 2017. The unaudited pro forma combined per share information for the year ended December 31, 2017 is presented as if the Merger had occurred on January 1, 2017. The unaudited pro forma combined book value per common share is presented as if the Merger had occurred on December 31, 2017.

The unaudited pro forma combined per share information is based on the historical financial statements of Kemper and Infinity and certain assumptions and adjustments as discussed in the section entitled "Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 192, including assumptions relating to the allocation of the consideration paid for Infinity based on preliminary estimates of the fair values of the assets acquired and liabilities assumed and may be revised. There can be no assurance that such revisions will not result in material changes to the information presented. This unaudited pro forma combined per share information is provided for illustrative purposes only and is not necessarily indicative of what the operating results or financial position of Kemper or Infinity would have been had the Merger and related transactions been completed at the beginning of the period or on the date indicated, nor are they necessarily indicative of any future operating results or financial position. Kemper and Infinity may have performed differently had they been combined during the period presented. The following should be read in connection with the section of this joint proxy statement/prospectus entitled "Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 192 and other information included in or incorporated by reference into this joint proxy statement/prospectus.

	<b>Kemper Historical</b>	<b>Infinity Historical</b>	<b>Unaudited Pro Forma Combined</b>	<b>Per Equivalent Infinity Share (1)</b>
<b>As of/for the year ended December 31, 2017:</b>				
Income per Share from Continuing Operations (Basic)	\$ 2.32	\$ 4.13	\$ 2.15	\$ 2.57
Income per Share from Continuing Operations (Diluted)	\$ 2.31	\$ 4.10	\$ 2.14	\$ 2.57
Cash Dividends Declared per Share	\$ 0.96	\$ 2.32	\$ 0.96	\$ 1.15
Book Value	\$ 41.11	\$ 65.87	\$ 44.22(2)	\$ 53.15

- (1) Pro forma per equivalent Infinity share information is calculated based on pro forma combined information multiplied by the exchange ratio of 1.2019.
- (2) Pro forma book value per share of the combined company is calculated by dividing total pro forma shareholders equity by the pro forma number of common shares outstanding at the end of the period.





**Table of Contents****Comparative Per Share Market Price Data and Dividend Information**

Kemper common stock trades on the NYSE under the symbol KMPR. Infinity common stock trades on NASDAQ under the symbol IPCC. The table below sets forth, for the periods indicated, cash dividends paid per share of Kemper and Infinity common stock and the range of high and low per share sales prices for Kemper and Infinity common stock as reported on the NYSE and NASDAQ, respectively. For current price information, you should consult publicly available sources.

	<b>Kemper Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends Paid</b>
For the quarterly period ended:			
March 31, 2015	\$ 40.13	\$ 34.31	\$ 0.24
June 30, 2015	\$ 40.12	\$ 35.06	\$ 0.24
September 30, 2015	\$ 40.28	\$ 34.08	\$ 0.24
December 31, 2015	\$ 41.65	\$ 34.43	\$ 0.24
For the quarterly period ended:			
March 31, 2016	\$ 36.73	\$ 23.51	\$ 0.24
June 30, 2016	\$ 33.20	\$ 28.42	\$ 0.24
September 30, 2016	\$ 39.52	\$ 30.87	\$ 0.24
December 31, 2016	\$ 45.95	\$ 35.30	\$ 0.24
For the quarterly period ended:			
March 31, 2017	\$ 45.85	\$ 38.35	\$ 0.24
June 30, 2017	\$ 42.10	\$ 36.55	\$ 0.24
September 30, 2017	\$ 53.05	\$ 36.35	\$ 0.24
December 31, 2017	\$ 71.52	\$ 52.85	\$ 0.24

	<b>Infinity Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends Paid</b>
For the quarterly period ended:			
March 31, 2015	\$ 87.89	\$ 69.87	\$ 0.43
June 30, 2015	\$ 83.03	\$ 70.21	\$ 0.43
September 30, 2015	\$ 82.57	\$ 73.90	\$ 0.43
December 31, 2015	\$ 87.61	\$ 78.41	\$ 0.43
For the quarterly period ended:			
March 31, 2016	\$ 84.10	\$ 73.26	\$ 0.52
June 30, 2016	\$ 86.79	\$ 73.92	\$ 0.52
September 30, 2016	\$ 86.74	\$ 76.37	\$ 0.52
December 31, 2016	\$ 90.50	\$ 73.80	\$ 0.52
For the quarterly period ended:			
March 31, 2017	\$ 99.55	\$ 84.60	\$ 0.58
June 30, 2017	\$ 101.70	\$ 90.75	\$ 0.58
September 30, 2017	\$ 100.70	\$ 83.00	\$ 0.58
December 31, 2017	\$ 110.63	\$ 86.45	\$ 0.58

The following table presents the last reported sale price of a share of Kemper common stock, as reported on the NYSE, the last reported sale price of a share of Infinity common stock, as reported on NASDAQ, and the equivalent value of Infinity common stock per share, in each case, on February 12, 2018, the day prior to the date

**Table of Contents**

of media publications regarding the proposed Merger, and on [X], 2018, the last trading day prior to the printing of this joint proxy statement/prospectus for which it was practicable to include this information.

<b>Date</b>	<b>Kemper Common Stock</b>	<b>Infinity Common Stock</b>	<b>Infinity Common Stock Equivalent Per Share (1)</b>
February 12, 2018	\$ 57.75	\$ 97.05	\$ 121.01
[ ], 2018	[ ]	[ ]	[ ]

(1) Calculated by multiplying the last reported sale price of Kemper common stock by 1.2019 and adding \$51.60 in cash, as Mixed Consideration provided pursuant to the Merger Agreement. See The Merger Agreement Merger Consideration beginning on page 115.

The market value of the shares of Kemper common stock to be issued in exchange for shares of Infinity common stock upon the closing, if applicable, will not be known at the time Infinity shareholders vote on the merger proposal or at the time Kemper stockholders vote on the share issuance proposal. The exchange ratio is fixed and will not be adjusted for changes in the stock prices of either company before the Merger is completed.

The above tables show historical stock price comparisons and the equivalent value of the Merger Consideration per share of Infinity common stock at certain specified dates. Because the market prices of Kemper common stock and Infinity common stock will likely fluctuate prior to the Merger, these comparisons may not provide meaningful information to Kemper stockholders in determining whether to approve the share issuance proposal, or to Infinity shareholders in determining whether to approve the merger proposal. Kemper stockholders and Infinity shareholders are encouraged to obtain current market quotations for Kemper common stock and Infinity common stock and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to approve the proposals before them. See Where You Can Find More Information beginning on page 216.

As of [X], 2018, Kemper had approximately [ ] million shares of its common stock outstanding, and there were approximately [ ] holders of record of Kemper common stock.

---

**Table of Contents**

**RISK FACTORS**

*The combined company will be faced with a market environment that cannot be predicted and that involves significant risks, many of which will be beyond its control. In addition to the other information contained in this joint proxy statement/prospectus, you should consider carefully the material risks described below before deciding whether to vote for the proposals to be considered at the Kemper special meeting and Infinity special meeting. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the heading **Cautionary Statement Concerning Forward-Looking Statements**. See also **Where You Can Find More Information** on page 216.*

**Risks Relating to the Merger and the Combined Company**

*The combined company may not realize all of the anticipated benefits of the transactions contemplated by the Merger Agreement or such benefits may take longer to realize than expected.*

The success of the Merger will depend, in part, on the combined company's ability to realize the anticipated benefits from combining the businesses of Kemper and Infinity as further described in **The Merger Recommendation of the Kemper Board and Its Reasons for the Merger** and **The Merger Recommendation of the Infinity Board and Its Reasons for the Merger**. The combined company's ability to realize the anticipated benefits of the Merger will depend, to a large extent, on the ability of Kemper to integrate the businesses of Infinity with Kemper. The combination of two independent companies is a complex, costly and time-consuming process. As a result, the combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Kemper and Infinity. The integration process may disrupt the business of either or both of the companies and, if implemented ineffectively, could preclude realization of the full benefits expected by Kemper and Infinity. The failure of the combined company to meet the challenges involved in integrating successfully the operations of Kemper and Infinity or otherwise to realize the anticipated benefits of the transactions could cause an interruption of, or a loss of momentum in, the activities and business operations of the combined company and could seriously harm its results of operations. In addition, the overall integration of the two companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of agent relationships and diversion of management's attention, and may cause the combined company's stock price to decline. The difficulties of combining the operations of the companies include, among others:

unforeseen expenses or delays associated with the integration or the Merger;

managing a significantly larger company;

the potential diversion of management focus and resources from other strategic opportunities and from operational matters, and potential disruption associated with the Merger;

maintaining employee morale and retaining key management and other employees;

integrating two unique business cultures, which may prove to be incompatible;

the possibility of faulty assumptions underlying expectations regarding the integration process;

consolidating corporate and administrative infrastructures and eliminating duplicative operations;

coordinating geographically separate organizations;

unanticipated changes in applicable laws and regulations;

managing tax costs or inefficiencies associated with integrating the operations of the combined company;  
and

making any necessary modifications to internal financial control standards to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder.

---

**Table of Contents**

Many of these factors will be outside of the combined company's control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact the combined company's business, financial condition and results of operations. In addition, even if the operations of Kemper and Infinity are integrated successfully, the combined company may not realize the full benefits of the transactions, including the synergies, cost savings or growth opportunities that the combined company expects. These benefits may not be achieved within the anticipated time frame, or at all. As a result, Kemper and Infinity cannot assure you that the combination of Infinity with Kemper will result in the realization of the full benefits anticipated from the transactions contemplated by the Merger Agreement.

***The price of Kemper common stock might decline prior to the closing, which would decrease the value of the Merger Consideration to be received by Infinity shareholders pursuant to the Merger Agreement. Further, at the Kemper special meeting and Infinity special meeting, Kemper stockholders and Infinity shareholders will not know the exact value of Kemper common stock that will be issued pursuant to the Merger Agreement.***

The market price of Kemper common stock at the time the Merger is completed might increase or decrease significantly from the price on the date of the Merger Agreement or from the price on the date of the Kemper special meeting and Infinity special meeting. On February 12, 2018, the day prior to the date of media publications regarding the proposed Merger, Kemper common stock closed at \$57.75 per share as reported on the NYSE. From February 13, 2018, through [ ], 2018, the trading price of Kemper common stock ranged from a closing high of \$[ ] per share to a closing low of \$[ ] per share on the NYSE.

Upon the closing, Infinity shareholders will be entitled to receive for each share of Infinity common stock that they own, at the election of each shareholder, consideration in the form of a combination of Kemper common stock and cash, only cash or only Kemper common stock. The proportion of the consideration payable to holders of Infinity common stock in Kemper common stock is fixed and will not be adjusted for changes in the stock prices of either company before the Merger is consummated. As a result, any changes in the market price of Kemper common stock will have a corresponding effect on the market value of the Mixed Consideration and Stock Consideration. Neither party, however, has a right to terminate the Merger Agreement based upon changes in the market price of Kemper or Infinity common stock.

Kemper and Infinity are working to complete the transactions as promptly as practicable. Kemper currently expects that the Merger will be completed during the third quarter of 2018, subject to the satisfaction or waiver of the conditions to the closing. Because the date when the transactions are completed will be later than the date of the Kemper and Infinity special meetings, Kemper stockholders and Infinity shareholders will not know the exact value of the Kemper common stock that will be issued pursuant to the Merger Agreement at the time they vote on the share issuance proposal, in the case of Kemper stockholders, or on the merger proposal, in the case of Infinity shareholders. As a result, if the market price of Kemper common stock upon the closing is lower than the market price on the date of the Infinity special meeting, the market value of the Mixed Consideration and Stock Consideration received by Infinity shareholders pursuant to the Merger Agreement will be lower than the market value of the Mixed Consideration and Stock Consideration at the time of the vote by the Infinity shareholders. Moreover, during the period between the Kemper and Infinity special meetings and the closing, events, conditions or circumstances could arise that could have a material impact or effect on Kemper, Infinity or the industries in which they operate.

***If the combined company is unable to manage its growth, its business and financial results could suffer.***

The combined company's future financial results will depend in part on its ability to profitably manage its core businesses, including any growth that the combined company may be able to achieve. Over the past several years, each of Kemper and Infinity has engaged in the identification of, and competition for, growth and expansion

opportunities. In order to achieve those initiatives, the combined company will need to, among other things, recruit, train, retain and effectively manage employees and expand its operations and financial control

---

**Table of Contents**

systems. If the combined company is unable to manage its businesses effectively and profitably, its business and financial results could suffer.

***To be successful, the combined company must retain and motivate key employees, including those experienced with post-acquisition integration, and failure to do so could seriously harm the combined company.***

The success of the combined company following the Merger largely depends on the skills, experience and continued efforts of management and other key personnel for each of Kemper and Infinity. As a result, to be successful, the combined company must retain and motivate executives and other key employees. Certain specified management employees of Infinity have executed retention letters with Kemper to continue their employment for a period of two (2) years following the Merger. However, certain key managers and functional area employees will continue to be at-will employees following the Merger and there is no assurance that these individuals will remain with the combined company. If these personnel were to leave, the combined company may experience increased difficulty in managing the ongoing business operations and integrating the businesses and may not be able to adequately replace such personnel, which could have a material adverse effect on the combined company's overall business, results of operations and financial condition. Additionally, the combined company's failure to retain key managers and employees will result in the roles and responsibilities of such managers and employees to be filled either by existing or new personnel, which may require the combined company to devote time and resources to identifying, hiring and integrating replacements for the departed managers and employees that could otherwise be used to integrate the businesses of Kemper and Infinity or otherwise pursue business opportunities. There can be no assurance that the combined company will be able to retain and motivate its employees in the same manner as Kemper and Infinity.

***Kemper and Infinity may be targets of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Merger from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on Kemper's and Infinity's respective liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the closing, then that injunction may delay or prevent the Merger from being consummated, which may adversely affect Kemper's and Infinity's respective business, financial position and results of operation. Currently, neither Kemper nor Infinity is aware of any securities class action lawsuits or derivative lawsuits having been filed in connection with the Merger.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that cannot be met.***

Before the transactions contemplated by the Merger Agreement, including the Merger, may be completed, various clearances, approvals and declarations of non-disapproval must be obtained from certain regulatory and governmental authorities as described in "The Merger Regulatory Approvals" beginning on page 101. These regulatory and governmental entities may impose conditions on the granting of such approvals. Such conditions and the process of obtaining regulatory approvals could have the effect of delaying the closing or of imposing additional costs or limitations on the combined company following the Merger. The regulatory approvals may not be received at all, may not be received in a timely fashion and may contain conditions on the closing. However, if any such conditions impose a materially burdensome condition, Kemper and Merger Sub will not be obligated to complete the Merger. In addition, the respective obligations of each of Kemper, Merger Sub and Infinity to complete the Merger are conditioned on the receipt of certain regulatory approvals or waiver by the other party of such condition.





**Table of Contents*****Certain directors and executive officers of Infinity have interests in the Merger that are different from, or in addition to, the interests of Infinity shareholders.***

Certain directors and executive officers of Infinity have interests in the Merger that are in addition to their interests as Infinity shareholders generally. For executive officers, these interests include, but are not limited to, continued employment with the combined company and the treatment in the Merger of Infinity performance share awards, Director Restricted Shares and Infinity restricted shares held by certain directors and executive officers, as applicable (including accelerated vesting of the Infinity performance share awards and Director Restricted Shares, each immediately upon the effective time). At the request of Kemper, three (3) executive officers of Infinity have also entered into retention letter agreements with Kemper pursuant to which each such executive has indicated his intent to enter into employment with Kemper following the closing in exchange for the compensation specified in his respective retention letter agreement. In addition, one individual who was serving on the Infinity Board as of February 13, 2018 or immediately prior to the effective time, with such individual being selected by Kemper in its sole discretion, will become a director of the combined company. The Infinity Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement and in determining to recommend that Infinity shareholders adopt the merger proposal. See The Merger Interests of Infinity s Directors and Executive Officers in the Merger on page 109.

***The combined company will record goodwill and intangible assets that could become impaired and adversely affect its results of operations and financial condition.***

Accounting standards in the United States require that one party to the Merger be identified as the acquirer. In accordance with these standards, the Merger will be accounted for as an acquisition of Infinity by Kemper and will follow the acquisition method of accounting for business combinations. The assets and liabilities of Infinity will be consolidated with those of Kemper. The excess of the purchase price over the fair values of Infinity s assets and liabilities, if any, will be recorded as goodwill. The unaudited pro forma condensed combined balance sheet as of December 31, 2017 reflects \$511.8 million of goodwill and \$349.9 million of intangible assets resulting from the Merger, which are based on Kemper management s preliminary fair value estimates and are subject to change, including due to fluctuations in the market value of Kemper common stock as discussed in Note 5 to the Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements.

The combined company will be required to assess goodwill and intangible assets for impairment at least annually. In the future the combined company may take charges against earnings resulting from impairment. Any determination requiring the write off of a significant portion of the combined company s goodwill or other intangible assets could adversely affect the combined company s results of operations and financial condition.

***The market price of the common stock of the combined company may be affected by factors different from those affecting the market price for shares of Infinity common stock or for shares of Kemper common stock.***

Upon the closing, holders of Infinity common stock will become holders of Kemper common stock. Kemper s business differs from that of Infinity, and the business of the combined company will differ from that of Kemper. Accordingly, the results of operations for the combined company will be affected by factors different from those currently affecting the results of operations of Infinity and may be affected by factors different from those currently affecting the results of operations of Kemper. For a discussion of the businesses of Kemper and of certain factors to consider in connection with those businesses, see the section entitled Information About Kemper and Merger Sub and the documents incorporated by reference in this joint proxy statement/prospectus and referred to in the section entitled Where You Can Find More Information. For a discussion of the businesses of Infinity and of certain factors to consider in

connection with those businesses, see the section entitled Information About Infinity. See also the section entitled Summary Comparative Per Share Market Price Data and Dividend Information for additional information on the market value of shares of Kemper common stock and Infinity common stock.

---

**Table of Contents**

The issuance of shares of Kemper common stock to Infinity shareholders pursuant to the Infinity Merger Agreement will reduce the percentage ownership interests of Kemper's pre-existing stockholders. Based on the number of shares of common stock of each of Kemper and Infinity outstanding on [X], 2018, the record date for the two companies special meetings, Kemper expects to issue or reserve for issuance approximately [ ] million shares of Kemper common stock in connection with the Merger (including shares of Kemper common stock issuable to Infinity shareholders and shares issuable pursuant to certain of Infinity's equity-based awards). Based on these numbers, upon the closing, pre-existing Kemper stockholders and former Infinity shareholders would own approximately 80% and 20% of the outstanding shares of Kemper common stock, respectively, immediately following the closing. The Merger will have no effect on the number of shares of Kemper common stock owned by existing Kemper stockholders. The issuance of approximately [ ] million shares of Kemper common stock to Infinity shareholders and holders of equity-based incentive awards will cause a significant reduction in the relative percentage interests of current Kemper stockholders in earnings, voting, liquidation value and book and market value. See Summary Ownership of Kemper After the Merger.

***Infinity shareholders may receive a form or combination of consideration different from what they elect.***

While each holder of Infinity common stock may elect to receive, in connection with the Merger, the Mixed Consideration, Cash Consideration or Stock Consideration, the total amount of cash and the total number of shares of Kemper common stock available for all Infinity shareholders will be fixed. Accordingly, depending on the elections made by other Infinity shareholders, even if a holder of Infinity common stock elects to receive all cash in connection with the Merger, such holder may ultimately receive a portion of the consideration in Kemper common stock and if a holder of Infinity common stock elects to receive all Kemper common stock in connection with the Merger, such holder may receive a portion of the Merger Consideration in cash. See The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations for more information. If a holder of Infinity common stock does not submit a properly completed and signed Form of Election to the exchange agent by the Election Deadline, then such stockholder will have no control over the type of Merger Consideration such stockholder may receive and will receive Mixed Consideration consisting of both cash and Kemper common stock. No fractional shares of Kemper common stock will be issued in the Merger, and all Infinity shareholders, regardless of their election, will receive cash in lieu of any fractional shares of Kemper common stock.

***If you deliver shares of Infinity common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the Election Deadline.***

If you are a holder of Infinity common stock and want to elect to receive the Cash Consideration or Stock Consideration in exchange for your shares, you must deliver to the exchange agent by the Election Deadline a properly completed Form of Election. Following the delivery of a completed Form of Election, you will not be able to transfer such shares unless you revoke your election before the Election Deadline by providing written notice to the exchange agent. If you do not revoke your election before the Election Deadline, you will not be able to liquidate your investment in Infinity common stock for any reason until you receive the Merger Consideration.

***The opinions of Kemper's and Infinity's financial advisors will not reflect changes in circumstances between the original signing of the Merger Agreement on February 13, 2018 and the closing.***

Kemper and Infinity each received opinions from their respective financial advisors as of February 13, 2018 and do not expect to receive updated fairness opinions prior to the closing. Changes in the operations and prospects of Kemper or Infinity, general market and economic conditions and other factors that may be beyond the control of Kemper or Infinity, and on which Kemper's and Infinity's financial advisor's opinions were based, may significantly alter the value of Kemper or the prices of the shares of Infinity's common stock or Kemper common stock by the time

the Mergers are completed. The opinions do not speak as of the time the Merger will be completed or as of any date other than the date of such opinions. Because Kemper's and Infinity's financial

---

**Table of Contents**

advisors will not be updating their opinions, which were issued in connection with the signing of the Merger Agreement, the opinions will not address the fairness of the Merger Consideration from a financial point of view at the time the Mergers are completed. The Kemper Board's recommendation that Kemper stockholders vote **FOR** the share issuance proposal and the Infinity Board's recommendation that Infinity shareholders vote **FOR** the merger proposal, however, are current as of the date of this joint proxy statement/prospectus. For a description of the opinions that Infinity and Kemper received from their respective financial advisors, please refer to The Merger Opinion of Kemper's Financial Advisors and The Merger Opinion of Infinity's Financial Advisor.

***The Merger Agreement contains provisions that may discourage other companies from trying to acquire Infinity for greater Merger Consideration or from trying to acquire Kemper.***

The Merger Agreement contains provisions that may discourage a third party from submitting a business combination proposal to Infinity, both during the pendency of the proposed Merger with Kemper as well as afterward should the Merger with Kemper not be consummated, that might result in greater value to Infinity shareholders than the Merger with Kemper. These Merger Agreement provisions include a general prohibition on Infinity from soliciting, or, subject to certain exceptions, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. In addition, Infinity may be required to pay Kemper a termination fee in certain circumstances involving acquisition proposals for competing transactions. For further information, please see The Merger Agreement Infinity Acquisition Proposals, The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Reimbursement of Fees and Expenses.

The Merger Agreement also contains provisions that may discourage a third party from submitting a business combination proposal to Kemper, both during the pendency of the proposed Merger with Infinity as well as afterward and should the Merger with Infinity not be consummated, that might result in greater value to Kemper stockholders than the Merger. These Merger Agreement provisions include a general prohibition on Kemper from soliciting, or, subject to certain exceptions, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. In addition, Kemper may be required to pay Infinity a termination fee in certain circumstances involving acquisition proposals for competing transactions. For further information, please see The Merger Agreement Infinity Acquisition Proposals, The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Reimbursement of Fees and Expenses.

***Failure to complete the Merger could negatively impact the stock prices and future businesses and financial results of Kemper and Infinity.***

If the Merger is not completed, the ongoing businesses of Kemper and Infinity may be adversely affected and Kemper and Infinity will be subject to several risks and consequences, including the following:

Infinity may be required, under certain circumstances, to pay Kemper a termination fee of \$49,598,810 or reimburse Kemper's documented fees and expenses up to \$14,171,089 under the Merger Agreement;

Kemper may be required, under certain circumstances, to pay Infinity a termination fee of \$49,598,810 or reimburse Infinity's documented fees and expenses up to \$14,171,089 under the Merger Agreement;

Kemper and Infinity will be required to pay certain costs relating to the Merger, whether or not the Merger is completed, such as such as legal, accounting and other costs incurred in connection with the Merger;

under the Merger Agreement, each of Kemper and Infinity is subject to certain restrictions on the conduct of its business prior to completing the Merger that may adversely affect its ability to execute certain of its business strategies; and

---

**Table of Contents**

matters relating to the Merger may require substantial time and resources by Kemper and Infinity, including time and resources devoted to planning integration activities, which could otherwise have been devoted to other opportunities that may have been beneficial to Kemper and Infinity as independent companies.

In addition, if the Merger is not completed, Kemper and Infinity may experience negative reactions from the financial markets and from their respective agents, policyholders, employees and business partners. Kemper and Infinity also could be subject to litigation related to any failure to complete the Merger or to enforcement proceedings commenced against Kemper or Infinity to perform their respective obligations under the Merger Agreement. If the Merger is not completed, Kemper and Infinity cannot assure their stockholders and shareholders, respectively, that the risks described above will not materialize and will not materially adversely affect the business, financial results and stock prices of Kemper and Infinity.

***The shares of Kemper common stock to be received by Infinity shareholders as a result of the Merger will have different rights than shares of Infinity common stock.***

Following the closing, Infinity shareholders receiving the Stock Consideration will become Kemper stockholders and their rights will be governed by the Kemper Charter, the Kemper Bylaws and the DGCL. The rights associated with Kemper common stock are different from the rights associated with Infinity common stock. See [Comparison of Rights of Kemper Stockholders and Infinity Shareholders](#) beginning on page 178 for a discussion of the different rights associated with Kemper common stock and Infinity common stock.

***Kemper and Infinity will incur significant transaction and integration costs in connection with the Merger.***

Kemper and Infinity expect to incur a number of costs associated with completing the Merger and integrating the operations of the two companies. The substantial majority of these costs will be non-recurring expenses resulting from the Merger and will consist of transaction costs related to the Merger, including costs to compensate financial advisors for their services, facilities and systems consolidation and integration costs and employment related costs. Additional unanticipated costs may be incurred in the integration of the businesses of Kemper and Infinity. Although Kemper and Infinity expect that the elimination of redundant costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***The announcement and pendency of the Merger may adversely affect Kemper's and Infinity's business, financial condition and results of operations.***

The announcement and pendency of the business combination may cause disruptions and create uncertainty surrounding Kemper's and Infinity's business, which could negatively affect certain relationships with agents, employees, policyholders and business partners, regardless of whether the Merger is consummated.

***The unaudited prospective financial information included in this joint proxy statement/prospectus may not prove to be accurate and is not necessarily indicative of current values or future performance.***

The unaudited prospective financial information of Kemper and Infinity contained in this joint proxy statement/prospectus involves risks, uncertainties and assumptions and is not a guarantee of future performance. The assumptions used in preparing the unaudited prospective financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the proposed transactions. Neither Kemper nor Infinity can provide any assurance that the results indicated in Kemper's or Infinity's unaudited prospective financial information will be realized or that Kemper's or Infinity's future financial results will not materially vary from the unaudited prospective financial information. See [Certain Unaudited Prospective Financial](#)



Information. See Kemper Corporation and Infinity Property and Casualty Corporation Unaudited Pro Forma Condensed Combined Financial Statements.

**Table of Contents**

Kemper currently anticipates that the Merger will be accretive to Kemper's earnings per share in 2019, excluding Value of Business Acquired ( *VOBA* ) and one-time items, and is expected to be accretive to Kemper's earnings per share in 2020 by more than 10%, excluding restructuring and one-time items. This expectation is based on preliminary estimates, which may materially change. The combined company could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to the combined company's earnings per share or decrease or delay the expected accretive effect of the Merger and cause a decrease in the price of the combined company's common stock.

**Risks Relating to Kemper**

Kemper is, and will continue to be, subject to the risks described in Part I, Item 1A in Kemper's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 216.

**Risks Relating to Infinity**

Infinity is, and will continue to be, subject to the risks described in Part I, Item 1A in Infinity's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 216.

---

**Table of Contents**

**THE KEMPER SPECIAL MEETING**

**General**

The Kemper Board is furnishing this joint proxy statement/prospectus to solicit proxies to be voted at Kemper's special meeting. The joint proxy statement/prospectus summary below highlights information contained elsewhere in this joint proxy statement/prospectus. Please read the entire joint proxy statement/prospectus carefully before voting as it provides Kemper stockholders with important information they need to know to be able to vote, or instruct their bank, broker, trust or other nominee to vote, at the Kemper special meeting.

**Special Meeting of Kemper Stockholders**

Date: [X]

Time: [X]

Location: The Kemper Building, One East Wacker Drive, Chicago, Illinois 60601.

**Voting Matters and Board Recommendations**

1. To consider and vote upon the share issuance proposal; and
2. To consider and vote upon the Kemper meeting adjournment proposal.

Pursuant to the Kemper Bylaws, the business to be transacted at the Kemper special meeting shall be limited to the proposals set forth in the notice to Kemper stockholders provided with this joint proxy statement/prospectus.

**Recommendation of the Kemper Board**

After careful consideration, on February 13, 2018, the Kemper Board unanimously adopted resolutions approving the Merger Agreement and the consummation of the transactions contemplated by the Merger Agreement, upon the terms and subject to the conditions set forth in the Merger Agreement. **The Kemper Board unanimously recommends that Kemper stockholders vote FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal at the Kemper special meeting.**

For a summary of the factors considered by the Kemper Board in reaching its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby, as well as the Kemper Board's reasons for approving, and certain risks related to, the Merger, see The Merger Recommendation of the Kemper Board and Its Reasons for the Merger.

**Record Date; Outstanding Shares; Shares Entitled to Vote**

Only holders of Kemper common stock at the close of business on [X], 2018 (the *Kemper record date*), will be entitled to notice of, and to vote at, the Kemper special meeting. At the close of business on the Kemper record date, there were [ ] shares of Kemper common stock issued and outstanding. Accordingly, [ ] shares of Kemper common stock are eligible to be voted at the Kemper special meeting. Each holder of Kemper common stock is entitled to one vote for each share of Kemper common stock owned as of the Kemper record date.

Edgar Filing: KEMPER Corp - Form S-4

A list of Kemper's registered shareholders as of the close of business on [X], 2018 will be available for inspection at the Kemper special meeting and for a period of ten (10) days prior to [X], 2018 during ordinary business hours at Kemper's executive offices located at One East Wacker Drive, Chicago, Illinois 60601.

**Table of Contents****Vote Required; Quorum; Adjournment**

The holders of a majority of the voting power of all of the shares of Kemper common stock issued and outstanding and entitled to vote at the Kemper special meeting, present in person or represented by proxy, shall constitute a quorum for the Kemper special meeting. A quorum must be present before a vote can be taken on (i) the share issuance proposal or (ii) the Kemper meeting adjournment proposal.

*Vote required to approve the share issuance proposal.* Approval of the share issuance proposal requires the affirmative vote of a majority of the votes cast at the Kemper special meeting with respect to the share issuance proposal, provided that a quorum is present. Under the current rules and interpretive guidance of the NYSE, votes cast on the share issuance proposal consist of votes for or against as well as elections to abstain from voting on the share issuance proposal. As a result, a Kemper stockholder's election to abstain from voting on the share issuance proposal will have the same effect as a vote **AGAINST** the approval of this proposal. The failure of a Kemper stockholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of the share issuance proposal because these failures to vote are not considered votes cast. However, these failures to vote will make it more difficult to meet Kemper's quorum requirement that the holders of a majority of the issued and outstanding shares of Kemper common stock entitled to vote at the Kemper special meeting be present in person or represented by proxy to constitute a quorum, as these broker non-votes are not considered entitled to vote at the Kemper special meeting. The chair of the Kemper special meeting is entitled to adjourn the meeting to another place, date or time if a quorum is not present.

*Vote required to approve the Kemper meeting adjournment proposal.* Approval of the Kemper meeting adjournment proposal requires the affirmative vote of a majority of the votes cast at the Kemper special meeting with respect to the Kemper meeting adjournment proposal, provided that a quorum is present. For purposes of the Kemper meeting adjournment proposal, votes cast means votes for or against the proposal. As a result, a Kemper stockholder's election to abstain from voting, the failure of a Kemper stockholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of this proposal. The chair of the Kemper special meeting is entitled to adjourn the meeting to another place, date or time if a quorum is not present.

Abstentions will be counted as present for purposes of determining the presence of a quorum at the Kemper special meeting. If a quorum is not present with respect to the proposal to approve the issuance of shares of Kemper common stock pursuant to the Merger Agreement or if there are not sufficient votes in favor of that proposal, Kemper expects that the Kemper special meeting will be adjourned to solicit additional proxies by the chairman of the Kemper special meeting or, subject to approval of the Kemper meeting adjournment proposal by the affirmative vote of the majority of votes cast at the special meeting, by the Kemper stockholders, provided a quorum is present. At any subsequent reconvening of the Kemper special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Kemper special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.

**Voting by Kemper's Directors and Executive Officers**

As of the Kemper record date for the Kemper special meeting, the directors, named executive officers and executive officers of Kemper as a group owned and were entitled to vote approximately [ ] shares of Kemper common stock, or approximately [ ]% of the issued and outstanding shares of Kemper common stock on that date. On February 13, 2018, all of Kemper's directors and named executive officers entered into Voting and Support Agreements with Infinity,

pursuant to which such directors and named executive officers have agreed to vote or cause to be voted any shares of Kemper common stock for which they are the beneficial or record owners

## **Table of Contents**

for the approval of the share issuance proposal and against any competing proposal or other proposal, action or transaction that would reasonably be expected to in any manner impede, frustrate, prevent or nullify the issuance of shares of Kemper common stock pursuant to the Merger Agreement or the Merger.

Accordingly, Kemper currently expects that each of its directors and named executive officers entitled to vote at the Kemper special meeting will vote their shares of Kemper common stock **FOR** the share issuance proposal and **FOR** the Kemper meeting adjournment proposal.

## **Voting; Proxies; Revocation**

Holders of Kemper common stock as of the Kemper record date may vote by proxy or in person at the Kemper special meeting. Votes cast by proxy or in person at the Kemper special meeting will be tabulated and certified by Broadridge Financial Solutions, Inc., which shall serve as the inspector of election for the Kemper special meeting.

### ***Voting in Person***

Kemper stockholders who plan to attend the Kemper special meeting and who own shares of Kemper common stock in their own name on the Kemper record date may vote in person at the Kemper special meeting by written ballot or by delivering a signed proxy card. Kemper stockholders who hold their shares through the Kemper Corporation 401(k) and Retirement Plan as set forth below (the ***401(k) and Retirement Plan*** ) must vote such shares by the 401(k) Deadline (as defined below) and, accordingly, may not vote such shares in person at the Kemper special meeting. Kemper stockholders who hold their shares in street name, which means such shares are held in the name of a bank, broker, trust or other nominee holder of record, must present written evidence at the Kemper special meeting from the institution holding such shares indicating that such Kemper stockholder was the beneficial owner of the shares held in street name on the Kemper record date and is authorized to vote such shares in person. This written evidence is generally called a Legal Proxy and should be submitted to Kemper's Secretary, C. Thomas Evans, Jr., prior to the commencement of the Kemper special meeting.

### ***Voting by Proxy; Voting Shares of Kemper Common Stock held through the 401(k) and Retirement Plan by Proxy***

The vote of each Kemper stockholder is very important. Accordingly, holders of Kemper common stock as of the Kemper record date should vote by proxy by:

completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope;

calling the toll-free number specified on the enclosed proxy card and following the recorded instructions to vote at any time prior to 10:59 p.m., Central Daylight Time, on the last business day preceding the Kemper special meeting; or

accessing the proxy voting website identified on the enclosed proxy card and following the instructions to vote at any time prior to 10:59 p.m., Central Daylight Time, on the last business day preceding the Kemper special meeting.

Kemper stockholders should submit their proxy even if they plan to attend the Kemper special meeting. Kemper stockholders can change their vote at the Kemper special meeting. Voting instructions are included on the enclosed proxy card. If a Kemper stockholder properly submits a proxy to Kemper in time to vote, one of the individuals named as a proxy in such Kemper stockholder's proxy will vote the shares as such Kemper stockholder has directed.



## **Table of Contents**

The method of voting by proxy differs for shares held as a record holder and shares held in street name. If a Kemper stockholder holds shares of Kemper common stock in street name, the Kemper stockholder will receive instructions from such stockholder's bank, broker, trust or other nominee holder of record that the Kemper stockholder must follow in order to vote such stockholder's shares. Such bank, broker, trust or other nominee may allow such Kemper stockholder to deliver voting instructions over the Internet, by telephone or by mail.

Unless Kemper stockholders give their banks, brokers, trusts or other nominee holders of record instructions on how to vote their shares of Kemper common stock, their banks, brokers, trusts and other nominees will not be able to vote their shares on either of the proposals at the Kemper special meeting.

**All properly executed proxies that are received prior to the Kemper special meeting and that are not revoked will be voted at the Kemper special meeting according to the instructions indicated on the proxies or, if no instructions are indicated, they will be voted FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal.**

Holders of Kemper common stock through the 401(k) and Retirement Plan should vote by proxy by:

completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope by 1:00 am Central Daylight Time on the second business day preceding the date of the Kemper special meeting, (the **401(k) Deadline** );

calling the toll-free number specified on the enclosed proxy card and following the recorded instructions by the 401(k) Deadline; or

accessing the proxy voting website identified on the enclosed proxy card and following the instructions by the 401(k) Deadline.

If voting instructions for shares held pursuant to the 401(k) and Retirement Plan are provided prior to the 401(k) Deadline, the plan trustee will confidentially vote such shares in accordance with the voting instructions. In accordance with the terms of the 401(k) and Retirement Plan, if voting instructions for shares held pursuant to the 401(k) and Retirement Plan are not provided prior to the 401(k) Deadline, the plan trustee will vote such shares in the same proportion as all other shares voted in accordance with timely voting instructions provided to the trustee by all other plan participants.

### ***Revocation of Proxy***

A Kemper stockholder and any holder of shares of Kemper common stock through the 401(k) and Retirement Plan may revoke a proxy or change the voting instructions by taking any of the following actions:

*Shares held as a registered Kemper stockholder:*

delivering another signed proxy card with a later date anytime prior to the commencement of the Kemper special meeting;

notifying Kemper's Secretary, C. Thomas Evans, Jr., in writing prior the commencement of the Kemper special meeting that such stockholder has revoked its proxy;

signing and delivering a new proxy, relating to the same shares of Kemper common stock and bearing a later date;

calling the toll-free telephone number, or accessing the proxy voting website, identified on the proxy card and re-voting any time prior to 10:59 p.m. Central Daylight Time on the last business day preceding the Kemper special meeting; or

## Table of Contents

attending the Kemper special meeting and delivering a new, signed proxy card or ballot to one of the ushers when requested to do so, although attendance at the Kemper special meeting will not, by itself, revoke a proxy.

*Shares of Kemper common stock held through the 401(k) and Retirement Plan:*

delivering another signed proxy card with a later date anytime prior to 401(k) Deadline; or

calling the toll-free telephone number, or accessing the proxy voting website, identified on the proxy card and re-voting any time prior to the 401(k) Deadline.

If a Kemper stockholder's shares are held in street name, such stockholder should contact the institution holding such stockholder's shares to determine the procedures, if any, for revoking or changing such stockholder's voting instructions.

Written notices of revocation and other communications with respect to the revocation of Kemper proxies with respect to shares held of record should be addressed to:

Kemper Corporation

One East Wacker Drive

Chicago, Illinois 60601

Attention: Secretary

## **Abstentions and Broker Non-Votes**

An abstention, which occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote **AGAINST** the share issuance approval. However, an abstention will not affect the results of the vote on the Kemper meeting adjournment proposal.

Under applicable stock exchange rules, the share issuance proposal and the Kemper meeting adjournment proposal are non-routine matters, so there can be no broker non-votes at the special meeting. A broker non-vote occurs when shares held by a bank, broker, trust or other nominee holder of record are represented at a meeting, but the bank, broker, trust or other nominee holder of record has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal. **Accordingly, shares of Kemper common stock held in street name by a bank, broker, trust or other nominee holder of record will NOT be voted by such bank, broker, trust or other nominee holder of record on any of the proposals, and such shares will NOT be counted in determining the presence of a quorum at the Kemper special meeting, unless the holder of such shares has properly instructed such bank, broker, trust or other nominee holder of record how to vote.**

The failure of a Kemper stockholder to vote or to instruct such stockholder's bank, broker, or other nominee holder of record to vote if such stockholder's shares are held in street name will not affect the results of the share issuance proposal or the Kemper meeting adjournment proposal.

## **Proxy Solicitation**

Kemper has retained the services of Innisfree M&A Incorporated ( *Innisfree* ) to aid in the solicitation of proxies and will pay Innisfree a base fee of \$20,000 for these services, plus its related costs and expenses. Kemper will bear the total expense of soliciting proxies from Kemper stockholders, except that Infinity and Kemper have each agreed to share equally all expenses incurred in connection with the filing, printing and mailing of this joint proxy statement/prospectus and the related proxy materials. In addition to the amounts paid to Innisfree and the amounts paid for the solicitation of proxies by mail, Kemper will reimburse banks, brokerage

## **Table of Contents**

firms and others for their expenses in forwarding proxy solicitation materials. Although the principal distribution of proxy materials will be through the Internet, solicitation of proxies will also be made by mail. Additional proxy solicitation may be made by telephone or other direct communication with certain stockholders or their representatives by Kemper's directors, officers and employees, who will receive no additional compensation for such solicitation.

## **Householding**

Any Kemper stockholder that shares an address with another Kemper stockholder and received multiple copies of this joint proxy statement/prospectus may contact Kemper as described above and request that a single copy be sent to the stockholder's address for future deliveries of Kemper communications. This is commonly referred to as "householding." If a Kemper stockholder's joint proxy statement/prospectus was "household" but such stockholder prefers to receive separate copies of the joint proxy statement/prospectus, additional copies may be requested by contacting Kemper's Secretary to request additional copies.

## **Other Business; Adjournments**

No business other than the share issuance proposal and the Kemper meeting adjournment proposal shall be conducted at the Kemper special meeting. The chairman of the Kemper special meeting is entitled to adjourn the meeting to another place, date or time, whether or not a quorum is present.

## **Assistance**

If a Kemper stockholder needs assistance in completing such stockholder's proxy card or has questions regarding the Kemper special meeting, such stockholder should contact Innisfree, which is assisting Kemper with the solicitation of proxies, at (888) 750-5834 (toll-free) or (212) 750-5833 (collect).

---

**Table of Contents**

**THE INFINITY SPECIAL MEETING**

**General**

The Infinity Board is furnishing this joint proxy statement/prospectus to solicit proxies to be voted at Infinity's special meeting. The joint proxy statement/prospectus summary below highlights information contained elsewhere in this joint proxy statement/prospectus. Please read the entire joint proxy statement/prospectus carefully before voting as it provides Infinity shareholders with important information they need to know to be able to vote, or instruct their bank, broker, trust or other nominee to vote, at the Infinity special meeting.

**Special Meeting of Infinity Shareholders**

Date: [X].

Time: [X]

Location: Infinity Property and Casualty Corporation, 2201 4th Avenue, North Birmingham, Alabama 35203.

**Voting Matters and Board Recommendations**

1. To consider and vote upon the merger proposal; and
2. To consider and vote upon the non-binding compensation advisory proposal; and
3. To consider and vote upon the Infinity meeting adjournment proposal.

Pursuant to the Infinity Regulations, the business to be transacted at the Infinity special meeting shall be limited to the proposals set forth in the notice to the Infinity shareholders provided with this joint proxy statement/prospectus.

**Recommendation of the Infinity Board**

After careful consideration, on February 13, 2018, the Infinity Board unanimously adopted resolutions approving the Merger Agreement and the consummation of the transactions contemplated by the Merger Agreement, upon the terms and subject to the conditions set forth in the Merger Agreement. **The Infinity Board unanimously recommends that Infinity shareholders vote for FOR the merger proposal, FOR the non-binding compensation advisory proposal, and FOR the Infinity meeting adjournment proposal at the Infinity special meeting.**

For a summary of the factors considered by the Infinity Board in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby, as well as the Infinity Board's reasons for approving, and certain risks related to, the Merger, see "The Merger Recommendation of the Infinity Board and Its Reasons for the Merger" beginning on page 80.

**Record Date; Outstanding Shares; Shares Entitled to Vote**

Only holders of Infinity common stock at the close of business on [X], 2018 (the *Infinity record date*), will be entitled to notice of, and to vote at, the Infinity special meeting. At the close of business on the Infinity record date, there were [ ] shares of Infinity common stock issued and outstanding. Accordingly, [ ] shares of Infinity common stock are eligible to be voted at the Infinity special meeting. Each holder of Infinity common stock is entitled to one vote for

each share of Infinity common stock owned as of the Infinity record date.

**Table of Contents**

A list of Infinity's registered shareholders as of the close of business on [X], 2018 will be available for inspection at the Infinity special meeting and for a period of ten (10) days prior to [X], 2018 during ordinary business hours at Infinity's executive offices located at 2201 4<sup>th</sup> Avenue North, Birmingham, Alabama 35203.

**Vote Required; Quorum; Adjournment**

The holders of a majority of the voting power of all of the shares of Infinity common stock issued and outstanding and entitled to vote at the Infinity special meeting, present in person or represented by proxy or by use of communications equipment, shall constitute a quorum for the Infinity special meeting. A quorum must be present before a vote can be taken on (i) the merger proposal, (ii) the non-binding compensation advisory proposal and (iii) the Infinity meeting adjournment proposal.

*Vote required to approve the merger proposal.* Approval of the merger proposal requires the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record, or any other failure of an Infinity shareholder to vote will have the same effect as a vote **AGAINST** the merger proposal.

*Vote required to approve the non-binding compensation advisory proposal.* Approval of the non-binding compensation advisory proposal requires the affirmative vote of a majority of the votes cast at the Infinity special meeting with respect to the non-binding compensation advisory proposal, provided that a quorum is present. For purposes of the non-binding compensation advisory proposal, votes cast means votes for or against the proposal. As a result, an Infinity shareholder's election to abstain from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the non-binding compensation advisory proposal.

*Vote required to approve the Infinity meeting adjournment proposal.* Approval of the Infinity meeting adjournment proposal requires the affirmative vote of a majority of the votes cast at the Infinity special meeting with respect to the meeting adjournment proposal, provided that a quorum is present. For purposes of the Infinity meeting adjournment proposal, votes cast means votes for or against the proposal. As a result, an Infinity shareholder's election to abstain from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the Infinity meeting adjournment proposal. In addition, even if a quorum is not present at the Infinity special meeting, the affirmative vote of shares representing a majority of the voting power of the shares present in person or represented by proxy or by use of communications equipment at the Infinity special meeting may adjourn the meeting to another place, date or time. In this case, an abstention from voting will have the same effect as a vote **AGAINST** the proposal to adjourn the meeting due to an absence of a quorum.

**Voting by Infinity's Directors and Executive Officers**

As of the Infinity record date for the Infinity special meeting, the directors, named executive officers and executive officers of Infinity as a group owned and were entitled to vote approximately [ ] shares of Infinity common stock, or approximately [ ]% of the issued and outstanding shares of Infinity common stock on that date. On February 13, 2018, all of Infinity's directors and named executive officers entered into Voting and Support Agreements with Kemper, pursuant to which such directors and named executive officers have agreed to vote or cause to be voted any shares of



Infinity common stock for which they are the beneficial or record owners for the approval of the merger proposal and against any competing proposal or other proposal, action or transaction that would reasonably be expected to in any manner impede, frustrate, prevent or nullify the approval of the Merger pursuant to the Merger Agreement.

## **Table of Contents**

Accordingly, Infinity currently expects that each of its directors and named executive officers entitled to vote at the Infinity special meeting will vote their shares of Infinity common stock **FOR** the merger proposal, **FOR** the non-binding compensation advisory proposal and **FOR** the Infinity meeting adjournment proposal.

### **Voting; Proxies; Revocation**

Holders of Infinity common stock as of the Infinity record date may vote by proxy or in person at the Infinity special meeting. Votes cast by proxy or in person at the Infinity special meeting will be tabulated and certified by Broadridge Financial Solutions, Inc., which shall serve as the inspector of election for the Infinity special meeting.

#### ***Voting in Person***

Infinity shareholders who plan to attend the Infinity special meeting and who own shares of Infinity common stock in their own name on the Infinity record date may vote in person at the Infinity special meeting by written ballot or by delivering a signed proxy card. Infinity shareholders who hold their shares in street name, which means such shares are held in the name of a bank, broker, trust or other nominee holder of record, must present written evidence at the Infinity special meeting from the institution holding such shares indicating that such Infinity shareholder was the beneficial owner of the shares held in street name on the Infinity record date and is authorized to vote such shares in person. This written evidence is generally called a Legal Proxy and should be submitted to Infinity's Secretary, James H. Romaker, prior to the commencement of the Infinity special meeting.

#### ***Voting by Proxy***

The vote of each Infinity shareholder is very important. Accordingly, holders of Infinity common stock as of the Infinity record date should vote by proxy by:

completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope;

calling the toll-free number specified on the enclosed proxy card and following the recorded instructions to vote at any time prior to 10:59 p.m., Central Daylight Time, on the last business day preceding the Infinity special meeting; or

accessing the proxy voting website identified on the enclosed proxy card and following the instructions to vote at any time prior to 10:59 p.m., Central Daylight Time, on the last business day preceding the Infinity special meeting.

Infinity shareholders should submit their proxy even if they plan to attend the Infinity special meeting. Infinity shareholders can change their vote at the Infinity special meeting. Voting instructions are included on the enclosed proxy card. If an Infinity shareholder properly submits a proxy to Infinity in time to vote, one of the individuals named as a proxy in such Infinity shareholder's proxy will vote the shares as such Infinity shareholder has directed.

The method of voting by proxy differs for shares held as a record holder and shares held in street name. If an Infinity shareholder holds shares of Infinity common stock in street name, the Infinity shareholder will receive instructions from such shareholder's bank, broker, trust or other nominee that the Infinity shareholder must follow in order to vote

such shareholder's shares. Such bank, broker, trust or other nominee may allow such Infinity shareholder to deliver voting instructions over the Internet, by telephone or by mail.

Unless Infinity shareholders give their banks, brokers, trusts or other nominee holders of record instructions on how to vote their shares of Infinity common stock, their banks, brokers, trusts and other nominees will not be able to vote their shares on either of the proposals at the Infinity special meeting.

**Table of Contents**

**All properly executed proxies that are received prior to the Infinity special meeting and that are not revoked will be voted at the Infinity special meeting according to the instructions indicated on the proxies or, if no instructions are indicated, they will be voted FOR the merger proposal, FOR the non-binding compensation advisory and FOR the Infinity meeting adjournment proposal.**

***Revocation of Proxy***

An Infinity shareholder may revoke a proxy or change the voting instructions by taking any of the following actions:

delivering another signed proxy card with a later date anytime prior to the commencement of the Infinity special meeting;

notifying Infinity's Secretary, James H. Romaker, in writing prior the commencement of the Infinity special meeting that such shareholder has revoked its proxy;

signing and delivering a new proxy, relating to the same shares of Infinity common stock and bearing a later date;

calling the toll-free telephone number, or accessing the proxy voting website, identified on the proxy card and re-voting any time prior to 10:59 p.m. Central Daylight Time on the last business day preceding the Kemper special meeting; or

attending the Infinity special meeting and delivering a new, signed proxy card or ballot to one of the ushers when requested to do so, although attendance at the Infinity special meeting will not, by itself, revoke a proxy.

If an Infinity shareholder's shares are held in street name, such shareholder should contact the institution holding such shareholder's shares to determine the procedures, if any, for revoking or changing such shareholder's voting instructions.

Written notices of revocation and other communications with respect to the revocation of Infinity proxies with respect to shares held of record should be addressed to:

Infinity Property and Casualty Corporation

2201 4<sup>th</sup> Avenue North

Birmingham, Alabama 35203

Attention: Corporate Secretary

**Abstentions and Broker Non-Votes**

An abstention, which occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote AGAINST the merger proposal, but will have no effect on the non-binding compensation advisory proposal and the Infinity meeting adjournment proposal.

Under applicable stock exchange rules, the merger proposal, the non-binding compensation advisory proposal and the Infinity meeting adjournment proposal are non-routine matters, so there can be no broker non-votes at the special meeting. A broker non-vote occurs when shares held by a bank, broker, trust or other nominee holder of record are represented at a meeting, but the bank, broker, trust or other nominee holder of record has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal. Accordingly, shares of Infinity common stock held in street name by a bank, broker, trust or other nominee holder of record will NOT be voted by such bank, broker, trust or other nominee holder of record on any of the proposals, and such shares will NOT be counted in determining the presence of a quorum at the Infinity special meeting, unless the holder of such shares has properly instructed such bank, broker, trust or other nominee holder of record how to vote.

## **Table of Contents**

The failure of an Infinity shareholder to vote or to instruct such shareholder's bank, broker, or other nominee holder of record to vote if such shareholder's shares are held in street name will have the same effect as a vote **AGAINST** the merger proposal, but not affect the results of the non-binding compensation advisory proposal or the Infinity meeting adjournment proposal.

## **Proxy Solicitation**

Infinity has retained the services of D.F. King & Co., Inc. ( ***DF King*** ) to aid in the solicitation of proxies and will pay DF King a base fee of \$20,000 for these services, plus its related costs and expenses. Infinity will bear the total expense of soliciting proxies from Infinity shareholders, except that Infinity and Kemper have each agreed to share equally all expenses incurred in connection with the filing, printing and mailing of this joint proxy statement/prospectus and the related proxy materials. In addition to the amounts paid to DF King and the amounts paid for the solicitation of proxies by mail, Infinity will reimburse banks, brokerage firms and others for their expenses in forwarding proxy solicitation materials. Although the principal distribution of proxy materials will be through the Internet, solicitation of proxies will also be made by mail. Additional proxy solicitation may be made by telephone or other direct communication with certain shareholders or their representatives by Infinity's directors, officers and employees, who will receive no additional compensation for such solicitation.

## **Householding**

Any Infinity shareholder that shares an address with another Infinity shareholder and received multiple copies of this joint proxy statement/prospectus may contact Infinity as described above and request that a single copy be sent to the shareholder's address for future deliveries of Infinity communications. This is commonly referred to as householding. If an Infinity shareholder's joint proxy statement/prospectus was householded but such shareholder prefers to receive separate copies of the joint proxy statement/prospectus, additional copies may be requested by contacting Infinity's Secretary to request additional copies.

## **Other Business; Adjournments**

No business other than the merger proposal, the non-binding compensation advisory proposal and the Infinity meeting adjournment proposal shall be conducted at the Infinity special meeting.

## **Assistance**

If an Infinity shareholder needs assistance in completing such shareholder's proxy card or has questions regarding the Infinity special meeting, such shareholder should contact DF King, which is assisting Infinity with the solicitation of proxies, at (800) 706-3274 (toll-free) or (212) 269-5550 (bank/brokers).

**Table of Contents**

**KEMPER PROPOSAL 1: SHARE ISSUANCE PROPOSAL**

As discussed elsewhere in this joint proxy statement/prospectus, Kemper stockholders will consider and vote on a proposal to approve the issuance of shares of Kemper common stock pursuant to the Merger Agreement (the *share issuance proposal* ).

Kemper common stock is listed on the NYSE, and, as such, Kemper is subject to the rules and regulations of the NYSE, including NYSE Listed Company Manual Section 312.03(c). In order to comply with the rules and regulations of the NYSE and to satisfy conditions under the Merger Agreement, Kemper stockholders are being asked to approve the share issuance proposal.

The Kemper Board unanimously recommends that Kemper stockholders vote **FOR** the share issuance proposal.

If a Kemper stockholder returns a properly executed proxy card, but does not indicate instructions on such stockholder's proxy card, such stockholder's shares of Kemper common stock represented by such proxy card will be voted **FOR** the share issuance proposal.

The approval by Kemper stockholders of the share issuance proposal requires the affirmative vote of a majority of the votes cast on such proposal, provided that a quorum is present.

Under the current rules and interpretive guidance of the NYSE, a Kemper stockholder's election to abstain from voting on the share issuance proposal will have the same effect as a vote **AGAINST** the approval of this proposal. However, the failure of a Kemper stockholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of the share issuance proposal because these failures to vote are not considered votes cast.

Table of Contents

**KEMPER PROPOSAL 2: MEETING ADJOURNMENT PROPOSAL**

Kemper stockholders may be asked to vote on a proposal to adjourn the Kemper special meeting to a later date or time, but for no longer than twenty (20) business days in the aggregate, for the absence of a quorum or to allow reasonable additional time to solicit proxies in favor of the share issuance proposal if there are insufficient votes at the time of the Kemper special meeting to approve the share issuance proposal the ( *Kemper meeting adjournment proposal* ).

The Kemper Board unanimously recommends that stockholders vote **FOR** the Kemper meeting adjournment proposal.

If a Kemper stockholder returns a properly executed proxy card, but does not indicate instructions on such stockholder's proxy card, such stockholder's shares of Kemper common stock represented by such proxy card will be voted **FOR** the Kemper meeting adjournment proposal.

The approval by Kemper stockholders of the Kemper meeting adjournment proposal requires the affirmative vote of the majority of the votes cast on such proposal, provided that a quorum is present. The approval by Kemper stockholders of the Kemper meeting adjournment proposal is not a condition to the closing.

A Kemper stockholder's election to abstain from voting, the failure of a Kemper stockholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of a Kemper stockholder to vote will have no effect on the approval of this proposal.

The chairman of the Kemper special meeting is entitled to adjourn the meeting to another place, date or time if a quorum is not present. At any subsequent reconvening of the Kemper special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Kemper special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.



**Table of Contents**

**INFINITY PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT**

As discussed elsewhere in this joint proxy statement/prospectus, holders of shares of Infinity common stock will consider and vote on a proposal to adopt the Merger Agreement (the *merger proposal* ). The approval by such shareholders of this proposal is required under Ohio law and Infinity's Articles and is a condition to the closing. Infinity shareholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the Merger Agreement and the Merger. In particular, such shareholders should read in its entirety the Merger Agreement, which is attached as Annex A to this joint proxy statement/prospectus as it is the legal document that governs the Merger. See The Merger and The Merger Agreement.

The Infinity Board unanimously recommends that Infinity shareholders vote **FOR** the merger proposal.

If a holder of shares of Infinity common stock returns a properly executed proxy card, but does not indicate instructions on such shareholder's proxy card, such shareholder's shares of Infinity common stock represented by such proxy card will be voted **FOR** the merger proposal.

The approval by Infinity shareholders of the merger proposal requires the affirmative vote of Infinity shareholders entitled to exercise a majority of the voting power of Infinity in favor of the proposal at the Infinity special meeting. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record, or any other failure of an Infinity shareholder to vote will have the same effect as a vote **AGAINST** the merger proposal.

---

**Table of Contents****INFINITY PROPOSAL 2: NON-BINDING COMPENSATION ADVISORY PROPOSAL**

Under Section 14A of the Exchange Act, which was enacted as part of Dodd-Frank, Infinity is required to provide its shareholders the opportunity to vote to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Infinity's named executive officers that is based on or otherwise relates to the Merger, as disclosed in the section entitled "The Merger Interests of Infinity's Directors and Executive Officers in the Merger," including the table entitled "Golden Parachute Compensation Disclosure" and accompanying footnotes. Accordingly, Infinity shareholders are being provided the opportunity to cast an advisory vote on such payments (the *non-binding compensation advisory proposal*).

As an advisory vote, this proposal is not binding upon Infinity or the Infinity Board, and approval of this proposal is not a condition to the closing. Because the Merger-related executive compensation to be paid in connection with the Merger is based on the terms of the Merger Agreement as well as the contractual arrangements with Infinity's named executive officers, such compensation will be payable, regardless of the outcome of this advisory vote, if the Merger Agreement is adopted (subject only to the contractual conditions applicable thereto). However, Infinity seeks the support of its shareholders and believes that shareholder support is appropriate because Infinity has a comprehensive executive compensation program designed to link the compensation of its executives with Infinity's performance and the interests of Infinity shareholders. Accordingly, holders of Infinity common stock are being asked to vote on the following resolution:

RESOLVED, that the stockholders of Infinity Property and Casualty Corporation approve, on an advisory, non-binding basis, the compensation that may be paid or become payable to the named executive officers of Infinity Property and Casualty Corporation that is based on or otherwise relates to the Merger, as disclosed pursuant to Item 402(t) of Regulation S-K under the heading "The Merger Interests of Infinity's Directors and Executive Officers in the Merger" (which disclosure includes the Golden Parachute Compensation table required pursuant to Item 402(t) of Regulation S-K).

The Infinity Board unanimously recommends that Infinity shareholders vote **FOR** the non-binding compensation advisory proposal.

If an Infinity shareholder returns a properly executed proxy card, but does not indicate instructions on such shareholder's proxy card, such shareholder's shares of Infinity common stock represented by such proxy card will be voted **FOR** the non-binding compensation advisory proposal.

The approval of the non-binding compensation advisory proposal requires the affirmative vote of a majority of votes cast on the proposal, provided that a quorum is present. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the non-binding compensation advisory proposal as these failures to vote are not considered votes cast with respect to the non-binding compensation advisory proposal.

The vote on the non-binding compensation advisory proposal is advisory only and, therefore, not binding on Infinity or Kemper or any of their respective subsidiaries, and, if the Merger Agreement is adopted by Infinity shareholders and the Merger is completed, the compensation that is based on or otherwise relates to the Merger will be payable to Infinity's named executive officers even if this proposal is not approved.



Table of Contents

**INFINITY PROPOSAL 3: MEETING ADJOURNMENT PROPOSAL**

Holders of shares of Infinity common stock may be asked to vote on a proposal to adjourn the Infinity special meeting, if necessary or appropriate, to a later date or time, but for no longer than twenty (20) business days in the aggregate, including to permit further solicitation of proxies in favor of the proposal to adopt the Merger Agreement if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the Merger Agreement (the *Infinity meeting adjournment proposal* ).

The Infinity Board unanimously recommends that stockholders vote **FOR** the Infinity meeting adjournment proposal.

If an Infinity shareholder returns a properly executed proxy card, but does not indicate instructions on such shareholder's proxy card, such shareholder's shares of Infinity common stock represented by such proxy card will be voted **FOR** the Infinity meeting adjournment proposal.

The approval of the Infinity meeting adjournment proposal requires the affirmative vote of a majority of votes cast on the proposal, provided that a quorum is present. Accordingly, an Infinity shareholder's abstention from voting, the failure of an Infinity shareholder who holds his or her shares in street name through a bank, broker, trust or other nominee holder of record to give voting instructions to that bank, broker, trust or other nominee holder of record or any other failure of an Infinity shareholder to vote will have no effect on the approval of the Infinity meeting adjournment proposal. The approval by Infinity shareholders of the Infinity meeting adjournment proposal is not a condition to the closing.

In addition, if a quorum is not present at the special meeting, the affirmative vote of the holders of a majority of the voting power of the shares present in person or represented by proxy or by use of communications equipment at the special meeting entitled to vote on such matter may adjourn the meeting to another place, date or time. In this case, an abstention from voting will have the same effect as a vote **AGAINST** the proposal to adjourn the meeting due to an absence of a quorum. At any subsequent reconvening of the Infinity special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Infinity special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.

---

**Table of Contents**

**THE MERGER**

*The following is a description of the material aspects of the Merger. While the following description covers the material terms of the Merger, the description may not contain all of the information that is important to you. You are encouraged to read carefully this entire joint proxy statement/prospectus, including the Merger Agreement attached to this joint proxy statement/prospectus as Annex A, for a more complete understanding of the Merger.*

**General**

On February 13, 2018, the Kemper Board and the Infinity Board each approved the Merger Agreement, attached as Annex A to this joint proxy statement/prospectus. The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Infinity, with Infinity continuing as the surviving corporation and as a wholly owned subsidiary of Kemper. Under the terms of the Merger Agreement, as of the effective time, each share of Infinity common stock issued and outstanding as of immediately prior to the effective time (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and converted into the right to receive the Merger Consideration, upon the terms provided in the Merger Agreement and as described below under "The Merger Agreement" Merger Consideration.

**Background of the Merger**

Members of each of the Infinity Board and the Kemper Board and each of Infinity's and Kemper's respective senior management, acting independently, regularly evaluate and consider the historical performance, future growth prospects, overall strategic goals and objectives and various opportunities to enhance shareholder and stockholder value of Infinity and Kemper, respectively, in the context of developments in their respective industries and the competitive landscape in the markets in which they respectively operate and elsewhere. As part of Infinity's ongoing process, the senior management of Infinity has at times presented to and discussed with the Infinity Board and individual members of the Infinity Board various potential strategic alternatives involving possible business combinations that could complement and enhance Infinity's competitive strengths and strategic positions. As part of Kemper's ongoing process, Kemper from time to time, both independently and with the input of various investment banks and other advisors, evaluates potential transactions and other strategic actions, including strategic acquisitions, that could further its strategic objectives and complement and enhance its competitive strengths and strategic positions, in addition to organic growth potential and other matters.

In this regard, various members of each of the Infinity Board and the Kemper Board and each of Infinity's and Kemper's respective senior management, acting independently, have from time to time met or otherwise communicated informally with representatives of other financial and property and casualty insurance institutions, including other companies in the property and casualty insurance industry, regarding industry trends and issues, developments in the regulation of financial institutions and property and casualty insurance institutions, and the competitive insurance landscape and the business strategy, strategic direction, performance and future growth prospects of their respective companies, including on occasion discussing the possible benefits and issues arising from potential business combinations or other strategic transactions.

Infinity was among the institutions with which members of Kemper's senior management had informal communications from time to time. Specifically, Joseph P. Lacher, Jr., a member of the Kemper Board and the President and Chief Executive Officer of Kemper, and James R. Gober, the Chairman of the Infinity Board and then the Chief Executive Officer of Infinity, met on an informal basis at industry events and otherwise to discuss industry

developments and other matters. On March 20, 2017, while attending one such industry event in New York, New York, at Mr. Lacher's suggestion, Mr. Lacher and Mr. Gober met prior to the beginning of the event

---

**Table of Contents**

to discuss industry developments and their respective companies in general, as well as the possibility of their companies engaging in cross-selling or cross-marketing activities in the future. The two did not specifically raise the possibility of or otherwise discuss any business combination transaction between their respective companies.

Over the course of May, June and July 2017, as part of its ongoing evaluation process and the implementation of its corporate strategy, Kemper completed internal analyses and solicited general input from, and had discussions with, eleven investment banks that were not then formally engaged for such purposes, including Goldman Sachs, regarding possible strategic actions and other options to enhance near and long-term stockholder value. Following review of the possible strategic actions and other options presented, Kemper's senior management reached a preliminary consensus that a relatively large-scale acquisition of a company or business focusing on non-standard automobile insurance had the potential to create the greatest strategic advantage and the most stockholder value because it may provide, among other things, the same benefits of executing Kemper's current strategic plan while enhancing strategic positioning and presenting modest distraction risk.

Starting in July 2017, members of Kemper's senior management began communicating regularly regarding such matters with representatives of Goldman Sachs, with whom they had similar discussions in the preceding months. Kemper's senior management also began reviewing potential targets for a relatively large-scale complementary acquisition in the private passenger automobile insurance segment. In particular, Kemper discussed and reviewed with Goldman Sachs the possibility of Infinity as a potential target for an acquisition opportunity. While Kemper reviewed numerous potential targets, Infinity had consistently been presented by the participating investment banks as the leading choice for such an acquisition. In connection with this review, Kemper's senior management, after considering the advice of Kemper's financial advisors, reached a preliminary consensus that Kemper should explore Infinity as a potential target for an acquisition opportunity.

Over the course of July and early August 2017, prior to the regularly scheduled meeting of the Kemper Board on August 2, 2017, Mr. Lacher held informal discussions with various members of the Kemper Board regarding Kemper's ongoing evaluation of various possible strategic actions and other options, including a potential business combination involving Infinity.

On August 2, 2017, the Kemper Board held an in-person regularly scheduled meeting, attended also by members of Kemper's senior management. During the meeting, Kemper's senior management led a discussion with the Kemper Board regarding corporate development opportunities, particularly including Infinity. To begin, Mr. Lacher reviewed with the Kemper Board the progress to date on Kemper's corporate strategy, including the advancement or completion of various phases of such strategy. Mr. Lacher noted to the Kemper Board that, with such phases of the corporate strategy underway or complete, Kemper had begun to review opportunities to enhance near and long-term stockholder value through strategic acquisitions. Mr. Lacher provided an overview of the various possible strategic actions and other options presented to Kemper's senior management and the criteria used by Kemper's senior management to evaluate them, as described above. Mr. Lacher reviewed with the Kemper Board factors that appeared to make a potential complementary acquisition in the private passenger automobile insurance segment a good opportunity and Infinity a good fit as a potential acquisition target, including: (i) increased scale if Kemper's and Infinity's respective existing non-standard automobile insurance businesses were integrated; (ii) further access to growing segments; (iii) Infinity's management and operational teams' experience with respect to non-standard automobile insurance; (iv) the appeal of non-standard automobile insurance as a space in which to compete and grow; and (v) expense synergy opportunities. Mr. Lacher further noted reasons why Kemper should be seen as an attractive suitor for Infinity. James J. McKinney, the Senior Vice President and Chief Financial Officer of Kemper, then provided an overview of Infinity and certain aspects of a potential business combination, including: (a) a review of Infinity's recent financial performance; (b) a comparison of Kemper's, Infinity's and other companies' non-standard automobile insurance businesses in certain states; (c) a summary of areas of potential cost synergies; and (d) a presentation of the

pro forma impact of such a potential strategic transaction on Kemper common stock based on illustrative control premiums relative to the then current price of shares of Infinity common stock. Mr. McKinney additionally reviewed with the



---

**Table of Contents**

Kemper Board possibilities for financing such a business combination. The Kemper Board then discussed, with the input of Kemper's senior management, the impact of such a potential strategic transaction on Kemper's short and long-term financial flexibility. Mr. Lacher then, at the request of the Kemper Board, outlined his proposal for how to approach Infinity regarding discussions with respect to a potential strategic transaction, including by reaching out to Infinity's senior management and proposing an informal meeting to raise the possibility of a strategic transaction, which, if well received, would be followed by a more detailed meeting and discussion between the parties. Kemper's senior management then indicated that they were inclined to have Kemper engage Goldman Sachs as a financial advisor to provide advice and assistance in connection with any such potential strategic transaction because it would have industry and segment experience, among other things, and the Kemper Board indicated its support of such engagement. Following discussion, the Kemper Board declared that Mr. Lacher had the support of the Kemper Board to initiate discussions with Infinity regarding a potential business combination.

In mid-August 2017, members of Kemper's senior management communicated to representatives of Goldman Sachs that Kemper intended to engage Goldman Sachs as a financial advisor in connection with any potential strategic transaction between Kemper and Infinity in the event that discussions and a process moved forward. Members of Kemper's senior management subsequently worked together with representatives of Goldman Sachs to plan reaching out to Infinity's senior management. Goldman Sachs provided relationship disclosure on December 29, 2017 and February 12, 2018, which indicated that during the prior two-year period the Investment Banking Division of Goldman Sachs did not perform any financial advisory and/or underwriting services for Infinity or any of its affiliates for which Goldman Sachs received compensation. On February 11, 2018, Kemper entered into an engagement letter with Goldman Sachs for Goldman Sachs to provide financial advisory services with respect to a potential strategic transaction between Kemper and Infinity.

On August 21 and 22, 2017, Mr. Lacher initiated a series of telephone conversations with Mr. Gober, who remained the Chairman of the Infinity Board and had been succeeded as Chief Executive Officer of Infinity by Glen N. Godwin on August 1, 2017, to raise the possibility of a strategic transaction between Kemper and Infinity and to gauge Infinity's interest in taking part in such a potential strategic transaction. The two had not previously specifically discussed the potential benefits of a strategic transaction or engaged in any formal merger discussions. Following these conversations, Mr. Gober briefed members of Infinity senior management.

Mr. Lacher and Mr. Gober agreed to schedule a meeting in Florida in October 2017 to discuss industry developments and strategic opportunities in the marketplace for Kemper and Infinity, including the possibility of a strategic transaction between Kemper and Infinity.

On October 9, 2017, Mr. Lacher had a dinner meeting with Messrs. Gober and Godwin in Doral, Florida to discuss trends in the property and casualty insurance industry and the possibility of a strategic transaction between Kemper and Infinity. These discussions covered the respective companies' product lines, office locations, strategic opportunities in the marketplace, geographic focus and evolving requirements in technology and analytics. The individuals agreed to meet again together with certain other members of their respective companies' senior management teams to further discuss the possibility of a strategic transaction between Kemper and Infinity and, in the meantime, to negotiate and enter into a confidentiality agreement with respect thereto.

On October 16, 2017, following negotiations, the companies entered into a mutual confidentiality agreement, pursuant to which each company would keep certain information regarding the other party confidential. The confidentiality agreement also included a standstill provision restricting each party, for a period of eighteen months, from purchasing the other party's capital stock or taking certain other actions that may lead to a business combination, unless approved by the applicable company's board of directors. The standstill provision was subject to a fall away term providing for the expiration of such restrictions if the other party entered into a definitive agreement to consummate a change of

control transaction.

---

**Table of Contents**

On October 18, 2017, Mr. Lacher, Mr. McKinney, Mark A. Green, the Senior Vice President and President, Life and Health Division, of Kemper, George D. Dufala, Jr., then the Senior Vice President and President, Property and Casualty Division, of Kemper, and C. Thomas Evans, Jr., the Senior Vice President, Secretary and General Counsel of Kemper, met in Atlanta, Georgia with Mr. Gober, Mr. Godwin, Samuel J. Simon, the President and General Counsel of Infinity, and Robert H. Bateman, the Chief Financial Officer and Executive Vice President of Infinity. At the meeting, Mr. Lacher set forth his vision for growing Kemper's non-standard automobile insurance business, including the possibility of Infinity and Kemper engaging in a strategic transaction. While no material terms upon which a potential strategic transaction could be completed had been discussed in detail to date, the parties briefly discussed in general terms the possibility of the addition of one or more members of the Infinity Board to the Kemper Board in connection with the closing of any such potential strategic transaction. At the conclusion of the meeting, both parties expressed interest in continuing discussions regarding a potential strategic transaction, and the representatives of Infinity noted that they would inform the Infinity Board of their discussions in connection with its upcoming meeting.

Following the meeting, Mr. Lacher briefed the Chairman of the Kemper Board on the discussions and Messrs. Gober, Godwin, Simon and Bateman briefed Mr. Samuel Weinhoff, the lead independent director of the Infinity Board, on the discussions.

On October 21, 2017, Mr. Lacher contacted Mr. Godwin to reiterate Kemper's interest in continuing discussions regarding a potential strategic transaction.

During the week of October 23, 2017, members of Infinity's senior management discussed with Mr. Weinhoff Kemper's continued interest and Mr. Weinhoff agreed to schedule a meeting of the Executive Committee of the Infinity Board, comprised of Messrs. Weinhoff and Gober, Mr. Victor T. Adamo, Mr. Richard J. Bielen and Ms. Teresa A. Canida (the *Executive Committee*), on October 25, 2017. Mr. Weinhoff also contacted representatives of Deutsche Bank that week to discuss the possibility of having Infinity engage Deutsche Bank as a financial advisor in connection with any potential strategic transaction between Infinity and Kemper in the event that discussions and a process moved forward, subject to Deutsche Bank providing relationships disclosure to the Infinity Board that was satisfactory to the Infinity Board. As described below, on December 21, 2017, Deutsche Bank provided relationships disclosure that indicated that, since January 1, 2015, Deutsche Bank or its affiliates had received less than 100,000 in fees for investment banking, commercial banking and other financial services to Kemper or its affiliates.

On October 25, 2017, the Executive Committee of the Infinity Board met to discuss the potential strategic transaction and the discussions between Kemper's senior management and Infinity's senior management. The Executive Committee agreed to put these discussions on the agenda for the formal meeting of the Infinity Board on November 1 and 2.

On November 1 and 2, 2017, at an in-person regularly scheduled meeting of the Infinity Board in Orlando, Florida attended by members of Infinity's senior management, representatives of Keating Muething & Klekamp PLL, legal advisor to Infinity (*KMK*), and representatives of Deutsche Bank, which, as described below, was eventually engaged as financial advisor to Infinity, Messrs. Gober, Godwin and Simon outlined for the Infinity Board the communications between Infinity's senior management and Kemper's senior management in October 2017 regarding Kemper's interest in a potential strategic transaction with Infinity. After discussion of Infinity's business prospects and the strategic plan that had previously been reviewed by the Infinity Board earlier in 2017, the Infinity Board requested that Infinity's senior management update Infinity's strategic plan and that Deutsche Bank also review. Infinity's senior management and representatives of Deutsche Bank discussed with the Infinity Board Infinity's and Kemper's respective businesses, current stock market valuations of the companies and other preliminary financial information. The Infinity Board asked questions, including whether other indications of interest had been solicited or received. Senior management confirmed that no other indications of interest had been solicited or received. Representatives of KMK reviewed with

the Infinity Board the fiduciary duties under Ohio law with respect to the consideration of a potential strategic transaction between Infinity and Kemper.

---

**Table of Contents**

Following discussion, the Infinity Board authorized Infinity's senior management to work with Deutsche Bank and KMK to engage in further exploratory discussions with Kemper and to prepare for Kemper's due diligence of Infinity.

On November 1, 2017, the Kemper Board held an in-person regularly scheduled meeting, attended also by members of Kemper's senior management. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of recent developments and discussions regarding a potential strategic transaction with Infinity. Mr. McKinney then provided a preliminary overview of certain financial considerations in connection with such a potential strategic transaction based on publicly available information. Mr. Lacher and Mr. McKinney then reviewed the terms of a draft written initial non-binding offer letter for the proposed acquisition of all the outstanding capital stock of Infinity at a proposed purchase price in the range of \$112.92 to \$122.33 per share of Infinity common stock to be payable in a combination of cash (in an amount between 40% and 50% of the total consideration) and shares of Kemper common stock determined pursuant to a fixed exchange ratio (in an amount between 50% and 60% of the total consideration), which was prepared by Kemper's senior management with the assistance of Kemper's advisors. The Kemper Board then discussed, with the input of Kemper's senior management, the potential benefits of such a potential strategic transaction, the relative merits of acquisitions and organic growth, the execution risks involved in completing such a potential strategic transaction and the requirements of successfully integrating the operations and achieving the potential synergies outlined in the preliminary overview. The Kemper Board indicated its support of the delivery to Infinity of the initial non-binding offer letter. Mr. McKinney then provided an overview of possible next steps in discussions with Infinity and discussed with the Kemper Board the engagement by Kemper of Goldman Sachs as a financial advisor and Sidley Austin LLP ( *Sidley Austin* ) as legal advisor to provide advice and assistance in connection with the potential strategic transaction, with respect to which the Kemper Board again indicated its support. The Kemper Board then discussed the potential changes to the composition of the Kemper Board, including the addition of one or more members of the Infinity Board, that could result in connection with such a potential strategic transaction.

On November 2, 2017, Kemper delivered a written initial non-binding offer letter to Infinity. This initial non-binding offer letter was for the proposed acquisition of all the outstanding capital stock of Infinity and reflected a proposed purchase price in the range of \$112.92 to \$122.33 per share of Infinity common stock, which Kemper indicated represented a total approximate value in the range of \$1.25 billion to \$1.36 billion (based on an assumption of the number of fully diluted outstanding shares, including outstanding unvested restricted and performance shares), to be payable in a combination of cash (in an amount between 40% and 50% of the total consideration) and shares of Kemper common stock (in an amount between 50% and 60% of the total consideration), with the stock component to be determined pursuant to a fixed exchange ratio and likely to be tax-free to Infinity shareholders, subject to the election of each Infinity shareholder and with customary adjustments if either form of consideration became oversubscribed. The initial non-binding offer letter additionally specified that such a potential strategic transaction would not be subject to any Kemper financing contingencies, but would be subject to customary closing conditions for a public company transaction, including receipt of applicable insurance regulatory approvals. In the initial non-binding offer letter, Kemper further noted that it would be open to discussions at an appropriate time regarding adding one or more members of the Infinity Board to the Kemper Board following the closing of the potential strategic transaction.

The Executive Committee of the Infinity Board formed a committee of the Infinity Board to remain in contact with senior management with respect to developments regarding Kemper's initial non-binding offer letter (the *Term Sheet Committee* ). The Term Sheet Committee consisted of Mr. Weinhoff (Chair), Mr. Adamo, Mr. Bielen, Ms. Canida and Mr. James L. Weidner. Members of the Term Sheet Committee were selected by the Infinity Board because of their independence and experience with strategic transactions generally. The Term Sheet Committee was responsible for remaining in contact with Infinity's senior management and Infinity's advisors with respect to developments in Kemper's non-binding offer letter. Infinity senior management would inform Mr. Weinhoff of the thoughts of Infinity's

senior management and financial and legal advisors regarding Kemper's non-binding indications of interest and negotiations of the Merger

---

**Table of Contents**

Agreement. Mr. Weinhoff would keep the Term Sheet Committee members informed and relay the Term Sheet Committee's thoughts on certain developments and issues of the Merger Agreement to Infinity's senior management.

During the period from November 4 to 9, 2017, Mr. Bateman and representatives of Deutsche Bank spoke regarding Infinity's updated business plan, as developed by Infinity's senior management, and the Infinity Board informally discussed the initial non-binding offer letter, including the range of the proposed purchase price.

On November 8, 2017, a representative of Deutsche Bank provided Infinity's reaction to Kemper's initial non-binding offer letter to both Mr. Lacher and representatives of Goldman Sachs. At the Infinity Board's direction, the representative of Deutsche Bank expressed Infinity's desire for, and indicated that the provision of substantive due diligence information and materials by Infinity was conditioned upon, Kemper narrowing the range and increasing the amounts set forth therein for its proposed purchase price, noting the strong stock price reaction to the release of Infinity's earnings with respect to the third quarter of 2017 on November 6, 2017.

On November 14, 2017, following informal discussions between members of Kemper's senior management and various members of the Kemper Board, Kemper delivered to Infinity a written revised non-binding offer letter for the proposed acquisition of all the outstanding capital stock of Infinity. This revised non-binding offer letter proposed a purchase price at least in the range of \$120.61 to \$125.16 per share of Infinity common stock, which Kemper indicated represented a total approximate value at least in the range of \$1.325 billion to \$1.375 billion (based on an assumption of the number of fully diluted outstanding shares, including outstanding unvested restricted and performance shares), and reaffirmed that the consideration would be payable in a combination of cash (in an amount between 40% and 50% of the total consideration) and shares of Kemper common stock (in an amount between 50% and 60% of the total consideration), with the stock component to be determined pursuant to a fixed exchange ratio determined at or near the time of announcement of the potential strategic transaction and likely to be tax-free to Infinity shareholders, subject to election of each Infinity shareholder and with customary adjustments if either form of consideration became oversubscribed. The revised non-binding offer letter reaffirmed that such potential strategic transaction would be subject to customary closing conditions for a public company transaction, including receipt of applicable insurance regulatory approvals, and that Kemper would be open to discussions at an appropriate time regarding adding one or more members of the Infinity Board to the Kemper Board following the closing of the potential strategic transaction.

On November 21, 2017, at a meeting of the Executive Committee of the Infinity Board also attended by representatives of Deutsche Bank and Infinity's senior management, Infinity's senior management presented its updated business plan to the Executive Committee. The Executive Committee discussed the updated business plan with representatives of Deutsche Bank and asked questions of senior management. Infinity's senior management also briefed the Executive Committee of the Infinity Board regarding the status of negotiations with Kemper, and the Executive Committee of the Infinity Board decided to request a special meeting of the full Infinity Board to discuss how to proceed with the revised non-binding offer letter and a potential strategic transaction with Kemper. The Infinity Board and representatives of Deutsche Bank also discussed certain preliminary financial information relating to Infinity.

On November 30, 2017, at a special in-person meeting called in response to the request from the Executive Committee, the Infinity Board discussed developments regarding a potential strategic transaction with Kemper since the November 1, 2017 Infinity Board meeting, strategic considerations related to the updated business plan and Infinity's response to certain points in Kemper's revised non-binding offer letter, including Kemper's proposed purchase price and the exchanging of information with Kemper related to its due diligence of Infinity and the need for reverse due diligence of Kemper at an appropriate point in time. Representatives of Deutsche Bank were also present. Infinity's management and the Infinity Board then reviewed a draft of the Infinity financial projections with a view to

sharing them with Kemper and approved the engagement of Deutsche Bank as financial advisor to Infinity. Infinity management and the Infinity Board agreed that it would not be appropriate for Kemper representatives to meet or speak with Infinity management below the senior management level until discussions between Infinity and Kemper progressed further.



---

**Table of Contents**

On December 5, 2017, Mr. Lacher provided the Kemper Board a written update of the status of recent developments and discussions regarding a potential strategic transaction with Infinity. The written update noted that Goldman Sachs had received and answered a number of questions from Deutsche Bank since the revised non-binding offer letter was delivered by Kemper on November 14, 2017 and that Deutsche Bank had informed Goldman Sachs that Kemper would receive a counter-offer from Infinity, after which discussions between Mr. Lacher and Mr. Weinhoff, the Lead Director of Infinity and Chair of the Term Sheet Committee, and a meeting of the Kemper Board, were contemplated.

Also on December 5, 2017, at the request of the Term Sheet Committee, with the support of the Infinity Board, Deutsche Bank prepared, on behalf of Infinity, a draft written preliminary non-binding term sheet for the proposed acquisition of all the outstanding capital stock of Infinity that contemplated a proposed purchase price of \$132.00 per share of Infinity common stock. The preliminary non-binding term sheet also proposed that 50% to 60% of the consideration would be payable in cash and 40% to 50% of the consideration would be payable in shares of Kemper common stock, with the stock component to be determined based on a fixed exchange ratio with respect to the volume-weighted average trading price of Kemper common stock during the 20 trading days prior to the announcement of such a potential strategic transaction subject to a 15% collar and likely to be tax-free to Infinity shareholders. The preliminary non-binding term sheet further specified that the definitive agreement would not include any closing condition related to Kemper's ability to obtain acquisition financing and would include customary break-up and reverse break-up fees and customary fiduciary out provisions. Infinity received and considered input on the preliminary non-binding term sheet from the Term Sheet Committee, KMK and Deutsche Bank. On December 7, 2017, with the support of the Infinity Board, Deutsche Bank delivered Infinity's preliminary non-binding term sheet to Kemper.

Later on December 5, 2017, following receipt of the preliminary non-binding term sheet delivered on behalf of Infinity on December 7, 2017, members of Kemper's senior management held informal discussions with various members of the Kemper Board.

On December 8, 2017, Deutsche Bank delivered to Infinity a draft engagement letter pursuant to which Infinity would engage Deutsche Bank as Infinity's exclusive financial advisor with respect to an exploration of strategic alternatives, including a potential strategic transaction with Kemper. In connection with finalizing the engagement letter, on December 21, 2017, Deutsche Bank provided a relationships disclosure to the Infinity Board as of December 21, 2017 that indicated that, since January 1, 2015, Deutsche Bank or its affiliates had received less than \$100,000 in fees for investment banking, commercial banking and other financial services to Kemper or its affiliates. Deutsche Bank again provided relationships disclosure on February 9, 2018, which similarly indicated that Deutsche Bank or its affiliates had received less than \$100,000 in fees for investment banking, commercial banking and other financial services to Kemper or its affiliates. Infinity agreed to the final terms of, and the parties executed, the engagement letter on December 21, 2017.

On December 12, 2017, following a discussion between Mr. Lacher and a representative of Deutsche Bank, Mr. Lacher and Mr. Weinhoff had a telephone conversation, during which Mr. Weinhoff requested that Kemper consider increasing the amounts in the range for the purchase price per share of Infinity common stock that was previously proposed by Kemper. Mr. Lacher indicated that more detailed due diligence of Infinity, including the provision of additional due diligence information and materials by Infinity, would be required before Kemper would consider increasing the amounts in its proposed purchase price range. Mr. Lacher and Mr. Weinhoff also briefly discussed in general terms the possibility of the addition of one or more members of the Infinity Board to the Kemper Board in connection with the closing of any such potential strategic transaction. Mr. Lacher and Mr. Weinhoff agreed that the management of each company should meet in person to review Infinity's financial plan and reserves, as well as potential synergies that could be realized from a potential strategic transaction and the value that such a potential strategic transaction could offer to the companies' respective stockholders.

On December 13, 2017, the Kemper Board held a telephonic special meeting to discuss a potential strategic transaction with Infinity and recent related developments, attended also by members of Kemper's senior

---

**Table of Contents**

management and representatives of Sidley Austin. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of recent developments and discussions regarding a potential strategic transaction with Infinity, including his conversation on December 12, 2017 with Mr. Weinhoff. The materials senior management provided the Kemper Board prior to the meeting included a proposed timeline with respect to the proposed execution of a definitive agreement for such a potential strategic transaction in the event the process and discussions continued to move forward. The Kemper Board then discussed, with the input of Kemper's senior management, the preliminary non-binding term sheet delivered on behalf of Infinity on December 7, 2017 and potential responses thereto, the financing of such a potential strategic transaction and the potential impact that proposed changes in federal tax law could have on such a potential strategic transaction. At the request of the Kemper Board, representatives of Sidley Austin then reviewed with the Kemper Board the proposed structure of such a potential strategic transaction, the fiduciary duties of directors in considering such a potential strategic transaction and various regulatory matters involved in completing such a potential strategic transaction. The meeting was concluded with Mr. Lacher noting to the Kemper Board that Kemper's senior management would continue to provide updates regarding developments and discussions with Infinity.

On December 19, 2017, Infinity provided Kemper with various due diligence materials and information regarding the topics to be discussed the following day at a meeting involving Infinity and Kemper.

On December 20, 2017, Mr. Gober, Mr. Godwin, Mr. Simon, Mr. Bateman and representatives of Deutsche Bank met in Atlanta, Georgia with Mr. Lacher, Mr. McKinney, Mr. Green, Kim Leggette, the Chief Claims Officer and then the co-interim President, Property and Casualty Division, of Kemper, Mr. Evans and representatives of Goldman Sachs. While no material terms upon which a potential strategic transaction could be based were discussed in detail at the meeting, Kemper reiterated at the outset that more detailed due diligence of Infinity would be required before Kemper would consider an increase in the proposed purchase price, including in particular with respect to Infinity's growth plans and projections. At the meeting, the parties reviewed Infinity's business, financial plan and reserves, as well as potential synergies that could be realized from a strategic transaction and the value that such a potential strategic transaction could offer to the companies' respective stockholders. Following the meeting, at the direction of Infinity, a representative of Deutsche Bank provided Kemper, through Goldman Sachs, with additional information and materials regarding Infinity's projected growth in premiums and underwriting profitability of new and renewal business on a state-by-state basis, Infinity's investment portfolio and a potential repositioning of such portfolio and Infinity's excess capital with respect to rating agency capital requirements. At the direction of Infinity, a representative of Deutsche Bank also provided Kemper, through Goldman Sachs, with a copy of an Infinity product plan reviewed at the meeting.

On December 22, 2017, following further informal discussions between members of Kemper's senior management and the Chairman of the Kemper Board and with the assistance of Kemper's advisors, Kemper delivered to Infinity a written revised preliminary non-binding term sheet for the proposed acquisition of all the outstanding capital stock of Infinity that contemplated a proposed purchase price in the range of \$128.00 to \$130.00 per share of Infinity common stock, which Kemper indicated represented a total approximate value in the range of \$1.406 billion to \$1.428 billion (based on an assumption of the number of fully diluted outstanding shares, including outstanding unvested restricted and performance shares). As set forth in the revised preliminary non-binding term sheet, 40% of the consideration was proposed to be payable in cash and 60% of the consideration was proposed to be payable in shares of Kemper common stock, with the stock component to be determined pursuant to a fixed exchange ratio without a collar and likely to be taxable to Infinity shareholders, subject to election of each Infinity shareholder and with customary adjustments if either form of consideration became oversubscribed. The revised preliminary non-binding term sheet confirmed that such a potential strategic transaction would not be subject to any Kemper financing contingencies and further specified that the definitive agreement would include a customary break-up fee and a customary fiduciary out provision, but no reverse break-up fee. Kemper proposed a targeted announcement date, subject to completion of due

diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, to coincide with Kemper's targeted date for release of its fiscal year 2017 earnings in the event the process and discussions

## Table of Contents

continued to move forward. Kemper also proposed that the parties enter into an exclusivity arrangement effective through the targeted announcement date.

On December 23, 2017, Mr. Weinhoff, Mr. Gober, Mr. Godwin, Mr. Simon, Mr. Bateman and representatives of Deutsche Bank discussed by telephone Infinity's response to the revised preliminary non-binding term sheet delivered by Kemper. Later that same day, a representative of Deutsche Bank contacted Mr. Lacher to propose a purchase price of \$129.00 per share of Infinity common stock, representing the midpoint of Kemper's previously proposed purchase price range, with the other terms proposed in the revised preliminary non-binding term sheet delivered by Kemper on December 22, 2017. The representative from Deutsche Bank indicated that Infinity desired to tentatively agree on a specific purchase price, rather than a range with respect thereto, in order to proceed with further due diligence. The representative of Deutsche Bank and Mr. Lacher also further discussed the completion of due diligence of both companies and the timing of the targeted announcement date with respect to the potential strategic transaction, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, in the event the process and discussions continued to move forward.

Following the discussion on December 23, 2017, members of Kemper's senior management briefed various members of the Kemper Board and discussed Kemper's response.

On December 27, 2017, Mr. Lacher informed a representative of Deutsche Bank that Infinity's proposed purchase price of \$129.00 per share of Infinity common stock, with the other terms proposed in the revised preliminary non-binding term sheet delivered by Kemper on December 22, 2017, was tentatively acceptable to Kemper based upon the companies' discussions and due diligence completed to date, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, and that Kemper desired to proceed with further due diligence and negotiation of a definitive agreement for such a potential strategic transaction.

Also on December 27, 2017, the Infinity Board held a telephonic special meeting also attended by representatives of Deutsche Bank and representatives of KMK. Representatives of Deutsche Bank reported that Mr. Lacher had informed them that a purchase price of \$129.00 per share, with the other terms proposed in the revised preliminary non-binding term sheet delivered by Kemper on December 22, 2017, was acceptable to Kemper, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors. At the Infinity Board's request, representatives of KMK provided an overview of the fiduciary duties of the Infinity Board to Infinity and Infinity shareholders regarding the potential strategic transaction and representatives of Deutsche Bank reviewed certain preliminary financial information relating to Infinity. The Infinity Board determined that Infinity should move to the next phase of Kemper's due diligence investigation of Infinity and should commence reverse due diligence of Kemper, so long as an agreement with respect to non-solicitation of employees was in place between Infinity and Kemper. Finally, the Infinity Board approved entering into exclusive negotiations with Kemper regarding a potential strategic transaction.

On December 28, 2017, Mr. Lacher provided the Kemper Board a written update of the status of recent developments and discussions regarding a potential strategic transaction with Infinity.

On January 2, 2018, Deutsche Bank delivered Infinity's detailed list of due diligence information and materials requests to Goldman Sachs. On January 4, 2018, Goldman Sachs delivered Kemper's detailed list of due diligence information and materials requests to Deutsche Bank.

On January 4, 2018, Mr. Lacher spoke with Mr. Gober, Mr. Godwin, Mr. Simon and Mr. Bateman by telephone concerning the companies' consideration of a targeted announcement date with respect to the potential strategic

transaction, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, to coincide with the companies' targeted dates for release of

---

**Table of Contents**

their respective fiscal year 2017 earnings. Mr. Lacher separately requested that Kemper be given access to additional Infinity employees for Kemper's due diligence of Infinity.

Between January 2 and 10, 2018, representatives of KMK and representatives of Sidley Austin negotiated the terms of (i) an exclusivity agreement to be entered into between Infinity and Kemper under which Infinity would not solicit, negotiate or take other actions regarding certain strategic transactions with any person other than Kemper for a specified time period (but providing for the ability of Infinity to engage in certain discussions with third parties and provide third parties with certain confidential information about Infinity, in each case under certain circumstances) and (ii) an amendment to the confidentiality agreement to be entered into between Infinity and Kemper under which the companies would not solicit for hire the directors and certain of the employees of one another for a specified time period. On January 10, 2018, Infinity and Kemper entered into the exclusivity agreement, which contemplated an exclusivity term expiring 10 days following Infinity's release of its fiscal year 2017 earnings, subject to the expiration of such term if Kemper proposed a purchase price for a potential strategic transaction that is less than \$129.00 per share of Infinity common stock or material modifications to other specified terms set forth in the revised preliminary non-binding term sheet delivered by Kemper on December 22, 2017. Also on January 10, 2018, Infinity and Kemper entered into the amendment to the confidentiality agreement, which provided for an employee and director non-solicitation term ending on the date that is 18 months following the date of the confidentiality agreement, subject to certain customary exceptions. The parties also tentatively agreed on a targeted announcement date with respect to the potential strategic transaction, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, to coincide with the companies' targeted date for release of their respective fiscal year 2017 earnings.

On January 11, 2018, in connection with the completion of due diligence, Infinity made available an electronic data room containing information and materials to representatives of Kemper, Goldman Sachs, Sidley Austin and a consulting firm engaged by Kemper for such purposes.

On January 12, 2018, following negotiation, Infinity and Kemper entered into an addendum to the confidentiality agreement to further limit the representatives of each party and their financial and legal advisors who would have access to certain to-be-specified confidential and sensitive information of one another and to provide for redaction and aggregation of such information, in connection with the due diligence and reverse due diligence processes. Such addendum was later amended and restated on January 29, 2018 to provide for redaction and aggregation of such information to be completed by a single specified third party.

Later on January 12, 2018, Infinity began providing additional information and materials requested by Kemper to assist in its due diligence of Infinity. Infinity and Kemper, with the assistance of their financial and legal advisors, continued to conduct, through February 13, 2018, mutual due diligence through their respective electronic data rooms and otherwise, as applicable. Also during this period, the two companies and their financial advisors continued to discuss the various sources for and amounts of synergy opportunities and the ability to realize those opportunities over time, while continuing to consider the validation of the expected long-term, positive synergies of a combination and the ability to achieve cost savings at the combined company.

On January 17, 2018, the Kemper Board held a telephonic special meeting to discuss the proposed Merger and the draft Merger Agreement and recent related developments, attended also by members of Kemper's senior management and representatives of Goldman Sachs and representatives of Sidley Austin. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of recent developments and discussions regarding the proposed Merger and potential next steps and timing. At the request of Kemper's senior management, representatives of Sidley Austin reviewed with the Kemper Board a summary of the key non-price provisions of a draft Merger Agreement that might be proposed to Infinity and areas of potential negotiation with Infinity, including with respect to structure, regulatory

closing conditions and the scope of each party's commitment to seek and obtain regulatory approvals, other closing conditions (including conditions precedent with respect to certain Infinity employee retention matters and the tangible net worth of Infinity), deal protection terms, treatment of Infinity's outstanding equity



---

**Table of Contents**

awards and voting agreements. Representatives of Sidley Austin also discussed with the Kemper Board the timing and various regulatory matters involved in completing such a potential strategic transaction. The Kemper Board indicated its support of Kemper's senior management delivering to Infinity a draft Merger Agreement containing key non-price provisions substantially consistent with the summary of key non-price provisions presented to the Kemper Board and engage in negotiations with Infinity on its terms. The Kemper Board then discussed the potential changes to the composition of the Kemper Board that could result in connection with the proposed Merger and declared that Kemper's senior management had the support of the Kemper Board to discuss with Infinity, at the appropriate time in the context of negotiations, the addition of one member of the Infinity Board to the Kemper Board after the closing of the proposed Merger. The meeting was concluded with Mr. Lacher noting to the Kemper Board that Kemper's senior management would continue to provide updates regarding developments and discussions with Infinity.

In the evening on January 19, 2018, Sidley Austin, on behalf of Kemper, delivered an initial draft of the Merger Agreement to KMK. Among other provisions, the draft Merger Agreement provided for the structure of the proposed Merger, exceptions to Kemper's commitment to seek and obtain regulatory approvals (including as reflected the initial definition of a materially burdensome condition), fiduciary out exceptions to the non-solicitation covenant, a termination fee equal to 4.50% of the total equity value of the proposed Merger payable by either party upon termination of the Merger Agreement in certain specified circumstances, the conversion in the Merger of Infinity's outstanding equity awards into Kemper equity awards, conditions to Kemper's and Merger Sub's obligations to effect the proposed Merger with respect to certain Infinity employee retention matters and the tangible net worth of Infinity and other matters and an expectation that voting agreements would be requested from certain of each party's directors and officers. Prior to Sidley Austin sending such draft Merger Agreement to KMK, on January 19, 2018, members of Kemper's senior management sent communications to Mr. Simon to preview the closing condition with respect to Infinity employee retention matters contained in such draft Merger Agreement. Such draft Merger Agreement did not contain any undertaking on the part of Kemper with respect to the addition of any members of the Infinity Board to the Kemper Board after the closing of the proposed Merger.

On January 20, 2018, Mr. Simon, Mr. Bateman, representatives of KMK and representatives of Deutsche Bank spoke by telephone to discuss the proposed closing conditions with respect to Infinity employee retention matters contained in Kemper's draft Merger Agreement. On January 21, 2018, KMK delivered to Sidley Austin a letter regarding such closing conditions, which proposed that such closing conditions be removed and replaced by certain covenants regarding entry into employment agreements with certain Infinity employees and notification of any termination of employment of certain Infinity employees, in each case following entry into the Merger Agreement. The letter also noted that Infinity would be willing to coordinate meetings to allow Kemper to enter into retention agreements with certain Infinity employees. The delivery of the letter was followed by discussions between members of Infinity's senior management and members of Kemper's senior management regarding the matters addressed therein.

On January 24 and 25, 2018, Mr. Gober, Mr. Godwin, Mr. Simon, Mr. Bateman, approximately 37 other members of Infinity's management and representatives of Deutsche Bank met with Mr. Lacher, Mr. McKinney, Mr. Green, Mr. Evans, approximately 22 other members of Kemper's management, representatives of Goldman Sachs and representatives of a consulting firm engaged by Kemper for due diligence purposes in Atlanta, Georgia to further due diligence efforts through discussions of Infinity's operations, financial condition and other matters. Representatives of both KMK and Sidley Austin participated in certain of such meetings by telephone. In connection with the meetings, Infinity's management provided to Kemper's management the Infinity financial projections.

On January 25, 2018, in connection with the completion of reverse due diligence, Kemper made available an electronic data room containing information and materials to representatives of Infinity, Deutsche Bank, KMK and consulting firms engaged by Infinity for such purposes.



---

**Table of Contents**

On January 30, 2018, Mr. Godwin, Mr. Simon, Mr. Bateman, representatives of Deutsche Bank and representatives of KMK met with Mr. Lacher, Mr. McKinney, Mr. Green, Mr. Evans, other members of Kemper's management, representatives of Goldman Sachs and representatives of Sidley Austin in Chicago, Illinois to conduct further reverse due diligence efforts through discussions of Kemper's operations, financial condition and other matters. During the meetings, members of Infinity's senior management additionally discussed with members of Kemper's senior management material issues in and related to Kemper's initial draft of the Merger Agreement.

Later on January 30, 2018, KMK, on behalf of Infinity, delivered a revised draft of the Merger Agreement to Sidley Austin. Such revised draft provided for limited exceptions to Kemper's commitment to seek and obtain regulatory approvals (including as reflected in the definition of a materially burdensome condition), expanded fiduciary out exceptions to the non-solicitation covenant, a termination fee equal to 2.00% of the total equity value of the proposed Merger, a reverse termination fee payable by Kemper in the event that Infinity terminated the Merger Agreement upon the occurrence of the outside date and Kemper failing to comply with its commitment to seek and obtain regulatory approvals and the automatic vesting of Infinity's outstanding equity awards consistent with the terms of the equity plan pursuant to which such awards were granted. Such revised draft reflected the removal of the closing conditions with respect to Infinity employee retention matters and the tangible net worth of Infinity and did not include any provisions relating to the addition of any members of the Infinity Board to the Kemper Board after the closing of the proposed Merger.

During the period from January 30, 2018 through the first week of February 2018, Kemper's management provided to Infinity's senior management and representatives of Deutsche Bank certain key items from the Kemper financial projections and certain updated financial information relating thereto, as more fully described in the section entitled "Certain Unaudited Prospective Financial Information" beginning on page 206.

On February 2, 2018, Sidley Austin sent a non-exhaustive list of the material open issues in Infinity's revised draft of the Merger Agreement to KMK. Later on February 2, 2018, representatives of Sidley Austin and KMK, together with general counsels of both Infinity and Kemper, spoke by telephone to discuss material open issues in Infinity's revised draft of the Merger Agreement.

On February 5, 2018, Sidley Austin, on behalf of Kemper, delivered a revised draft of the Merger Agreement to KMK. Such revised draft provided for a termination fee equal to 3.50% of the total equity value of the proposed Merger, no reverse termination fee and closing conditions with respect to Infinity employee retention matters and the tangible net worth of Infinity. Such revised draft expressly reserved any revisions with respect to the treatment of Infinity's outstanding equity awards pending further discussion between the parties.

On February 7, 2018, Infinity's Executive Committee held a telephonic special meeting to discuss with Mr. Gober, other senior management and KMK the ongoing negotiations surrounding the draft Merger Agreement. Mr. Gober reported on the progress of due diligence meetings and the remaining open issues in the draft Merger Agreement.

Also on February 7, 2018, the Kemper Board held an in-person regularly scheduled meeting, attended also by members of Kemper's senior management and representatives of Goldman Sachs and representatives of Sidley Austin. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of developments and discussions regarding the proposed Merger, including the parties' due diligence efforts and negotiations with respect to open issues in and related to the draft Merger Agreement regarding closing certainty, employee retention, treatment of Infinity's outstanding equity awards and other matters. Mr. Lacher also led a discussion with the Kemper Board regarding proposed next steps and timing and considerations related to the proposed Merger, including with respect to contemplated integration efforts. Mr. McKinney again provided the Kemper Board with a summary of the key economic terms of the proposed Merger before providing an overview of certain financial considerations in

connection therewith. As part of this overview, Mr. McKinney reviewed with the Kemper Board the Kemper financial projections, the Kemper-prepared Infinity financial projections

---

**Table of Contents**

(without synergies), the Kemper-prepared Infinity financial projections (with synergies) and the combined company financial projections, as more fully described in the section entitled "Certain Unaudited Prospective Financial Information" beginning on page 206, and the Kemper Board indicated its support of Goldman Sachs' use of such financial projections in connection with its financial analysis relating to the proposed Merger Consideration. Representatives of Goldman Sachs then reviewed with the Kemper Board Goldman Sachs' preliminary financial analysis relating to the proposed Merger Consideration. Mr. McKinney also discussed with the Kemper Board communications considerations in connection with the proposed Merger. At the request of Kemper's senior management, representatives of Sidley Austin then reviewed with the Kemper Board a summary of the key non-price provisions of the draft Merger Agreement. During this review, representatives of Sidley Austin discussed with the Kemper Board the status of negotiations between the parties with respect to open issues in the draft Merger Agreement and highlighted revisions to the draft Merger Agreement as a result thereof. Representatives of Sidley Austin also reviewed with the Kemper Board an initial draft of the Infinity voting agreement, which was proposed to reflect substantially similar obligations as those that would be set forth in the Kemper voting agreement. The Kemper Board then further discussed, with the input of Kemper's senior management and representatives from Goldman Sachs and Sidley Austin, proposed next steps and timing with respect to the proposed Merger. The Kemper Board indicated its support of Kemper's senior management continuing to negotiate the open issues in the draft Merger Agreement and other draft transaction documents.

Later on February 7, 2018, following discussions between representatives of Deutsche Bank and representatives of Goldman Sachs, Mr. Lacher, other members of Kemper's senior management and representatives of Sidley Austin and Mr. Gober, Mr. Godwin, Mr. Simon, Mr. Bateman, other members of Infinity's senior management and representatives of KMK discussed by telephone the material open issues in the draft Merger Agreement. During the discussion, the members of senior management tentatively agreed to certain conceptual terms regarding closing certainty and deal protections. The members of senior management also discussed treatment of Infinity's outstanding equity awards and certain other issues regarding closing certainty, including with respect to the amount of the termination fee and Infinity employee retention. The members of senior management additionally noted that each of the parties desired to work diligently to remain on schedule for the targeted announcement date with respect to the proposed Merger, subject to completion of due diligence, negotiation of a definitive agreement and approval of the companies' respective boards of directors, to coincide with the companies' targeted dates for release of their respective fiscal year 2017 earnings.

Following the discussion, further to the negotiations regarding the open issues with respect to Infinity employee retention, Mr. Lacher contacted Mr. Godwin, Mr. Bateman and Mr. Simon to discuss the possibility of such executives and certain other members of Infinity's management entering into retention agreements with Kemper or Infinity prior to entry into the Merger Agreement and the addition of one member of the Infinity Board to the Kemper Board after the closing of the proposed Merger, which member would be chosen by Kemper subject to the Kemper Board's policies and applicable rules and regulations. Mr. Godwin, Mr. Bateman and Mr. Simon tentatively agreed to the proposals and, after the discussion, members of Kemper's management delivered to them proposed term sheets with respect to such retention agreements. Such proposed term sheets regarding the retention agreements between Kemper and each of Mr. Godwin, Mr. Bateman and Mr. Simon contemplated commitments with respect to each such executive for the continuation of his employment with Infinity for a period of two years following the closing of the proposed Merger at an annual base salary not less than such executive's current annual base salary, the payment to such executive at the expiration of the retention agreement of a retention bonus in the form of a lump-sum amount equal to the amount that would have been received by such executive had such executive been terminated for a reason other than Cause, as set forth in such executive's current employment agreement, and the granting to such executive after the completion of the proposed Merger of a one-time award of time-vested restricted stock units with respect to Kemper common stock having a grant date value of \$1,000,000 that will vest in full provided that such executive has been continuously employed by Kemper or its subsidiaries at the expiration of the retention agreement. Over the

course of the next several days, Mr. Godwin, Mr. Bateman and Mr. Simon individually negotiated the terms of their retention agreements with Kemper, as more fully described below and in the section entitled "The Merger: Interests of Infinity's Directors and Executive Officers in the Merger," in conjunction with the negotiation of, and agreement

---

**Table of Contents**

on, the forms of the retention agreements between Infinity and certain other members of Infinity's management and other covenants and the closing condition with respect to Infinity employee retention in the draft Merger Agreement. These matters were of utmost importance to Kemper's senior management because of the value they attributed to Infinity's personnel in the proposed Merger and ordinary course concerns regarding employee retention during the pendency of the proposed Merger, including that Infinity's existing arrangements did not sufficiently address this scenario from the perspective of Kemper's senior management.

Later on February 7, 2018, Sidley Austin, on behalf of Kemper, delivered an initial draft of the Infinity voting agreement to KMK. The draft Infinity voting agreement, which was contemplated by the parties to be requested to be entered into by each of Infinity's directors and currently employed named executive officers, provided for each of Infinity's directors and currently employed named executive officers to vote his or her Infinity common stock in favor of the adoption of the Merger Agreement and the approval of the transactions contemplated thereby and not otherwise oppose the proposed Merger in his or her capacity as an Infinity shareholder, along with certain transfer restrictions on Infinity common stock and other terms. The parties agreed that Kemper's directors and currently employed named executive officers would be requested to enter into Kemper voting agreements reflecting substantially similar obligations as those set forth in the Infinity voting agreement.

On February 8, 2018, the Infinity Board held a telephonic special meeting with senior management of Infinity, representatives of Deutsche Bank and KMK to discuss Infinity's reverse due diligence of Kemper, to provide a status update on the draft Merger Agreement negotiations and for representatives of Deutsche Bank to discuss with the Infinity Board the financial terms and provisions of the draft Merger Agreement. The Infinity Board asked questions and received answers from the others attending the telephonic meeting and discussed the reasons that entering into the proposed Merger with Kemper were in the best interests of Infinity and Infinity shareholders, including the value of the proposed consideration to be received by Infinity shareholders in the proposed Merger.

Later on February 8, 2018, KMK, on behalf of Infinity, delivered a revised draft of the Merger Agreement to Sidley Austin. Such revised draft largely reflected the terms agreed upon by the parties during their discussion by telephone on February 7, 2018, while also providing for a termination fee equal to 3.00% of the total equity value of the proposed Merger, a covenant regarding the addition of one member of the Infinity Board to the Kemper Board after the closing of the proposed Merger, which member would be chosen by Kemper subject to the Kemper Board's policies and applicable rules and regulations, and the removal of the closing condition with respect to Infinity's tangible net worth. In addition, such revised draft expressly reserved any revisions with respect to the Infinity employee retention matters and the treatment of Infinity's outstanding equity awards pending further discussion between the parties.

Between the January 19, 2018 initial draft of the Merger Agreement through the February 8, 2018 draft of the Merger Agreement, Infinity's senior management and Deutsche Bank kept Mr. Weinhoff informed of negotiations of the various drafts of the Merger Agreement and Mr. Weinhoff kept the Term Sheet Committee informed and relayed the Term Sheet Committee's thoughts to Infinity's senior management and Deutsche Bank.

Also on February 8, 2018, members of Kemper's management delivered initial drafts of forms of the retention agreements between Infinity and certain members of Infinity's management (not including Mr. Godwin, Mr. Bateman or Mr. Simon) to members of Infinity's senior management. On February 9, 2018, members of Kemper's management delivered initial drafts of retention agreements between Kemper and Mr. Godwin, Mr. Bateman and Mr. Simon to members of Infinity's senior management.

Over the course of February 9, 2018, members of each of Infinity's senior management and Kemper's senior management and representatives of each of KMK and Sidley Austin held respective discussions by telephone

concerning, and reached tentative agreement regarding, a termination fee equal to 3.50% of the total equity value of the proposed Merger (or \$49,598,810), certain Infinity employee retention matters in the draft Merger Agreement, the treatment of Infinity's outstanding equity awards and the forms of the retention



**Table of Contents**

agreements between Infinity and certain members of Infinity's management (not including Mr. Godwin, Mr. Bateman or Mr. Simon). Several of the other remaining open issues in the draft Merger Agreement and the retention agreements between Kemper and Mr. Godwin, Mr. Bateman and Mr. Simon were also discussed between the parties.

Also on February 9, 2018, each of KMK, on behalf of Infinity, and Sidley Austin, on behalf of Kemper, delivered a revised draft of the Infinity voting agreement to the other party, in each case reflecting limited changes. The latter of these drafts of the Infinity voting agreement reflected substantial agreement on all material terms.

Additionally, on February 9, 2018 and continuing on February 12, 2018, members of Kemper's management held discussions with certain rating agencies regarding the potential effects of the proposed Merger on the combined company's credit rating.

Later on February 9, 2018, Sidley Austin, on behalf of Kemper, delivered an initial draft of the Kemper voting agreement to KMK. The draft Kemper voting agreement, which was contemplated by the parties to be requested to be entered into by each of Kemper's directors and currently employed named executive officers, provided for each of Kemper's directors and currently employed named executive officers to vote his or her Kemper common stock in favor of the approval of the stock issuance in the proposed Merger and not otherwise oppose the approval of the stock issuance in the proposed Merger in his or her capacity as a Kemper stockholder, along with certain transfer restrictions on Kemper common stock and other terms. This draft Kemper voting agreement reflected substantially similar obligations as those set forth in the draft Infinity voting agreement and accordingly reflected substantial agreement on all material terms.

Early in the morning on February 10, 2018, Sidley Austin, on behalf of Kemper, delivered a revised draft of the Merger Agreement to KMK. Such revised draft reflected the terms tentatively agreed upon by the parties during their calls over the course of the previous day.

Later in the morning on February 10, 2018, representatives of KMK and Sidley Austin held a discussion by telephone to further negotiate the remaining open issues in the draft Merger Agreement. Shortly thereafter on February 10, 2018, KMK, on behalf of Infinity, delivered a revised draft of the Merger Agreement to Sidley Austin. Such revised draft reflected substantial acceptance of the revisions proposed by Kemper in its previous draft, with the exception of the scope of certain aspects of the closing condition with respect to Infinity employee retention matters and the removal of the closing condition with respect to Infinity's tangible net worth.

On February 10, 2018, Infinity's revised draft of the Merger Agreement, along with a summary of the terms and conditions of the draft Merger Agreement reflecting discussions between the parties since the delivery of such draft, were provided by KMK to the Infinity Board. The Infinity Board reviewed the draft Merger Agreement and the summary.

In the evening on February 10, 2018 and in the afternoon on February 11, 2018, Sidley Austin, on behalf of Kemper, and KMK, on behalf of Infinity, respectively, delivered a revised draft of the Merger Agreement to the other party's legal advisor, neither of which included a closing condition with respect to Infinity's tangible net worth. Over the course of February 10 and 11, 2018, KMK and Sidley Austin continued to hold discussions by telephone to further negotiate the scope of certain aspects of the closing condition with respect to Infinity employee retention matters.

Also over the course of February 10 and 11, 2018, members of Kemper's senior management and Mr. Godwin, Mr. Bateman and Mr. Simon negotiated and tentatively agreed on the remaining open issues in the retention agreements between Kemper and Mr. Godwin, Mr. Bateman and Mr. Simon.

Infinity's senior management kept Mr. Weinhoff informed of negotiations of the various drafts of the Merger Agreement circulated between February 8 and February 11 and Mr. Weinhoff kept the Term Sheet Committee informed and relayed the Term Sheet Committee's thoughts to Infinity's senior management.

---

**Table of Contents**

In the evening on February 11, 2018, the Infinity Board, Infinity's senior management and representatives of Deutsche Bank met for dinner and discussed various aspects of the proposed Merger.

On February 12, 2018, the Infinity Board held an in-person special meeting in Birmingham, Alabama which was attended by members of Infinity's senior management, representatives of KMK, representatives of Deutsche Bank and, telephonically at the request of the Infinity Board and solely for the portion of the meeting described below, Mr. Lacher and Mr. Green. The Executive Committee of the Infinity Board met initially to approve the compensation of the Term Sheet Committee and to approve independent director compensation. Prior to the meeting, the Infinity Board was provided with a summary that described the terms of the draft Merger Agreement based on the draft previously circulated by KMK on behalf of Infinity on February 10, 2018. Representatives of KMK reviewed the material terms of the proposed Merger and described the provisions of the draft Merger Agreement including the various closing conditions. KMK discussed with the Infinity Board the legal framework for the Infinity Board's consideration of the proposed Merger, including the fiduciary duties applicable to the directors of Infinity and related matters. The members of the Infinity Board asked questions and discussed various provisions of the draft Merger Agreement. Representatives of Deutsche Bank provided an overview of the material financial terms of the draft Merger Agreement, including the proposed consideration, reviewed Deutsche Bank's financial analysis relating to the Merger Consideration, as more fully described below under the heading "The Merger Opinion of Infinity's Financial Advisor," and rendered to the Infinity Board an oral opinion, subsequently confirmed by delivery of a written opinion dated February 13, 2018, to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the Merger Consideration was fair, from a financial point of view, to holders of Infinity common stock (excluding Kemper and its affiliates). Mr. Lacher and Mr. Green were introduced and presented to the Infinity Board their views of the proposed Merger and the potential benefits that may be realized by shareholders of Infinity and stockholders of Kemper from the perspective of Kemper's senior management.

Following the meeting of the Infinity Board, Mr. Lacher and Mr. Weinhoff further discussed and reaffirmed the parties' tentative agreement regarding the provision in the draft Merger Agreement with respect to the addition of one member of the Infinity Board to the Kemper Board after the closing of the proposed Merger, which member would be chosen by Kemper subject to the Kemper Board's policies and applicable rules and regulations.

Also on February 12, 2018, the Kemper Board held a telephonic special meeting to discuss the proposed Merger and the draft Merger Agreement and recent related developments, attended also by members of Kemper's senior management and representatives of Goldman Sachs and representatives of Sidley Austin. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of developments and discussions regarding the proposed Merger since the meeting of the Kemper Board on February 7, 2018, including negotiations between the parties with respect to the remaining open issues in the draft Merger Agreement and Mr. Lacher's and Mr. Green's aforementioned discussion with the Infinity Board, and proposed next steps and timing. Mr. Lacher also summarized for the Kemper Board the key terms of the retention agreements between Kemper and Mr. Godwin, Mr. Bateman and Mr. Simon and the Kemper Board indicated its support of such arrangements. Mr. McKinney then reviewed with the Kemper Board the results of the due diligence review of Infinity conducted by Kemper's management and advisors. At the request of the Kemper Board, representatives of Sidley Austin then again reviewed with the Kemper Board the fiduciary duties of the directors in considering the proposed Merger. Representatives of Sidley Austin also reviewed with the Kemper Board a summary of key non-price provisions of the draft Merger Agreement and draft voting agreements. Representatives of Goldman Sachs then reviewed with the Kemper Board Goldman Sachs' preliminary financial analysis relating to the proposed Merger Consideration. The Kemper Board then discussed, with the input of Kemper's senior management and representatives from Goldman Sachs and Sidley Austin, a number of considerations related to the proposed Merger and the assessment thereof provided by Kemper's senior management. In an executive session of the non-employee directors following such discussion, the non-employee directors discussed, with the input of

representatives from Goldman Sachs and Sidley Austin, additional considerations related to the proposed

---

**Table of Contents**

Merger. Following further discussion, the Kemper Board indicated its support of, and instructed Kemper's senior management to work towards, finalizing the forms of the transaction documents with Infinity for its consideration.

Over the course of February 12, 2018, members of each of Infinity's senior management and Kemper's senior management and representatives of each of KMK and Sidley Austin negotiated and tentatively agreed on the remaining open issues in the draft Merger Agreement. Throughout this process, Infinity's senior management and Deutsche Bank kept Mr. Weinhoff informed of such remaining open issues and Mr. Weinhoff kept the Term Sheet Committee informed and relayed the Term Sheet Committee's thoughts to Infinity's senior management and Deutsche Bank.

In the early hours of February 13, 2018, Sidley Austin, on behalf of Kemper, delivered a revised draft of the Merger Agreement to KMK reflecting substantial agreement on all material terms. Later in the morning on February 13, 2018, members of Infinity's senior management and representatives of KMK and members of Kemper's senior management and representatives of Sidley Austin held respective discussions by telephone during which Infinity gauged Kemper's willingness to negotiate an increase in the number of Infinity Board members that would serve on the Kemper Board after the closing of the proposed Merger, but which number remained at one after confirmation by the parties.

On February 13, 2018, the Infinity Board held a telephonic special meeting to discuss various matters related to the proposed Merger, including the number of Infinity directors that would serve on the Kemper Board following the proposed Merger. After discussion and the recommendation by Infinity's management that the Infinity Board approve the Merger Agreement, and in light of the Infinity Board's review and consideration of the factors described under "The Merger Recommendation of the Infinity Board and Its Reasons for the Merger," the Infinity Board unanimously determined that the proposed Merger and the Merger Agreement were consistent with, and would further, Infinity's business strategies and goals and approved the proposed Merger and Merger Agreement. The Infinity Board also unanimously determined that the proposed Merger and Merger Agreement were in the best interests of Infinity and Infinity's shareholders and unanimously recommended that Infinity shareholders vote **FOR** the merger proposal.

Also on February 13, 2018, the Kemper Board held a telephonic special meeting to consider the proposed Merger and the Merger Agreement, attended also by members of Kemper's senior management and representatives of Goldman Sachs and representatives of Sidley Austin. At the meeting, Mr. Lacher provided the Kemper Board with an update of the status of discussions regarding the proposed Merger since the meeting of the Kemper Board on February 12, 2018. Mr. McKinney then again provided an overview of the consideration proposed to be paid by Kemper in the proposed Merger. Mr. McKinney also provided the Kemper Board with an update of other developments regarding the proposed Merger. At the request of the Kemper Board, representatives of Sidley Austin then reviewed with the Kemper Board the status of negotiations between the parties with respect to any remaining open issues in the Merger Agreement. Representatives of Goldman Sachs then reviewed with the Kemper Board Goldman Sachs' financial analysis summarized in the section entitled "The Merger Opinion of Kemper's Financial Advisor" and delivered the oral opinion of Goldman Sachs, subsequently confirmed by delivery of its written opinion, dated February 13, 2018, to the Kemper Board that, as of February 13, 2018, and based on and subject to the factors and assumptions set forth in such written opinion, the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was fair, from a financial point of view, to Kemper. Following discussion of considerations related to the proposed Merger, members of Kemper's senior management then indicated that it was the recommendation of Kemper's management that the Kemper Board approve the Merger Agreement and the consummation of the transactions contemplated thereby. Following discussion, the Board unanimously adopted resolutions approving the Merger Agreement and the consummation of the transactions contemplated thereby and resolved to recommend that the Kemper stockholders vote **FOR** the share issuance proposal and **FOR** the approval of the Kemper meeting adjournment proposal.



---

**Table of Contents**

In connection with such approvals by the Infinity Board and the Kemper Board, which occurred after the closing of trading on the U.S. stock markets for the day, Infinity's senior management and representatives of KMK worked with Kemper's senior management and representatives of Sidley Austin to finalize the Merger Agreement on the terms approved by the Infinity Board and the Kemper Board.

Later on February 13, 2018, each of Infinity and Kemper and their respective directors and currently employed named executive officers executed and delivered their respective voting agreements. In addition, each of Mr. Godwin, Mr. Bateman, Mr. Simon and certain other members of Infinity's management, on the one hand, and Kemper and Infinity, as applicable, on the other hand, executed and delivered each of such Infinity employees' retention agreements.

Each of Infinity, Kemper and Merger Sub then executed and delivered the Merger Agreement.

Shortly thereafter on February 13, 2018, Infinity and Kemper issued a joint press release announcing the execution and delivery of the Merger Agreement.

**Recommendation of the Kemper Board and Its Reasons for the Merger**

After careful consideration, on February 13, 2018, the Kemper Board unanimously adopted resolutions approving the Merger Agreement and the consummation of the transactions contemplated by the Merger Agreement and the share issuance, including the Merger, upon the terms and subject to the conditions set forth in the Merger Agreement. **The Kemper Board unanimously recommends that Kemper stockholders vote FOR the share issuance proposal and FOR the Kemper meeting adjournment proposal at the Kemper special meeting.**

In reaching its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby and recommend the approval of the share issuance proposal, the Kemper Board consulted with the members of Kemper's senior management, as well as Kemper's financial and legal advisors, and considered a number of factors, including the following material factors (not necessarily in order of relative importance):

**Strategic Considerations.** The Kemper Board considered that the Merger is expected to provide a number of significant strategic opportunities, including the following:

the view that the Merger would lead to increased scale and diversification in non-standard auto insurance, including a more diversified portfolio with approximately \$2.2 billion in non-standard auto insurance premiums, an expanded customer reach through deeper agency relationships and greater efficiencies;

the view that the combined company would have further access to growing segments through an expanded product offering and broader customer base, while at the same time offering a more targeted yet better diversified suite of products across life, health, auto and homeowner insurance, providing customers with greater choice at more competitive prices;

the view that the combined company would have the ability to leverage unique operational strengths, platforms and demographic insights to drive enhanced growth and provide a unique set of products to its policyholders;

the view that the Merger would further Kemper's corporate strategy by enhancing near and long-term stockholder value through strategic acquisitions;

the view that the combined company would have an increased ability to attract and retain key employees;



**Table of Contents**

the experience with respect to non-standard automobile insurance of Infinity's management and operational teams and the complimentary cultures of Kemper and Infinity; and

the view that the combined company would have improved data and analytical capabilities.

**Financial Considerations.** The Kemper Board considered that the Merger is expected to provide a number of significant financial opportunities for Kemper stockholders and the combined company, including the following:

the fact that the Merger would be accretive to Kemper's EPS in 2019, excluding VOBA and one-time items, and was expected to be accretive to Kemper's EPS in 2020 by more than 10%, excluding restructuring and one-time items;

the mix of cash and stock consideration, the fixed exchange ratio for the stock component of the Merger Consideration and the fact that because of the fixed exchange ratio (*i.e.*, it will not be adjusted for fluctuations in the market price of Kemper common stock or Infinity common stock), Kemper would have certainty as to the number of shares of Kemper common stock to be issued in connection with the Merger, while noting that the value of Kemper common stock to be paid to Infinity shareholders upon the closing could be significantly more or less than its implied value prior to the announcement of the execution of the Merger Agreement as a result of any difference in the market price of Kemper common stock between prior to or at the time of announcement and the closing;

the course of negotiations between the parties in arriving at the amount and mix of consideration to be paid in the Merger, while taking note of the historic and current market prices of Kemper common stock and Infinity common stock;

the expectation that the Merger would be accretive to return on average common equity by more than 30 basis points and accretive to return on average tangible common equity by more than 400 basis points in 2020;

the view that the combined company would have increased revenue and enhanced cash flow, which would be expected to increase financial stability and provide additional resources to accelerate investments in growth; and

the expectation of annual pre-tax cost savings of approximately \$55 million, and an additional \$5 to \$10 million of pre-tax earnings resulting from the repositioning of Infinity's investment portfolio, through 2020 achieved through the consolidation of redundant corporate functions and the optimization of the combined company's systems, business processes and reinsurance programs.

**Other Factors Considered by the Kemper Board.** In addition to considering the strategic and financial opportunities described above, the Kemper Board considered the following additional factors, which it viewed as supporting and informing its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby and recommend the approval of the share issuance proposal:

taking into account the report the Kemper Board had received regarding past fees received by Goldman Sachs Investment Banking Division for services provided to Kemper and Infinity, and fees payable to Goldman Sachs in connection with the transactions contemplated by the Merger Agreement, the financial analyses presented to the Kemper Board by Goldman Sachs and the oral opinion, subsequently confirmed in writing, of Goldman Sachs delivered to the Kemper Board that, as of February 13, 2018 and based on and subject to the factors and assumptions set forth in Goldman Sachs written opinion, the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was fair, from a financial point of view, to Kemper. See The Merger Opinion of Kemper s Financial Advisor beginning on page 83;

the scope of the due diligence investigation conducted by Kemper s management, financial advisor, legal counsel and other outside consultants and the substantive results thereof, including various oral

**Table of Contents**

and written reports provided to the Kemper Board and the fact that the due diligence investigations set the stage for pre-closing integration and transition planning and post-closing implementation;

the general terms and conditions of the Merger Agreement and related documentation, including:

the customary nature of the parties' representations, warranties and covenants;

the generally reciprocal deal protection provisions, including:

the ability to enter into a definitive agreement to effect a Kemper superior proposal (as described on page 133 of this joint proxy statement/prospectus), so long as Kemper has complied with its obligations with respect to not soliciting Kemper acquisition proposals (as described on page 133 of this joint proxy statement/prospectus) in all material respects and enters into such definitive agreement concurrently with the termination of the Merger Agreement and pays a termination fee of \$49,598,810;

the amount of the termination fee (as described on page 155 of this joint proxy statement/prospectus) and the view that it would not prevent a potentially interested party from making a Kemper competing proposal (as described on page 156 of this joint proxy statement/prospectus); and

the fact the Kemper Board may, solely in response to a Kemper superior proposal received on or after the date of the Merger Agreement that has not been withdrawn or abandoned and that did not result from a breach of the Merger Agreement, make a Kemper adverse recommendation change (as described on page 133 of this joint proxy statement/prospectus) in order to cause Kemper to terminate the Merger Agreement and concurrently enter into a binding definitive agreement to effect such Kemper superior proposal if Kemper has taken certain actions and the Kemper Board determines in good faith (after consultation with Kemper's outside legal counsel) that such Kemper acquisition proposal continues to constitute a Kemper superior proposal;

the provisions related to regulatory approvals and clearances, including that each party is obligated to use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the transactions contemplated by the Merger Agreement, but that none of Kemper or any of its subsidiaries will be obligated to, and neither Infinity nor any of its subsidiaries will, without the prior written consent of Kemper, consent to, take or refrain from taking, or offer or commit or consent to take or refrain from taking any action that involves a materially burdensome condition (See The Merger Agreement Efforts to Complete the Merger beginning on page 138); and

the entry by the directors and certain of the executive officers of each of Kemper and Infinity into the Kemper Voting and Support Agreements and Infinity Voting and Support Agreements, respectively;

the likelihood that the Merger would be consummated and the anticipated timing of closing based on, among other things:

the scope of the conditions precedent to the closing generally, including regulatory approvals and the Infinity shareholder approval (as described on page 127 of this joint proxy statement/prospectus) and the Kemper stockholder approval (as described on page 127 of this joint proxy statement/prospectus);

the absence of a financing condition in the Merger Agreement;

the possibility that a third party would make an offer to acquire or otherwise enter into an extraordinary transaction with Infinity or Kemper; and

the likelihood that the Merger, the issuance of shares of Kemper common stock to Infinity shareholders pursuant to the Merger Agreement and the other transactions contemplated by the

**Table of Contents**

Merger Agreement would be completed on a timely basis, including the likelihood that the Merger would receive all necessary regulatory clearances and approvals without the imposition of materially burdensome conditions or otherwise unacceptable conditions; and

Kemper management's recommendation in favor of the approval of the Merger Agreement and the consummation of the transactions contemplated thereby.

The Kemper Board also considered a number of uncertainties and risks in its deliberations concerning the Merger and the other transactions contemplated by the Merger Agreement, including the following (not necessarily in order of relative importance):

the need to retain and recruit talented employees, a key strategic benefit and driver of anticipated cost synergies, but that the Merger Agreement contains conditions precedent to Kemper's obligation to close the Merger related thereto and the retention agreements entered into with certain members of Infinity's management contain obligations related thereto;

the fact that upon the closing, current Kemper stockholders and Infinity shareholders are expected to own approximately 80% and 20%, respectively, of the combined company based on the number of outstanding shares of common stock and other equity securities of Kemper and Infinity on the date of the Merger Agreement;

the potential risk of not capturing all the anticipated cost savings and synergies between Infinity and Kemper and the risk that other anticipated benefits of the Merger might not be realized or not realized in the expected timeframe;

the significant costs involved in connection with entering into the Merger Agreement and completing the Merger and the share issuance and the substantial time and effort of Kemper management required to complete the transactions contemplated by the Merger Agreement, which may disrupt Kemper's business operations;

the rights of Infinity shareholders to demand appraisal of their shares of Infinity common stock in connection with the Merger and the potential effect of such demands to increase the cash paid by Kemper, but that the Merger Agreement contains a condition precedent to Kemper's obligation to close the Merger that Infinity shareholders holding not more than 10% of the outstanding shares of Infinity common stock have demanded appraisal rights;

risks related to Infinity's business, as described in the risk factors discussion in **Risk Factors** **Risks Relating to Infinity** beginning on page 42; and

the other risks described under the sections titled Risk Factors and Cautionary Statement Concerning Forward-Looking Statements beginning on pages 35 and 1, respectively.

The Kemper Board determined that, overall, these potential risks and uncertainties were outweighed by the benefits that the Kemper Board expects to achieve for Kemper stockholders as a result of the Merger. The Kemper Board was aware that there can be no assurance about future results, including results considered or expected as disclosed in the foregoing reasons.

This discussion of the information and factors considered by the Kemper Board includes material factors considered by the Kemper Board, but it is not intended to be exhaustive and may not include all factors considered by the Kemper Board. In view of the wide variety of factors considered, and the complexity of these matters, the Kemper Board did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve and adopt the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. Rather, the Kemper Board viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it, including discussions with, and questioning of, Kemper's management and its financial and legal advisors. In

---

**Table of Contents**

addition, individual members of the Kemper Board may have given differing weights to different factors. It should be noted that this explanation of the reasoning of the Kemper Board and certain information presented in this section is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the section entitled *Cautionary Statement Concerning Forward-Looking Statements*.

**The Kemper Board unanimously recommends that Kemper stockholders vote *FOR* the share issuance proposal and *FOR* the Kemper meeting adjournment proposal at the Kemper special meeting.**

**Recommendation of the Infinity Board and Its Reasons for the Merger**

After consideration, the Infinity Board unanimously determined that the Merger Agreement, and the transactions contemplated by the Merger Agreement, including the Merger, were advisable, fair to and in the best interests of Infinity and its shareholders, and approved and adopted the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. The Infinity Board unanimously recommends that Infinity shareholders vote *FOR* the merger proposal.

In reaching its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby and recommend the approval of the merger proposal, the Infinity Board consulted with the members of Infinity's senior management, as well as Infinity's financial and legal advisors, and considered a number of factors, including the following material factors (not necessarily in order of relative importance):

*Strategic Considerations.* The Infinity Board considered that the Merger is expected to provide a number of significant strategic opportunities, including the following:

the potential for Infinity's shareholders, as future Kemper stockholders, to benefit to the extent of their interest in the combined company from the synergies of the Merger and the anticipated pro forma impact of the Merger, and the expectation that the Merger will be accretive to Kemper's earnings per share on an adjusted basis in the first full fiscal year following the Merger and accretive to earnings per share on an adjusted basis on a double-digit basis within two years after the closing;

the view that the shared strategies of Infinity and Kemper would assist in integration and operating the combined company post-closing to the benefit of Infinity shareholders as future Kemper stockholders;

the view that the combined company will create a leader in non-standard automobile insurance, with enhanced growth and a more diversified product mix providing for greater choices for customers at more competitive prices, which factors are expected to significantly enhance policyholder retention;

the view that the combined company may be considered a growth company with complementary operational strengths, platforms, analytical capabilities and demographic insights driving new growth opportunities;

the belief that the scale of operations of the combined company will benefit shareholders by increasing profit margins; and

the belief that the Merger would accelerate the accomplishment of several key elements of Infinity's strategic plan and strengthen Infinity's value proposition and reduce the risk of pursuing Infinity's strategic plan by drawing upon the combined company's competencies and resources.

***Other Factors Considered by the Infinity Board.*** In addition to considering the strategic opportunities described above, the Infinity Board considered the following additional factors, most of which it viewed as supporting and informing its decision to approve the Merger Agreement and the consummation of the transactions contemplated thereby and recommend the approval of the merger proposal:

the fact that the value of the per share Cash Consideration of \$129.00 represented an approximately 33 percent (33%) premium to the closing price of Infinity common stock of \$97.05 on February 12, 2018;



**Table of Contents**

the fact that the per share Mixed Consideration had an implied value of \$121.01 based on the closing price of Kemper common stock of \$57.75 on February 12, 2018, representing an approximately 25 percent (25%) premium to the closing price of Infinity common stock of \$97.05 on February 12, 2018;

the fact that the cash component of the Merger Consideration offers Infinity shareholders the opportunity to realize immediate cash valued at more than 50 percent (50%) of the February 12, 2018 closing price of Infinity common stock;

the fact that the stock component of the Merger Consideration offers Infinity shareholders the opportunity to participate in the future growth and opportunities of the combined company;

the financial presentation of Infinity's financial advisor, Deutsche Bank, to the Infinity Board on February 12, 2018, and the oral opinion of Deutsche Bank delivered to the Infinity Board on February 12, 2018, subsequently confirmed in writing on February 13, 2018, to the effect that as of the date of such opinion and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the Merger Consideration was fair, from a financial point of view, to holders of Infinity common stock (excluding Kemper and its affiliates), as further described in the section entitled "The Merger Opinion of Infinity's Financial Advisor" beginning on page 93;

the results of the due diligence review of Kemper's businesses and operations, including the information and discussions regarding Kemper's business, results of operations, financial and market positions and future earnings and prospects;

the historical and then-current trading prices and volumes of each of Infinity common stock and Kemper common stock;

the regulatory and other approvals required in connection with the Merger, and the expectation that such approvals could be received in a reasonably timely manner;

the terms and conditions of the Merger Agreement and the course of negotiations of the Merger Agreement, including, among other things, the per share Merger Consideration (see "The Merger Agreement Merger Consideration" and "The Merger Background of the Merger" beginning on pages 115 and 59, respectively), the cash and stock mix and the exchange ratio, the ability of the Infinity Board, under certain circumstances to change the Infinity recommendation (see "The Merger Agreement Conditions to Completion of the Merger" beginning on page 125), the conditions to the closing (see "The Merger Agreement Conditions to Completion of the Merger"), the ability of Infinity to terminate the Merger Agreement under certain circumstances (see "The Merger Agreement Termination of the Merger Agreement" (beginning on page 153) and that Infinity's shareholders will have an opportunity to vote on the Merger and that their approval is a condition to the closing (see "The Merger Agreement Conditions to Completion of the Merger");

the likelihood that the Merger would be consummated and the anticipated timing of closing based on, among other things:

the absence of a financing condition in the Merger Agreement;

the scope of the conditions to the closing; and

the level of commitment by both companies to obtain applicable regulatory approvals.

the fact that the combined company will continue to use the Infinity brand (see "The Merger Structure and Completion of the Merger" beginning on page 115);

the fact that Infinity's headquarters in Birmingham, Alabama will house a substantial portion of the combined company's non-standard automobile insurance operations for the foreseeable future;

the Infinity Board's familiarity with and understanding of Infinity's business, results of operations, financial and market position and its expectations concerning Infinity's future earnings and prospects; and

**Table of Contents**

the Infinity Board's familiarity with and understanding of the industry and the current and prospective environment in which each of Infinity and Kemper operate, including national and local economic conditions, the competitive and regulatory environments for insurance companies generally and the likely effect of these factors on Infinity both with and without the Merger.

The Infinity Board also considered a number of uncertainties and risks in its deliberations concerning the Merger and the other transactions contemplated by the Merger Agreement, including the following (not necessarily in order of relative importance):

the risk that the Merger may not be consummated or that the closing may be unduly delayed, including as a result of factors outside of either party's control;

the challenges inherent in the Merger of two businesses of the size, geographical diversity and scope of Infinity and Kemper and the size of the companies relative to each other, including the risk that integration costs may be greater than anticipated and the possible diversion of management attention for an extended period;

the potential risk of diverting management attention and resources from the operation of Infinity's business to the Merger, and the possibility of employee attrition or adverse effects on client and business relationships as a result of the announcement and pendency of the Merger;

the potential risk that Infinity shareholders or Kemper stockholders may object to and challenge the Merger and take actions that may prevent or delay the closing, including to vote against proposals at the Infinity special meeting or Kemper special meeting;

the potential risk associated with Infinity shareholders not having proportional representation on the Kemper Board, as, following the closing, Infinity shareholders will own approximately 20 percent of the outstanding common stock of Kemper, but only one Infinity director will become a member of the Kemper Board;

the potential risk of not capturing all the anticipated cost savings and synergies between Infinity and Kemper and the risk that other anticipated benefits of the Merger might not be realized or not realized in the expected timeframe;

the fact that the Merger is taxable to Infinity shareholders as described under "The Merger - Material U.S. Federal Income Tax Consequences" beginning on page 103;

the terms of the Merger Agreement that restrict Infinity's ability to solicit alternative transactions, as discussed under "The Merger Agreement - Infinity Acquisition Proposals" beginning on page 128;

the requirement that Infinity pay Kemper a termination fee of \$49,598,810 and reimburse Kemper for its expenses incurred in connection with the Merger in an aggregate amount not to exceed \$14,171,089 if the Merger Agreement is terminated under certain circumstances;

the restrictions in the Merger Agreement on the conduct of Infinity's business during the period between execution of the Merger Agreement and the closing;

the potential risks and costs associated with successfully integrating Infinity's business, operations and workforce with those of Kemper; and

the other risks described under the sections titled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" beginning on pages 35 and 1, respectively.

The Infinity Board determined that overall these potential risks and uncertainties were outweighed by the benefits that the Infinity Board expects to achieve for Infinity shareholders as a result of the Merger. The Infinity Board was aware that there can be no assurance about future results, including results considered or expected as disclosed in the foregoing reasons.

---

**Table of Contents**

In considering the recommendation of the Infinity Board, Infinity shareholders should be aware that certain directors and officers of Infinity may have interests in the Merger that are different from, or in addition to, interests of shareholders of Infinity generally and may create potential conflicts of interest. The Infinity Board was aware of these interests and considered them when evaluating and negotiating the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and in recommending to Infinity's shareholders that they vote in favor of the merger proposal. See *The Merger Interests of Infinity's Directors and Executive Officers in the Merger*.

This discussion of the information and factors considered by the Infinity Board includes the material factors considered by the Infinity Board, but it is not intended to be exhaustive and may not include all factors considered by the Infinity Board. In view of the wide variety of factors considered, and the complexity of these matters, the Infinity Board did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve and adopt the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger. Rather, the Infinity Board viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it, including discussions with, and questioning of, Infinity's management and its financial and legal advisors. In addition, individual members of the Infinity Board may have given differing weights to different factors. It should be noted that this explanation of the reasoning of the Infinity Board and certain information presented in this section is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the section entitled *Cautionary Statement Concerning Forward-Looking Statements*.

After consideration and evaluation of the Merger in consultation with Infinity management and advisors, the Infinity Board unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to and in the best interest of the Infinity shareholders and unanimously approved and declared advisable the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

For the reasons set forth above, the Infinity Board unanimously recommends that the Infinity shareholders vote ***FOR*** the merger proposal.

**Opinion of Kemper's Financial Advisor**

At a meeting of the Kemper Board held on February 13, 2018, Goldman Sachs delivered to the Kemper Board its oral opinion, subsequently confirmed in writing, that, as of February 13, 2018 and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was fair from a financial point of view to Kemper.

The full text of the written opinion of Goldman Sachs, dated February 13, 2018, which sets forth assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached as Annex D and is incorporated by reference into this joint proxy statement/prospectus. The summary of the Goldman Sachs opinion contained in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Goldman Sachs' written opinion. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Kemper Board in connection with its consideration of the proposed Merger and the opinion does not constitute a recommendation as to how any holder of shares of Kemper common stock should vote with respect to the share issuance proposal or any other matter.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the Merger Agreement;

---

**Table of Contents**

annual reports to stockholders and shareholders and Annual Reports on Form 10-K of Kemper and Infinity for the five fiscal years ended December 31, 2016;

certain interim reports to stockholders and shareholders and Quarterly Reports on Form 10-Q of Kemper and Infinity;

certain other communications from Kemper and Infinity to their stockholders and shareholders, respectively;

certain publicly available research analyst reports for Kemper and Infinity;

the Infinity financial projections; and

the Kemper financial projections, the Kemper-prepared Infinity financial projections (without synergies), the Kemper-prepared Infinity financial projections (with synergies) and the combined company financial projections (each of the foregoing, which are summarized in Certain Unaudited Prospective Financial Information beginning on page 206, are referred to collectively in this section as the ***Kemper-prepared financial projections*** ), in each case, as prepared by the management of Kemper and approved by Kemper for Goldman Sachs use, including certain operating synergies projected by the management of Kemper to be likely to result from the proposed Merger (referred to in this section as the ***Operating Synergies*** ) and reflected in the Kemper-prepared Infinity financial projections (with synergies) and the combined company financial projections, along with estimated incremental synergies related to systems conversions consisting of \$6 million estimated to be realized in 2021 and \$12 million estimated to be realized annually starting in 2022 (referred to in this section as the ***Incremental Systems Conversions Synergies*** ), in each case as provided by Kemper management and approved by Kemper for Goldman Sachs use in its analysis (collectively with the Operating Synergies referred to in this section, the ***Synergies*** ).

Goldman Sachs also held discussions with members of the senior managements of Kemper and Infinity, regarding their assessment of the past and current business operations, financial condition and future prospects of Infinity and with the members of the senior management of Kemper regarding their assessment of the past and current business operations, financial condition and future prospects of Kemper and the strategic rationale for, and the potential benefits of, the proposed Merger; reviewed the reported price and trading activity for the shares of Kemper common stock and the shares of Infinity common stock; compared certain financial and stock market information for Kemper and Infinity with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the property and casualty insurance industry and in other industries; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering its opinion, Goldman Sachs, with the consent of the Kemper Board, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, Goldman Sachs, without assuming any responsibility for independent verification thereof. In that regard, Goldman Sachs assumed with the consent of the Kemper Board that the Kemper-prepared financial projections and the Synergies have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Kemper. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of Kemper or Infinity or any of their respective subsidiaries and Goldman

Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs is not an actuary and its services did not include any actuarial determination or evaluation by Goldman Sachs or any attempt to evaluate actuarial assumptions and Goldman Sachs relied on Kemper's actuaries with respect to reserve adequacy. In that regard, Goldman Sachs made no analysis of, and expressed no opinion as to, the adequacy of the loss and loss adjustments expenses reserves or the future policy benefit reserves of Kemper or the adequacy of the loss and loss adjustments expenses reserves of Infinity. Goldman Sachs assumed that all



---

**Table of Contents**

governmental, regulatory or other consents and approvals necessary for the consummation of the proposed Merger would be obtained without any adverse effect on Kemper or Infinity or on the expected benefits of the proposed Merger in any way meaningful to its analysis. Goldman Sachs also assumed that the proposed Merger would be consummated on the terms set forth in the Merger Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of Kemper to engage in the proposed Merger, or the relative merits of the proposed Merger as compared to any strategic alternatives that may be available to Kemper; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view to Kemper, as of the date thereof, of the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement. Goldman Sachs' did not express any view on, and its opinion did not address, any other term or aspect of the Merger Agreement or proposed Merger or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the proposed Merger, including, the fairness of the proposed transaction to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of Kemper; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Kemper or Infinity, or any class of such persons in connection with the proposed Merger, whether relative to the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement or otherwise. Goldman Sachs did not express any opinion as to the prices at which shares of Kemper common stock would trade at any time or as to the impact of the proposed Merger on the solvency or viability of Kemper or Infinity or the ability of Kemper or Infinity to pay their respective obligations when they come due. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date thereof. Goldman Sachs' advisory services and the opinion expressed therein were provided for the information and assistance of the Kemper Board in connection with its consideration of the proposed Merger and such opinion does not constitute a recommendation as to how any holder of shares of Kemper common stock should vote with respect to the share issuance proposal or any other matter. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

*Summary of Financial Analysis*

The following is a summary of the material financial analyses presented by Goldman Sachs to the Kemper Board in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 12, 2018, and is not necessarily indicative of current market conditions.

*Analysis of Implied Premiums and Multiples*

Goldman Sachs calculated and compared certain premiums and multiples using the closing price for shares of Kemper common stock on February 12, 2018, the last completed trading day before Goldman Sachs delivered its opinion to the Kemper Board, and the implied value of the price to be paid by Kemper for each share of issued and outstanding Infinity common stock pursuant to the Merger Agreement based on the Mixed Consideration of 1.2019 shares of

Kemper common stock and \$51.60 in cash.

---

**Table of Contents**

Goldman Sachs calculated the implied value of the Merger Consideration as equal to \$121.01 per share of Infinity common stock by adding (a) the product of \$57.75, the closing price of shares of Kemper common stock on February 12, 2018, multiplied by 1.2019 shares of Kemper common stock (such product deriving an implied value of the stock portion of the Mixed Consideration of \$69.41) plus (b) \$51.60, the cash portion of the Mixed Consideration. Goldman Sachs calculated the implied value of the aggregate Merger Consideration as equal to \$1.329 billion by multiplying \$121.01 by the total number of fully diluted shares of Infinity common stock outstanding as of February 6, 2018, as provided by Infinity management.

Goldman Sachs calculated and compared the following:

the implied premiums represented by the implied value of the Merger Consideration of \$121.01 per share of Infinity common stock relative to

\$97.05, the closing price for shares of Infinity common stock on February 12, 2018,

\$103.25, the closing price for shares of Infinity common stock on January 10, 2018, the date on which Kemper and Infinity entered into an exclusivity agreement in connection with the potential Merger,

\$102.27, the volume-weighted average trading price ( *VWAP* ) of shares of Infinity common stock over the 30-trading day time period ended February 12, 2018,

\$104.79, the VWAP of shares of Infinity common stock over the 60-trading day time period ended February 12, 2018,

\$103.16, the VWAP of shares of Infinity common stock over the 90-trading day time period ended February 12, 2018,

\$108.85, the highest trading price of shares of Infinity common stock over the 52-week period ended February 12, 2018, and

\$83.55, the lowest trading price of shares of Infinity common stock over the 52-week period ended February 12, 2018;

the implied value of the aggregate Merger Consideration of \$1.329 billion (based on the implied value of the Mixed Consideration of \$121.01 per share of Infinity common stock) as a multiple of the book value ( *BV* ) and tangible book value ( *TBV* ) of Infinity, in each case as of December 31, 2017, both including and excluding accumulated other comprehensive income ( *AOCI* ) calculated based on information provided in the Infinity financial projections and approved for Goldman Sachs use by the management of Kemper; and

the \$121.01 implied value of the merger consideration per Infinity share as a multiple of the estimated earnings per share ( *EPS* ) for calendar years 2018 and 2019 for Infinity, calculated using the EPS estimates for Infinity for such years, both with and without Operating Synergies, as reflected in the Kemper-prepared Infinity financial projections (without synergies) and the Kemper-prepared Infinity financial projections (with synergies), and using the median EPS estimates for Infinity for such years published by the Institutional Broker Estimate System ( *IBES* ) as of February 12, 2018.

All trading prices of shares of Kemper common stock were as reported by the NYSE and all trading prices of Infinity common stock were as reported by NASDAQ.

**Table of Contents**

The results of these calculations and comparisons were as follows:

<b>\$121.01 Implied Merger Consideration</b>	
<b>Implied Premium to:</b>	
February 12, 2018 Closing Price of \$97.05	24.7%
January 10, 2018 Closing Price of \$103.25	17.2%
30-Day VWAP of \$102.27	18.3%
60-Day VWAP of \$104.79	15.5%
90-Day VWAP of \$103.16	17.3%
52-Week High of \$108.85	11.2%
52-Week Low of \$83.55	44.8%
<b>Aggregate Purchase Price as Multiple of:</b>	
Q4 2017 BV (including AOCI)	1.85x
Q4 2017 BV (excluding AOCI)	1.90x
Q4 2017 TBV (including AOCI)	2.06x
Q4 2017 TBV (excluding AOCI)	2.13x
<b>Price Per Infinity Share as Multiple of:</b>	
2018E EPS (without Operating Synergies)	22.9x
2019E EPS (without Operating Synergies)	21.3x
2018E EPS (with Operating Synergies)	19.5x
2019E EPS (with Operating Synergies)	13.6x
2018E EPS (IBES Median)	20.7x
2019E EPS (IBES Median)	19.2x

*Illustrative Discounted Dividend Analyses for Infinity*

Using the Kemper-prepared Infinity financial projections (without synergies) and the Kemper-prepared Infinity financial projections (with synergies), Goldman Sachs performed illustrative discounted dividend analyses for Infinity, on a standalone basis, to derive a range of illustrative present values per share of Infinity common stock, on a standalone basis, without and with Operating Synergies, respectively.

**Without Synergies.** Using a range of discount rates from 9.02% to 11.09%, reflecting estimates of Infinity's cost of equity, Goldman Sachs derived an illustrative equity value per share of Infinity common stock, on a standalone basis, excluding Synergies, by discounting to present value as of December 31, 2017, (a) the estimated total available distributions to Infinity shareholders for the years 2018 through 2020, as reflected in the Kemper-prepared Infinity financial projections (without synergies), and (b) a range of illustrative terminal values for Infinity, as of December 31, 2020, calculated by applying exit terminal year price to book value ( *P/BV* ) multiples ranging from 1.61x to 1.86x to the estimate of the post-distribution book value (including AOCI) of Infinity as of December 31, 2020, as reflected in the Kemper-prepared Infinity financial projections (without synergies) (which analysis implied 2021 price to earnings ( *P/E* ) multiples ranging from 15.5x to 17.9x). Goldman Sachs derived the range of discount rates by application of the capital asset pricing model, which requires certain company-specific inputs, including a

beta for the company, as well as certain financial metrics for the United States financial markets generally (the *CAPM* ). The range of P/BV multiples used by Goldman Sachs reflected, on the low-end, the P/BV multiple of 1.61x on the regression line (derived from the regression analysis performed based on the estimated 2018 return on equity ( *ROE* ) and the P/BV multiples for the selected companies as described below) corresponding to the estimated ROE for Infinity without Synergies of 10.1% for 2021, as reflected in the Kemper-prepared Infinity financial projections (without synergies) and, on the high-end, a P/BV multiple of 1.86x, reflecting a 15.6% premium to the regression line multiple (the same premium to the regression line multiple at which shares of Infinity common stock traded based on IBES median estimates as of February 12, 2018). Goldman Sachs then divided the ranges of illustrative equity values it derived for Infinity on a standalone basis by the total number of fully diluted shares of Infinity common stock

---

**Table of Contents**

outstanding as of February 6, 2018, as provided by Infinity management, to derive a range of illustrative present values per share of Infinity common stock of \$93.40 to \$111.06.

**With Operating Synergies.** Goldman Sachs performed the same discounted dividend analysis described above for Infinity, on a standalone basis, including Operating Synergies, using the same discount rates range of 9.02% to 11.09% used above but applying exit terminal year P/BV multiples ranging from 3.00x to 3.47x (which reflected, on the low-end, the P/BV multiple of 3.00x on the regression line (derived from the regression analysis performed based on the estimated 2018 ROE and the P/BV multiples for the selected companies as described below) corresponding to the estimated ROE for Infinity, with Operating Synergies, of 20.3% for 2021, as reflected in the Kemper-prepared Infinity financial projections (with synergies) and, on the high-end, a P/BV multiple of 3.47x, reflecting a 15.6% premium to the regression line multiple (the same premium to the regression line multiple at which shares of Infinity common stock traded based on IBES median estimates as of February 12, 2018). In addition, using the same discount rate range as specified above, Goldman Sachs discounted to present value as of December 31, 2017 (x) the Incremental Systems Conversions Synergies estimated by management of Kemper to be realized in 2021 and (y) an illustrative terminal value for the Incremental Systems Conversions Synergies as of December 31, 2021, calculated by applying an exit terminal year P/E multiple of 15.6x to the run-rate Incremental Systems Conversions Synergies estimated by Kemper management to be first realized in full in 2022. This analysis resulted in a range of illustrative present values per share of Infinity common stock of \$159.64 to \$189.18.

*Illustrative Discounted Dividend Analyses for Kemper*

Using the Kemper financial projections and the combined company financial projections, Goldman Sachs performed illustrative discounted dividend analyses for Kemper, to derive a range of illustrative present values per share of Kemper common stock, on a standalone basis and on a combined company basis, giving effect to the proposed Merger, respectively.

*Kemper on a Standalone Basis*

Using a range of discount rates of 11.77% to 13.84%, reflecting estimates of Kemper's cost of equity on a standalone basis, derived by application of the CAPM, Goldman Sachs derived an illustrative equity value per share of Kemper common stock, on a standalone basis, by discounting to present value as of December 31, 2017, (a) the estimated total available distributions to Kemper stockholders for the years 2018 through 2020, as provided in the Kemper financial projections and (b) a range of illustrative terminal values for Kemper, as of December 31, 2021, calculated by applying exit terminal year P/BV multiples ranging from 1.65x to 1.88x to the estimate of the post-distributions book value (including AOCI) of Kemper as of December 31, 2020, as reflected in the Kemper financial projections (which analysis implied exit 2021 P/E multiples ranging from 15.2x to 17.3x). The range of P/BV multiples used by Goldman Sachs reflected, on the low-end, the P/BV multiple of 1.65x on the regression line (derived from the regression analysis performed based on the estimated 2018 ROE and the P/BV multiples for the selected companies described below) corresponding to the estimated ROE for Kemper of 10.4% for 2021, as reflected in the Kemper financial projections and, on the high-end, a P/BV multiple of 1.88x, reflecting a 14.0% premium to the regression line multiple (the same premium to the regression line multiple at which shares of Kemper common stock traded based on IBES median estimates as of February 12, 2018). Goldman Sachs then divided these ranges of illustrative equity values it derived for Kemper on a standalone basis by the total number of fully diluted shares of Kemper common stock outstanding as of February 9, 2018, as provided by Kemper management, to derive a range of illustrative present values per share of Kemper common stock of \$58.73 to \$70.32.





---

**Table of Contents***Kemper on a Combined Company Basis*

Using a range of discount rates of 10.90% to 12.97%, reflecting estimates of Kemper's cost of equity on a combined company basis, derived by application of the CAPM, Goldman Sachs derived an illustrative equity value per share of Kemper common stock, on a combined company basis, by discounting to present value as of December 31, 2017, (a) the estimated total available distributions to Kemper stockholders for the years 2018 through 2020, as provided in the combined company financial projections, (b) a range of illustrative terminal values for Kemper, as of December 31, 2020, calculated by applying exit terminal year P/BV multiples ranging from 1.70x to 1.93x to the estimate of the post-distributions book value (including AOCI) of Kemper as of December 31, 2020, as reflected in the combined company financial projections (which analysis implied 2021 P/E multiples ranging from 15.1x to 17.2x), (c) estimates of the benefits to be derived by Kemper on a combined company basis from Operating Synergies in 2018 through 2020, as reflected in the combined company financial projections, and (d) (x) the Incremental Systems Conversions Synergies estimated by management of Kemper to be realized in 2021 and (y) an illustrative terminal value for the Incremental Systems Conversions Synergies as of December 31, 2021, calculated by applying an exit terminal year P/E multiple of 16.0x to the run-rate Incremental Systems Conversions Synergies estimated by Kemper management to be first realized in full in 2022. The range of P/BV multiples used by Goldman Sachs reflected, on the low-end, the P/BV multiple of 1.70x on the regression line (derived from the regression analysis performed based on the estimated 2018 ROE and the P/BV multiples for the selected companies described below) corresponding to the estimated ROE for Kemper of 10.4% for 2021, as reflected in the combined company financial projections and, on the high-end, a P/BV multiple of 1.93x reflecting a 14% premium to the regression line multiple (the same premium to the regression line multiple at which shares of Kemper common stock traded based on IBES median estimates as of February 12, 2018). Goldman Sachs then divided these ranges of illustrative equity values it derived for Kemper on a combined company basis by the total number of fully diluted shares of Kemper common stock expected to be outstanding after the proposed Merger, as provided by Kemper management, to derive a range of illustrative present values per share of Kemper common stock of \$67.87 to \$81.18, which, compared to the range of illustrative present values per share of Kemper common stock on a standalone basis derived based on the discounted dividend analysis for Kemper on a standalone basis described above, implied an increase in equity value per share of Kemper common stock ranging from \$9.14 to \$10.86.

*Illustrative Regression Analysis*

Goldman Sachs performed a regression analysis using the P/BV per share multiples for Kemper, Infinity and the selected publicly traded companies in the personal lines insurance industry listed below compared to the median estimates of 2018 ROE for Kemper, Infinity and the selected companies published by IBES as of February 12, 2018 to derive a regression line reflecting a range of P/BV per share multiples at a range of estimated 2018 ROE for Kemper, Infinity and the selected companies. Goldman Sachs calculated the P/BV multiples for Kemper, Infinity and the selected companies based on the closing prices per share for such companies and the respective book values per share for such companies based on information reflected in the companies' respective public filings and IBES median estimates as of February 12, 2018. The names of the

**Table of Contents**

selected publicly traded companies reviewed by Goldman Sachs and the respective P/BV per share multiples and median estimates of 2018 ROE observed for each such company are listed below:

Company	P/BV Multiple	2018 ROE Median Estimates (IBES)
Infinity	1.48x	7.7%
Kemper	1.44x	7.6%
The Allstate Corporation	1.58x	14.1%
The Progressive Corporation	3.32x	20.1%
Intact Financial Corporation	1.83x	10.6%
Mercury General Corporation	1.37x	8.9%
Horace Mann Educators Corporation	1.16x	7.5%
State Auto Financial Corporation	1.37x	5.2%
Safety Insurance Group, Inc.	1.60x	N/A
Donegal Group Inc.	1.02x	7.7%

Goldman Sachs applied to the regression line (i) the estimated 2019 and 2020 ROE for Kemper on a standalone basis and on a combined company basis giving effect to the proposed Merger, as reflected in the Kemper financial projections and the combined company financial projections, respectively, to derive corresponding P/BV multiples on the regression line and at a premium of 14% to the regression line (reflecting the premium to the regression line at which shares of Kemper common stock traded based on IBES median estimates as of February 12, 2018) and (ii) the estimated 2019 and 2020 ROE for Infinity on a standalone basis, without and with Operating Synergies, as reflected in the Kemper-prepared Infinity financial projections (without synergies) and the Kemper-prepared Infinity financial projections (with synergies), respectively, to derive corresponding P/BV multiples on the regression line and at a premium of 15.6% to the regression line (reflecting the premium to the regression line multiple at which shares of Infinity common stock traded based on IBES median estimates as of February 12, 2018).

The 2019 ROE for Kemper on a standalone basis of 9.8% corresponded to P/BV per share multiples of 1.57x on the regression line and 1.79x at a 14% premium to the regression line. The 2020 ROE for Kemper on a standalone basis of 10.3% corresponded to P/BV per share multiples of 1.63x on the regression line and 1.86x at a 14% premium to the regression line. Goldman Sachs applied these illustrative P/BV per share multiples to the book value per share (including AOCI) of Kemper on a standalone basis as of December 31 of 2018 and 2019, respectively, as reflected in the Kemper financial projections and discounted the results to present value as of December 31, 2017 using a discount rate of 12.81%, reflecting the midpoint estimate of Kemper's cost of equity on a standalone basis, derived by application of the CAPM, to derive illustrative values per share of Kemper common stock on a standalone basis ranging from \$59.63 to \$68.28.

The 2019 ROE for Kemper on a combined company basis of 9.5% corresponded to P/BV per share multiples of 1.53x on the regression line and 1.74x at a 14% premium to the regression line. The 2020 ROE for Kemper on a combined company basis of 10.7% corresponded to P/BV per share multiples of 1.69x on the regression line and 1.93x at a 14% premium to the regression line. Goldman Sachs applied these illustrative P/BV per share multiples to the book value per share (including AOCI) of Kemper on a combined company basis as of December 31 of 2018 and 2019, respectively, as reflected in the combined company financial projections and discounted the results to present value as of December 31, 2017 using a discount rate of 11.93%, reflecting the midpoint estimate of Kemper's cost of equity on a combined company basis, derived by application of the CAPM, to derive illustrative values per share of Kemper

common stock on a combined company basis ranging from \$63.86 to \$76.60, which, compared to the range of illustrative values per share of Kemper common stock derived based on the regression analysis for Kemper on a standalone basis described above, implied an increase in equity value per share of Kemper common stock ranging from \$4.23 to \$8.32.

---

**Table of Contents***Illustrative Present Value of Future Stock Price Analyses for Kemper*

Goldman Sachs performed an illustrative analysis of the implied present value of the future value per share of Kemper common stock on a standalone basis and on a combined company basis giving effect to the proposed Merger.

*Kemper on a Standalone Basis.* Goldman Sachs derived a range of theoretical future values per share of Kemper common stock on a standalone basis as of December 31, 2018 and 2019 by applying illustrative one year forward price to EPS multiples of 15.0x and 17.0x to the estimates of Kemper's EPS for the following fiscal year, based on Kemper's EPS as reflected in the Kemper financial projections. Goldman Sachs derived such multiples by adding or subtracting approximately 5% to or from, as applicable, Kemper's one year forward price to EPS multiple of 16.0x based on the IBES median 2018 EPS estimate for Kemper as of February 12, 2018 and the blended one year forward price to EPS multiple of Kemper and Infinity, based on the combined company's EPS as reflected in the combined company financial projections. By applying a discount rate of 12.81%, reflecting an estimate of Kemper's cost of equity on a standalone basis, derived by application of the CAPM, Goldman Sachs discounted to present value as of December 31, 2017 both the range of theoretical future values per share it derived for Kemper on a standalone basis and the estimated dividends to be paid per share of Kemper common stock on a standalone basis through the end of the applicable year as reflected in the Kemper financial projections, to yield illustrative present values per share of Kemper common stock on a standalone basis ranging from \$59.34 to \$68.26.

*Kemper on a Combined Company Basis.* Goldman Sachs also derived a range of theoretical future values per share of Kemper common stock on a combined company basis as of December 31, 2018 and 2019 by applying illustrative one year forward price to EPS multiples of 15.0x and 17.0x (derived as described above) to the estimates of Kemper's EPS for the following fiscal year, as reflected in the combined company financial projections, including the Operating Synergies. By applying a discount rate of 11.93%, reflecting an estimate of Kemper's cost of equity on a combined company basis, derived by application of the CAPM, Goldman Sachs discounted to present value as of December 31, 2017 both the range of theoretical future values per share it derived for Kemper on a combined company basis and the estimated dividends to be paid per share of Kemper common stock on a combined company basis through the end of the applicable year as reflected in the combined company financial projections, to yield illustrative present values per share of Kemper common stock on a combined company basis ranging from \$62.48 to \$77.36, which, compared to the range of illustrative values per share of Kemper common stock on a standalone basis derived based on the present value of future stock price analysis for Kemper on a standalone basis described above, implied an increase in equity value per share of Kemper common stock ranging from \$3.15 to \$9.10.

*General*

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Kemper or Infinity or the proposed Merger.

Goldman Sachs prepared these analyses for purposes of providing its opinion to the Kemper Board that, as of February 13, 2018, the date of its written opinion, and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was fair from a financial point of

view to Kemper. These analyses do not purport to be appraisals nor do they necessarily reflect

---

**Table of Contents**

the prices at which businesses or securities actually may be sold. Analyses based upon projections of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Kemper, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecasted.

The aggregate Merger Consideration to be paid by Kemper for all of the issued and outstanding shares of Infinity common stock pursuant to the Merger Agreement was determined through arm's-length negotiations between Kemper and Infinity and was approved by the Kemper Board. Goldman Sachs provided advice to Kemper during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Kemper or that any specific amount of consideration constituted the only appropriate consideration for the proposed Merger.

As described in *The Merger Recommendation of the Kemper Board and Its Reasons for the Merger*, Goldman Sachs opinion was one of many factors taken into consideration by the Kemper Board in making its determination to approve the proposed Merger and recommend that the Kemper stockholders approve the share issuance proposal. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the delivery of its fairness opinion to the Kemper Board and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex D to this joint proxy statement/prospectus.

Goldman Sachs and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of Kemper, Infinity and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the proposed Merger for the accounts of Goldman Sachs and its affiliates and employees and their customers. Goldman Sachs has acted as financial advisor to Kemper in connection with, and has participated in certain of the negotiations leading to, the proposed Merger. Goldman Sachs has provided certain financial advisory and/or underwriting services to Kemper and/or its affiliates from time to time for which Goldman Sachs Investment Banking Division has received, and may receive, compensation, including having acted as a joint book-running manager with respect to a public offering of Kemper's 4.350% Senior Notes due 2025 (aggregate principal amount \$200,000,000) in June 2017. During the two-year period ended February 12, 2018, Goldman Sachs has recognized compensation for financial advisory and/or underwriting services provided by its Investment Banking Division to Kemper and/or its affiliates of approximately \$325,000. During the two-year period ended February 12, 2018, Goldman Sachs did not recognize compensation for financial advisory and/or underwriting services provided by its Investment Banking Division to Infinity and/or its affiliates. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to Kemper, Infinity and their respective affiliates for which Goldman Sachs Investment Banking Division may receive compensation.

The Kemper Board selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed Merger. Pursuant to an engagement letter between Kemper and Goldman Sachs, dated February 11, 2018, Kemper engaged Goldman Sachs to act as its financial advisor in connection with the proposed Merger. The engagement letter between Kemper and Goldman Sachs provides for a transaction fee of \$13 million, all of which is contingent upon the closing. In addition, Kemper agreed to reimburse Goldman Sachs for certain of its expenses, including certain reasonable attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws arising out of Goldman Sachs' engagement on the terms set forth in the engagement letter.



---

**Table of Contents****Opinion of Infinity's Financial Advisor**

At the February 12, 2018 meeting of the Infinity Board, Deutsche Bank, financial advisor to Infinity, rendered its oral opinion to the Infinity Board, confirmed by delivery of a written opinion dated February 13, 2018, to the effect that as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the Merger Consideration was fair, from a financial point of view, to the holders of Infinity common stock (excluding Kemper and its affiliates). Deutsche Bank did not express any opinion as to the proration and election procedures in the Merger Agreement.

**The full text of Deutsche Bank's written opinion, dated February 13, 2018, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the review undertaken in connection with the opinion, is attached as Annex E and is incorporated by reference into this joint proxy statement/prospectus. A summary of Deutsche Bank's opinion is set forth in this joint proxy statement/prospectus in the section entitled "The Merger Opinion of Infinity's Financial Advisor" beginning on page 93 and is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank's opinion was approved and authorized for issuance by a Deutsche Bank fairness opinion review committee and was addressed to, and for the use and benefit of, the Infinity Board in connection with and for the purpose of its evaluation of the Merger. Deutsche Bank's opinion was limited to the fairness of the Merger Consideration, from a financial point of view, to the holders of Infinity common stock (excluding Kemper and its affiliates) as of the date of the opinion. The opinion did not address any other terms of the Merger or the Merger Agreement. Nor did the opinion address the terms of any other agreement entered into or to be entered into in connection with the Merger. The Infinity Board did not ask Deutsche Bank to, and Deutsche Bank's opinion did not, address the fairness of the Merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of Infinity, nor did it address the fairness of the contemplated benefits of the Merger. Deutsche Bank's opinion did not address the allocation of the Merger Consideration among the holders of Infinity common stock who receive the Mixed Consideration, the Cash Consideration or the Stock Consideration. Deutsche Bank expressed no opinion as to the merits of the underlying decision by Infinity to engage in the Merger or the relative merits of the Merger as compared to any alternative transactions or business strategies. Nor did Deutsche Bank express an opinion, and Deutsche Bank's opinion did not constitute a recommendation, as to how any holder of Infinity common stock should vote or act with respect to the Merger or any other matter, including whether any such holder should elect to receive the Mixed Consideration, the Cash Consideration or the Stock Consideration. In addition, Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of any parties to the Merger, or any class of such persons, in connection with the Merger whether relative to the Merger Consideration or otherwise. Deutsche Bank's opinion did not in any manner address the prices at which the Kemper common stock or the Infinity common stock will trade at any time.**

In connection with its role as a financial advisor to Infinity, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning Infinity and Kemper; certain internal analyses, financial forecasts and other information relating to Infinity prepared by management of Infinity (including the Infinity financial projections described on page 206 of this joint proxy statement/prospectus); and certain internal analyses, financial forecasts and other information relating to Kemper and the combined company prepared by management of Kemper and approved for Deutsche Bank's use by Infinity (including the Kemper financial projections described on page 206 of this joint proxy statement/prospectus). Deutsche Bank also held discussions with certain senior officers, other representatives and advisors of Infinity regarding the business and prospects of Infinity and with certain senior officers, other representatives and advisors of Kemper regarding the business and prospects of Kemper and the combined company. In addition, Deutsche Bank:



reviewed the reported prices and trading activity for the Infinity common stock and Kemper common stock;

---

**Table of Contents**

compared certain financial and stock market information for Infinity and Kemper with, to the extent publicly available, similar information for certain other companies it considered relevant whose securities are publicly traded;

reviewed, to the extent publicly available, the financial terms of recent business combinations which it deemed relevant;

reviewed the Merger Agreement; and

performed such other studies and analyses and considered such other factors as it deemed appropriate. Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify any information, whether publicly available or furnished to it, concerning Infinity or Kemper, including without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank, with the knowledge and permission of the Infinity Board, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or review any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities), of Infinity, Kemper or any of their respective subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of Infinity, Kemper, or any of their respective subsidiaries (or the impact of the Merger thereon) under any law relating to bankruptcy, insolvency or similar matters. With respect to the Infinity financial projections and Kemper financial projections made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed with the knowledge and permission of the Infinity Board that such Infinity financial projections and Kemper financial projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Infinity as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such Infinity financial projections and Kemper financial projections or the assumptions on which they were based. Deutsche Bank's opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it becomes aware of after the date of its opinion.

For purposes of rendering its opinion, Deutsche Bank assumed, with the knowledge and permission of the Infinity Board, that in all respects material to its analysis, the Merger would be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to its analysis. Deutsche Bank also assumed with the knowledge and permission of the Infinity Board, that all material governmental, regulatory or other approvals and consents required in connection with the closing would be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions would be imposed that would be material to its analysis. Deutsche Bank is not a legal, regulatory, tax or accounting expert and relied on the assessments made by Infinity and its other advisors with respect to such issues.

Infinity selected Deutsche Bank as its financial advisor in connection with the Merger based on Deutsche Bank's qualifications, expertise, reputation, experience in mergers and acquisitions. Pursuant to an engagement letter between Infinity and Deutsche Bank, dated December 21, 2017, Infinity has agreed to pay Deutsche Bank a transaction fee equal to 1% of the value of the aggregate consideration (as defined in the engagement letter), which equaled approximately \$13 million as of March 29, 2018, for its services as financial advisor to Infinity in connection with the

Merger, of which \$1.0 million became payable upon the delivery of Deutsche Bank's opinion (or would have become payable if Deutsche Bank had advised the Infinity Board that it was unable to render the opinion) and the remainder of which is contingent upon consummation of the Merger. Infinity also agreed to reimburse Deutsche Bank for all reasonable documented fees, expenses and disbursements of its counsel and all of Deutsche Bank's reasonable travel and other out-of-pocket expenses incurred in connection with the Merger or otherwise arising out of its engagement, in each case on the terms set forth in its engagement

---

## **Table of Contents**

letter. Infinity has also agreed to indemnify Deutsche Bank and its affiliates to the full extent lawful against certain liabilities, including certain liabilities arising out of its engagement or the Merger on the terms set forth in its engagement letter.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG (together with its affiliates, the **DB Group**). One or more members of the DB Group have, from time to time, provided, investment banking, commercial banking (including extension of credit) and other financial services to Kemper or its affiliates for which they have received, and in the future may receive, compensation. Based upon a review of its internal management information systems as of February 9, 2018, the DB Group had received less than 100,000 in fees for such services from Kemper since January 1, 2015. The DB Group may also provide investment and commercial banking services to Kemper, Infinity, and their respective affiliates in the future, for which Deutsche Bank would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of Kemper and Infinity and their respective affiliates for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

### ***Summary of Material Financial Analyses of Deutsche Bank***

The following is a summary of the material financial analyses presented by Deutsche Bank to the Infinity Board at its meeting held on February 12, 2018, and that were used in connection with rendering its opinion described above.

The following summary, however, does not purport to be a complete description of the financial analyses performed by Deutsche Bank, nor does the order in which the analyses are described represent the relative importance or weight given to the analyses by Deutsche Bank. Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand the analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of Deutsche Bank's analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 9, 2018, and is not necessarily indicative of current market conditions.

The Infinity financial projections and certain key items from the Kemper financial projections and certain updated financial information relating thereto or estimates for Infinity and Kemper provided to Deutsche Bank by Infinity management are described under **Certain Unaudited Prospective Financial Information** beginning on page 206.

### ***Infinity Material Financial Analyses***

#### ***Selected Companies Analysis***

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for Infinity with corresponding financial information and valuation measurements for the following four publicly traded companies, referred to in this section as the **Infinity selected companies** :

Kemper

Mercury General Corporation

National General Insurance Co.

Safety Insurance Group, Inc.

**Table of Contents**

Although none of the Infinity selected companies is directly comparable to Infinity, the companies included were chosen because they are publicly traded companies with financial and operating characteristics that, for purpose of analysis, may be considered similar to certain financial or operating characteristics of Infinity. Accordingly, the analysis of the Infinity selected companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in the opinion of Deutsche Bank, concerning differences in financial and operating characteristics of the Infinity selected companies and other factors that could affect the public trading values of such companies.

Based on the closing prices of the common stock of the Infinity selected companies on February 9, 2018, information contained in the most recent public filings of the Infinity selected companies and analyst consensus estimates of operating earnings per share for calendar years 2018 and 2019 for the Infinity selected companies, Deutsche Bank calculated the following multiples for each of the Infinity selected companies:

the ratio of stock price to tangible book value per share, referred to as **TBVPS**, as of September 30, 2017;

the ratio of stock price to book value per share, referred to as **BVPS**, as of September 30, 2017;

the ratio of stock price to estimated earnings per share ( **EPS** ) for calendar year 2018, referred to as **CY18E P/E**; and

the ratio of stock price to estimated EPS for calendar year 2019, referred to as **CY19E P/E**.

The results of this analysis are summarized as follows:

<b>Infinity Selected Companies</b>	<b>Price to 9/30/17 TBVPS</b>	<b>Price to 9/30/17 BVPS</b>	<b>CY 18E P/E</b>	<b>CY 19E P/E</b>
Kemper	1.69x	1.43x	14.2x	13.0x
Mercury General Corporation	1.41x	1.35x	14.4x	12.8x
National General Insurance Co.	2.09x	1.29x	8.1x	7.1x
Safety Insurance Group, Inc.	1.58x	1.58x	15.6x	15.1x
Mean	1.69x	1.41x	13.1x	12.0x
Median	1.63x	1.39x	14.3x	12.9x

Based in part upon the multiples of the Infinity selected companies described above and taking into account its professional judgment and experience, Deutsche Bank then calculated the following ranges of implied values per share of Infinity common stock on a fully diluted basis:

approximately \$93.85 to \$105.58 per share by applying multiples of 1.60x to 1.80x to Infinity's **TBVPS** as of September 30, 2017;

approximately \$85.17 to \$98.28 per share by applying multiples of 1.30x to 1.50x to Infinity's BVPS as of September 30, 2017;

approximately \$86.19 to \$106.08 per share by applying multiples of 13.0x to 16.0x to Infinity management estimates of 2018 EPS; and

approximately \$88.44 to \$111.51 per share by applying multiples of 11.5x to 14.5x to Infinity management estimates of 2019 EPS.

**Table of Contents***Selected Transaction Analysis*

Deutsche Bank reviewed certain publicly available information relating to the following seven personal auto insurance control transactions announced since January 1, 2009 with transaction equity values greater than \$150 million, referred to herein as the *selected transactions* :

<b>Date Announced</b>	<b>Acquirer</b>	<b>Target</b>
06/24/2016	National General Insurance Co.	Elara Holdings Inc./Direct General Corporation
06/10/2013	Travelers Co TRV	Dominion of Canada General Insurance Co.
09/25/2012	American Family Insurance	PGC Holdings Corp.
05/02/2012	Intact Financial Corp.	JEVCO Insurance Company
05/31/2011	Intact Financial Corp.	AXA Canada Inc.
02/02/2010	Tower Group Inc.	OneBeacon Insurance Group Personal Lines Business
04/16/2009	Farmers Group Inc.	21 <sup>st</sup> century (AIG Personal Auto)

The analysis of selected transactions was not simply mathematical, rather, it involved complex considerations and qualitative judgments, reflected in the opinion of Deutsche Bank, concerning differences in financial and operational characteristics of the target companies involved in the selected transactions and other factors that could affect the acquisition value of such companies.

With respect to each selected transaction and based on publicly available information, Deutsche Bank reviewed the publicly reported multiples or, as applicable, calculated the multiple of price to the target company's reported book value per share as of the last completed quarter prior to announcement.

The results of this analysis are summarized as follows:

<b>Selected Transactions</b>	<b>P/BV</b>
National General Insurance Co. / Elara Holdings Inc./Direct General Corporation	0.96x
Travelers Co TRV / Dominion of Canada General Insurance Co.	1.27x
American Family Insurance / PGC Holdings Corp.	1.77x
Intact Financial Corp. / JEVCO Insurance Company	1.30x
Intact Financial Corp. / AXA Canada Inc.	1.80x



Tower Group Inc. / OneBeacon

Insurance Group Personal Lines

Business	1.04x
Farmers Group Inc. / 21 <sup>st</sup> century	
(AIG Personal Auto)	0.85x
Mean	1.28x
Median	1.27x

Based in part upon the multiples for the selected transactions described above and taking into account its professional judgment and experience, Deutsche Bank applied a range of multiples of price to book value per share of 1.00x to 1.80x to Infinity's book value per share as of December 31, 2017 to derive a range of implied values per share of Infinity common stock of approximately \$65.87 to \$118.57 per share.

## **Table of Contents**

### *Dividend Discount Analysis*

Deutsche Bank performed a dividend discount analysis pursuant to which the value of Infinity common stock was estimated by adding (1) the estimated net present value of Infinity's future stream of dividend payments to Infinity shareholders for the years 2018 through 2020 plus (2) the estimated net present value of the terminal value of Infinity at the end of 2020 based upon certain operating and financial assumptions, forecasts and other information provided to Deutsche Bank by the management of Infinity. For purposes of such analysis, Deutsche Bank utilized discount rates of 10.5% to 12.5% and terminal values based on multiples of 1.60x to 1.80x projected tangible book value at the end of 2020 and 13.0x to 16.0x projected net income for 2021. For purposes of its analysis, at the direction of Infinity's management, Deutsche Bank derived Infinity's tangible book value by subtracting Infinity's publicly reported goodwill as of the end of the third quarter of fiscal 2017 from Infinity's estimated ending book value for calendar years 2018 and 2019, in each case as provided by Infinity management.

This analysis resulted in a range of implied present values per share of Infinity common stock of approximately \$89.07 to \$129.08 per share as of December 31, 2017.

### *Additional Information*

Deutsche Bank observed certain additional information that was not considered part of Deutsche Bank's financial analysis with respect to its opinion but was noted for informational purposes, including the following:

the historical trading performance of the Infinity common stock over the 52-week period ended February 9, 2018, which indicated low to high intraday stock prices for the Infinity common stock during such period of \$83.00 to \$110.63 per share; and

publicly available one-year forward Wall Street research analysts' stock price targets for the Infinity common stock, which ranged from a low of \$92.00 per share to a high of \$115.00 per share.

### ***Kemper Material Financial Analyses***

#### *Selected Companies Analysis*

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for Kemper with corresponding financial information and valuation measurements for the following four publicly traded companies, referred to in this section as the ***Kemper selected companies*** :

Mercury General Corporation

National General Insurance Co.

Safety Insurance Group, Inc.

### Infinity

Although none of the Kemper selected companies is directly comparable to Kemper, the companies included were chosen because they are publicly traded companies with financial and operating characteristics that, for purpose of analysis, may be considered similar to certain financial or operating characteristics of Kemper. Accordingly, the analysis of the Kemper selected companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in the opinion of Deutsche Bank, concerning differences in financial and operating characteristics of the Kemper selected companies and other factors that could affect the public trading values of such companies.

Based on the closing prices of the common stock of the Kemper selected companies on February 9, 2018, information contained in the most recent public filings of the Kemper selected companies, and analyst consensus estimates of operating earnings per share for calendar years 2018 and 2019 for the Kemper selected companies, Deutsche Bank calculated the following multiples for each of the Kemper selected companies:

the ratio of stock price to TBVPS as of September 30, 2017;

the ratio of stock price to BVPS as of September 30, 2017;

**Table of Contents**

CY18E P/E; and

CY19E P/E.

The results of this analysis are summarized as follows:

<b>Kemper Selected Companies</b>	<b>Price to 9/30/17 TBVPS</b>	<b>Price to 9/30/17 BVPS</b>	<b>CY 18E P/E</b>	<b>CY 19E P/E</b>
Mercury General Corporation	1.41x	1.35x	14.4x	12.8x
National General Insurance Co.	2.09x	1.29x	8.1x	7.1x
Safety Insurance Group, Inc.	1.58x	1.58x	15.6x	15.1x
Infinity	1.63x	1.46x	16.9x	15.2x
Mean	1.68x	1.42x	13.7x	12.5x
Median	1.61x	1.41x	15.0x	13.9x

Based in part upon the multiples of the Kemper selected companies described above and taking into account its professional judgment and experience, Deutsche Bank then calculated the following ranges of implied values per share of Kemper common stock on a fully diluted basis:

approximately \$51.30 to \$58.14 per share by applying multiples of 1.50x to 1.70x to Kemper's TBVPS as of September 30, 2017;

approximately \$52.62 to \$60.71 per share by applying multiples of 1.30x to 1.50x to Kemper's BVPS as of September 2017;

approximately \$54.79 to \$66.96 per share by applying multiples of 13.5x to 16.5x to estimates of Kemper's 2018 EPS as derived by Deutsche Bank as described below; and

approximately \$55.27 to \$68.54 per share by applying multiples of 12.5x to 15.5x to estimates of Kemper's 2019 EPS as derived by Deutsche Bank as described below.

For purposes of this analysis, at the direction of Infinity's management, Deutsche Bank derived Kemper's estimated 2018 and 2019 EPS by dividing the estimates of Kemper's 2018 and 2019 net income provided by Infinity's management by Kemper's fully diluted share count (using the treasury stock method).

*Dividend Discount Analysis*

Deutsche Bank performed a dividend discount analysis pursuant to which the value of Kemper common stock was estimated by adding (1) the estimated net present value of Kemper's future stream of dividend payments to Kemper stockholders for the years 2018 through 2020 plus (2) the estimated net present value of the terminal value of Kemper at the end of 2020 based upon certain operating and financial assumptions, forecasts and other information provided to Deutsche Bank by the management of Infinity. For purposes of such analysis, Deutsche Bank utilized discount rates of

9.5% to 11.5% and terminal values based on multiples of 1.60x to 1.80x projected tangible book value at the end of 2020 and 13.0x to 16.0x projected net income for 2021. For purposes of its analysis, at the direction of Infinity's management, Deutsche Bank derived Kemper's tangible book value by subtracting Kemper's publicly reported goodwill as of the end of the third quarter of fiscal 2017 from Kemper's estimated ending book value for calendar years 2018 and 2019, in each case as provided by Infinity's management. In addition, also at the direction of Infinity's management Deutsche Bank derived Kemper's estimated 2021 net income by applying a growth rate of 11% (representing the average net income growth rate for the prior two years) to Kemper's estimated 2020 net income as provided by Infinity's management.

This analysis resulted in a range of implied present values per share of Kemper common stock of approximately \$54.31 to \$70.02 per share as of December 31, 2017.

**Table of Contents***Additional Information*

Deutsche Bank observed certain additional information that was not considered part of Deutsche Bank's financial analysis with respect to its opinion but was noted for informational purposes, including the following:

the historical trading performance of the Kemper common stock over the 52-week period ended February 9, 2018, which indicated low to high intraday stock prices for the Kemper common stock during such period of approximately \$36.35 to \$71.52 per share; and

publicly available one-year forward Wall Street research analysts' stock price targets for the Kemper common stock, which ranged from a low of \$70.00 to a high of \$75.00 per share.

***Hypothetical Value to Infinity Shareholders***

Deutsche Bank also presented a sensitivity analysis demonstrating the hypothetical value to holders of Infinity common stock of the Mixed Consideration assuming \$51.60 per share in cash and 1.1903 shares of Kemper common stock per share of Infinity common stock (which was the implied exchange ratio for 60% of the nominal \$129.00 agreed value per share of Infinity common stock based on the 20-trading day volume-weighted average price of the Kemper common stock on February 9, 2018):

Kemper Stock Price	\$ 30.00	\$ 40.00	\$ 50.00	\$ 57.70 (1)	\$ 65.03 (2)	\$ 70.00	\$ 80.00	\$ 90.00
Cash	\$ 51.60	\$ 51.60	\$ 51.60	\$ 51.60	\$ 51.60	\$ 51.60	\$ 51.60	\$ 51.60
Value of Stock								
Consideration	\$ 35.71	\$ 47.61	\$ 59.51	\$ 68.68	\$ 77.40	\$ 83.32	\$ 95.22	\$ 101.13
Value of Merger								
Consideration	\$ 87.31	\$ 99.21	\$ 111.11	\$ 120.28	\$ 129.00	\$ 134.92	\$ 146.82	\$ 158.73

(1) Represents price per share as of February 9, 2018

(2) Represents 20 day volume weighted average price as of February 9, 2018

*Miscellaneous*

This summary is not a complete description of Deutsche Bank's opinion or the underlying analyses and factors considered in connection with Deutsche Bank's opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business and financial judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to partial analysis or summary description. Deutsche Bank believes that its analyses described above must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying its opinion. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Deutsche Bank opinion. In arriving at its fairness determination, Deutsche Bank considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, it made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction in the

analyses described above is identical to Infinity, Kemper or the Merger.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion as to the fairness of the Merger Consideration, from a financial point of view, to the holders of Infinity common stock (excluding Kemper and its affiliates) as of the date of the opinion and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. As described above, in connection with its analyses, Deutsche Bank made, and was provided by the management of Infinity with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Deutsche

---

**Table of Contents**

Bank, Infinity or Kemper. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Infinity, Kemper or their respective advisors, Deutsche Bank does not assume responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the Merger, including the Merger Consideration, were determined through arm's-length negotiations between Infinity and Kemper and were approved by the Infinity Board. Although Deutsche Bank provided advice to the Infinity Board during the course of these negotiations, the decision to enter into the Merger Agreement was solely that of the Infinity Board. Deutsche Bank did not recommend any specific consideration to Infinity or the Infinity Board, or that any specific amount or type of consideration constituted the only appropriate consideration for the Merger. As described above, the opinion of Deutsche Bank and its presentation to the Infinity Board were among a number of factors taken into consideration by the Infinity Board in making its determination to approve the Merger Agreement and the transactions contemplated thereby.

**Kemper's Dividend Policy**

Each share of Kemper common stock is entitled to receive a dividend when declared by the Kemper Board. Kemper has paid quarterly dividends since September 5, 1990 and intends to continue paying regular quarterly dividends to its stockholders. However, any decision to pay dividends on its common stock will be at the discretion of the Kemper Board, which may determine not to declare dividends at all or at an amount less than it has historically paid. The Kemper Board's determination to declare dividends will depend upon Kemper's profitability and financial condition, contractual restrictions, restrictions imposed by applicable law and the SEC and other factors that the Kemper Board deems relevant. As a holding company with no significant business operations of its own, Kemper relies on dividends from its insurance subsidiaries to meet its obligations and pay dividends to its stockholders. Kemper's insurance subsidiaries are subject to significant regulatory restrictions under state insurance laws and regulations that limit their ability to declare and pay dividends. These laws and regulations impose minimum solvency and liquidity requirements on dividends between affiliated companies and require prior notice to, and may require approval from, state insurance regulators before dividends can be paid. In addition, third-party rating agencies monitor statutory capital and surplus levels for capital adequacy. Even though a dividend may be payable to Kemper from one of its insurance subsidiaries without regulatory approval, such insurance subsidiary may forgo paying a dividend to Kemper and retain the capital to maintain or improve the ratings of Kemper's insurance subsidiaries, or to offset increases in required capital from increases in premium volume or investment risk. The inability of one or more of Kemper's insurance subsidiaries to pay sufficient dividends to Kemper may materially affect Kemper's ability to pay dividends to its stockholders.

**Regulatory Approvals*****U.S. Antitrust Clearance***

Under the HSR Act and the rules promulgated thereunder by the FTC, the Merger may not be completed until notification and report forms have been filed with the FTC and the DOJ and the applicable waiting periods have expired. On February 28, 2018, Kemper and Infinity each filed a notification and report form under the HSR Act with the FTC and the DOJ. Early termination of the waiting period under the HSR Act was granted by the FTC on March 12, 2018.

***Insurance Regulatory Approvals***



The insurance laws and regulations of all 50 U.S. states and the District of Columbia generally require that before the acquisition of control of an insurance company, either through the acquisition of or merger with the insurance company or a holding company of that insurance company, the acquiring party must obtain approval from the state insurance regulatory authority of the insurance company's state of domicile (or state of commercial domicile, if applicable). In addition, many U.S. state insurance laws require prior notification to state

---

**Table of Contents**

insurance regulatory authorities of an acquisition of control of a non-domiciliary insurance company doing business in that state if the acquisition would result in specified levels of market concentration. While these prior-notification statutes do not authorize the state insurance regulatory authorities to disapprove the acquisition of control, they authorize regulatory action in the affected state, including requiring the insurance company to cease and desist from doing certain types of business in the affected state or denying an application for a license to do business in the affected state, if particular conditions exist, such as substantially lessening of competition in any line of business in such state.

Applications or notifications in connection with the Merger or the changes in control of various subsidiaries of Infinity that may be deemed to occur as a result of the Merger have been filed, pursuant to the Merger Agreement, with various U.S. state insurance regulatory authorities, including the California Department of Insurance, the Indiana Department of Insurance, the Ohio Department of Insurance and the Texas Department of Insurance.

Although Kemper and Infinity do not expect those insurance regulatory authorities to raise any significant concerns in connection with their review of the Merger, there is no assurance that Kemper and Infinity will obtain all required regulatory approvals on a timely basis, if at all.

Other than the approvals and notifications described above, neither Kemper nor Infinity is aware of any material regulatory approvals required to be obtained, or waiting periods required to expire, after the making of a filing. If the parties discover that other approvals or filings and waiting periods are necessary, they will seek to obtain or comply with them, although, as is the case with the regulatory approvals described above, there can be no assurance that they will be obtained on a timely basis, if at all. However, if any such regulatory approvals shall impose a materially burdensome condition, Kemper and Merger Sub will not be obligated to complete the Merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page 125.

**Commitment to Obtain Third-Party Approvals**

Subject to the terms and conditions of the Merger Agreement, Kemper and Infinity have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the transactions contemplated by the Merger Agreement, including: (i) obtaining all necessary actions or non-actions, waivers, consents, qualifications and approvals from governmental entities and making all necessary registrations, filings and notifications and taking all reasonable steps as may be necessary to obtain an approval, clearance, non-action letter, waiver or exemption from any governmental entity (including under the HSR Act and the requisite regulatory approvals); (ii) obtaining all necessary consents, qualifications, approvals, waivers or exemptions from non-governmental third parties; (iii) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging the Merger Agreement or the consummation of the transactions contemplated by the Merger Agreement, including seeking to have any stay or temporary restraining order entered by any court or other governmental entity vacated or reversed, but excluding any lawsuits or other legal proceedings brought by or against any insurance regulator; and (iv) executing and delivering any additional documents or instruments necessary to consummate the transactions contemplated by the Merger Agreement and to carry out the Merger Agreement. Notwithstanding the foregoing, Kemper and its subsidiaries will not be obligated to, and Infinity and its subsidiaries will not, without the prior written consent of Kemper, consent to, take or refrain from taking any action that shall constitute a materially burdensome condition. See The Merger Agreement Efforts to Complete the Merger beginning on page 138.

Other than the approvals and notifications described above, neither Kemper nor Infinity is aware of any material regulatory approvals required to be obtained, or waiting periods required to expire, after the making of a filing. If the parties discover that other approvals or filings and waiting periods are necessary, they will seek to obtain or comply

with them, although, as is the case with the regulatory approvals described above, there can be no assurance that they will be obtained on a timely basis, if at all. While Kemper and Infinity believe that they will receive the requisite regulatory approvals for the Merger, there can be no assurances regarding the timing of

---

**Table of Contents**

the approvals, their ability to obtain the approvals on satisfactory terms or the absence of litigation challenging these approvals. There can likewise be no assurance that U.S. federal or state regulatory authorities including state insurance regulators will not attempt to challenge the Merger on antitrust grounds or for other reasons, or, if a challenge is made, as to the results of the challenge. Kemper's and Infinity's obligation to complete the Merger is conditioned upon the receipt of certain regulatory approvals from regulators and other governmental authorities. However, if any such regulatory approvals shall impose a materially burdensome condition, Kemper and Merger Sub will not be obligated to complete the Merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page 125.

**Material U.S. Federal Income Tax Consequences**

The following is a general discussion of the material U.S. federal income tax consequences to U.S. holders and non-U.S. holders (in each case, as defined below) of (i) the receipt of the Merger Consideration in exchange for shares of Infinity common stock pursuant to the Merger and (ii) the ownership and disposition of any shares of Kemper common stock received in the Merger in exchange for shares of Infinity common stock. This discussion is based upon the Internal Revenue Code of 1986, as amended (the *Code*), the U.S. Treasury regulations promulgated thereunder, and judicial and administrative authorities, rulings and decisions, all as in effect as of the date of this joint proxy statement/prospectus. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any state, local or non-U.S. tax consequences, the Medicare tax on net investment income (under Section 1411 of the Code) or any U.S. federal tax consequences other than those pertaining to the U.S. federal income tax. This discussion is not binding on the Internal Revenue Service (the *IRS*), or the courts and, therefore, could be subject to challenge, which could be sustained.

This discussion applies only to holders (as defined below) that hold shares of Infinity common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment) and to non-U.S. holders that will hold any shares of Kemper common stock received in the Merger in exchange for shares of Infinity common stock as capital assets. Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to holders in light of their particular circumstances and does not apply to holders subject to special treatment under the U.S. federal income tax laws (such as, but not limited to, dealers or brokers in securities, commodities or non-U.S. currencies, traders in securities that elect to apply a mark-to-market method of accounting, banks and certain other financial institutions, insurance companies, mutual funds, tax-exempt organizations, holders liable for the alternative minimum tax, partnerships, S corporations or other pass-through entities or investors in partnerships, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, former citizens or residents of the United States, U.S. expatriates, non-U.S. governments and their controlled entities, U.S. holders whose functional currency is not the U.S. dollar, holders who hold shares of Infinity common stock as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, or holders who acquired shares of Infinity common stock pursuant to the exercise of employee stock options, through a tax qualified retirement plan or otherwise as compensation).

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of Infinity common stock, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any such entity should consult its own tax advisor regarding the tax consequences of (i) the receipt of the Merger Consideration in exchange for shares of Infinity common stock pursuant to the Merger and (ii) the ownership and disposition of any shares of Kemper common stock received in the Merger in exchange for shares of Infinity common stock.

Holders of shares of Infinity common stock should consult their tax advisors as to the specific tax consequences to them of (i) the receipt of the Merger Consideration in exchange for shares of Infinity common stock pursuant to the

Merger and (ii) the ownership and disposition of any shares of Kemper common stock received in the Merger in exchange for shares of Infinity common stock, in each case including the applicability

## **Table of Contents**

and effect of the alternative minimum tax and any state, local, non-U.S. and other tax laws, in light of their particular circumstances.

### Tax Consequences to U.S. Holders

For purposes of this discussion, the term ***U.S. holder*** means a beneficial owner of shares of Infinity common stock that is:

an individual who is a citizen or resident of the United States, as defined in the Code;

a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;

a trust if (i) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) it was in existence on August 20, 1996 and it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes; or

an estate the income of which is subject to U.S. federal income taxation regardless of its source.

### ***Receipt of the Merger Consideration in Exchange for shares of Infinity Common Stock pursuant to the Merger by U.S. holders***

The receipt of the Merger Consideration by U.S. holders in exchange for shares of Infinity common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder who receives the Merger Consideration in exchange for shares of Infinity common stock pursuant to the Merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between (i) the amount of any cash received (including any cash received in lieu of fractional shares of Kemper common stock) and the fair market value (as of the closing) of any shares of Kemper common stock received in such exchange and (ii) the U.S. holder's adjusted tax basis in such shares of Infinity common stock. Gain or loss must be determined separately for each block of shares of Infinity common stock (i.e., shares acquired for the same cost in a single transaction) disposed of pursuant to the Merger. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the U.S. holder's holding period for such shares of Infinity common stock is more than one year as of the date of the Merger. Long-term capital gains of certain non-corporate U.S. holders, including individuals, are generally subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. A U.S. holder's aggregate tax basis in any shares of Kemper common stock received in the Merger will equal the fair market value of such shares as of the closing. The holding period of any shares of Kemper common stock received in the Merger will begin on the day after the Merger.

### ***Ownership of Shares of Kemper Common Stock Received in the Merger by U.S. holders***

A distribution of cash or other property (other than certain pro rata distributions of shares of Kemper common stock or rights to acquire shares of Kemper common stock) made to a U.S. holder with respect to a share of Kemper common

stock received in the Merger generally will be treated as a dividend to the extent it is paid from Kemper's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of such distribution exceeds Kemper's current and accumulated earnings and profits, such excess generally will be treated first as a tax-free return of capital to the extent of the U.S. holder's adjusted tax basis in such share of Kemper common stock, and then as capital gain (which will be treated in the manner described below under "Sale, Exchange or Other Disposition of Shares of Kemper Common Stock by U.S. holders").

Distributions treated as dividends that are received by non-corporate holders of Kemper common stock generally will be subject to a reduced U.S. federal income tax rate if such holders meet certain holding period

---

**Table of Contents**

and other applicable requirements. If a dividend received by a non-corporate holder that qualifies for the rate reduction is an extraordinary dividend within the meaning of Section 1059 of the Code, any loss recognized by such non-corporate holder on a subsequent disposition of the stock will be treated as long-term capital loss to the extent of such extraordinary dividend, irrespective of such holder's holding period for the stock.

Subject to certain limitations (including holding period requirements), distributions on Kemper common stock constituting dividends paid out of earnings and profits to U.S. holders that are corporations generally will qualify for the dividends received deduction. Any distribution (or the portion of any distribution) that exceeds Kemper's current and accumulated earnings and profits will not be eligible for the dividends received deduction.

***Sale, Exchange or Other Disposition of Shares of Kemper Common Stock by U.S. holders***

U.S. holders generally will recognize capital gain or loss on a sale or other disposition of Kemper common stock equal to the difference between the amount realized upon the sale or other disposition and the adjusted tax basis in the shares sold or exchanged. Such capital gain or loss generally will be long-term capital gain or loss if the holding period for the shares sold or exchanged is more than one year. Long-term capital gains of individuals generally are subject to a reduced rate of taxation. The deductibility of net capital losses is subject to limitations.

***Information Reporting and Backup Withholding for U.S. holders***

The receipt of the Merger Consideration by U.S. holders in exchange for shares of Infinity common stock pursuant to the Merger, the amount of dividends paid to U.S. holders on shares of Kemper common stock, and proceeds received from the disposition of Kemper common stock generally will be subject to information reporting and may be subject to backup withholding (currently at a rate of 24%). To avoid backup withholding, a U.S. holder should timely complete and return IRS Form W-9, certifying that such U.S. holder is a United States person as defined under the Code, the taxpayer identification number provided is correct and such U.S. holder is not subject to backup withholding. Certain types of U.S. holders (including, with respect to certain types of payments, corporations) generally are not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a holder's U.S. federal income tax liability if the required information is furnished by such holder on a timely basis to the IRS.

***Tax Consequences to Non-U.S. Holders***

For purposes of this discussion, the term ***non-U.S. holder*** means (i) a beneficial owner of shares of Infinity common stock that is not a U.S. holder and is not an entity or arrangement treated as a partnership for U.S. federal income tax purposes and (ii) after the closing, a beneficial owner described in clause (i) that beneficially owns shares of Kemper common stock received in the Merger in exchange for his or her shares of Infinity common stock.

***Receipt of the Merger Consideration in Exchange for Shares of Infinity Common Stock Pursuant to the Merger by non-U.S. holders***

Subject to the discussion below under **Information Reporting and Backup Withholding for non-U.S. holders**, the receipt of the Merger Consideration by non-U.S. holders in exchange for shares of Infinity common stock pursuant to the Merger generally will not be subject to U.S. federal income tax unless:



the gain, if any, on such shares is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to the non-U.S. holder's permanent establishment in the United States), in which event (i) the non-U.S. holder generally will be subject to U.S. federal income tax in substantially the same manner as if it were a U.S. holder and (ii) if the non-U.S. holder is a corporation, it may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified under an applicable

---

**Table of Contents**

income tax treaty) on its effectively connected earnings and profits that are not reinvested in the United States for the taxable year, subject to certain adjustments;

the non-U.S. holder is an individual who was present in the United States for 183 days or more in the taxable year of the exchange of shares of Infinity common stock for the Merger Consideration pursuant to the Merger and certain other conditions are met, in which event the non-U.S. holder will be subject to tax at a rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on the gain from the exchange of shares of Infinity common stock net of applicable U.S. capital losses from sales or exchanges of capital assets recognized during the year; or

Infinity is or has been a U.S. real property holding corporation ( *USRPHC* ), as defined in Section 897 of the Code at any time within the five-year period preceding the Merger and certain other conditions are satisfied (Infinity believes that, as of the effective time, Infinity will not have been a USRPHC at any time within the five-year period ending on the date thereof).

***Ownership of Shares of Kemper Common Stock Received in the Merger by non-U.S. holders***

A distribution of cash or other property (other than certain pro rata distributions of shares of Kemper common stock or rights to acquire shares of Kemper common stock) made to a non-U.S. holder with respect to a share of Kemper common stock received in the Merger generally will be treated as a dividend to the extent it is paid from Kemper's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of such distribution exceeds Kemper's current and accumulated earnings and profits, such excess generally will be treated first as a tax-free return of capital to the extent of the non-U.S. holder's adjusted tax basis in such share of Kemper common stock, and then as capital gain (which will be treated in the manner described below under *Sale, Exchange or Other Disposition of Shares of Kemper Common Stock by non-U.S. holders* ).

A distribution treated as a dividend on a share of Kemper common stock that is paid to or for the account of a non-U.S. holder generally will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty if the non-U.S. holder provides the documentation (generally IRS Form W-8BEN or W-8BEN-E) required to claim benefits under such tax treaty to the applicable withholding agent. Even if Kemper's current or accumulated earnings and profits are less than the amount of the distribution, the applicable withholding agent may elect to treat the entire distribution as a dividend for U.S. federal withholding tax purposes. Each non-U.S. holder should consult its own tax advisor regarding U.S. federal withholding tax on distributions, including such non-U.S. holder's eligibility for a lower rate and the availability of a refund of any excess U.S. federal tax withheld.

If, however, a dividend is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to the non-U.S. holder's permanent establishment in the United States), such dividend generally will not be subject to the 30% U.S. federal withholding tax if such non-U.S. holder provides the appropriate documentation (generally, IRS Form W-8ECI) to the applicable withholding agent. Instead, such non-U.S. holder generally will be subject to U.S. federal income tax on such dividend in substantially the same manner as a U.S. person. In addition, a non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on its effectively connected earnings and profits that are not reinvested in the United States for the taxable year, subject to certain adjustments.

The foregoing discussion is subject to the discussion below under FATCA Withholding and Information Reporting and Backup Withholding for non-U.S. holders.

---

**Table of Contents**

***Sale, Exchange or Other Disposition of Shares of Kemper Common Stock by non-U.S. holders***

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain recognized on the sale, exchange or other disposition of shares of Kemper common stock received in the Merger unless:

such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to the non-U.S. holder's permanent establishment in the United States), in which event such non-U.S. holder generally will be subject to U.S. federal income tax on such gain in substantially the same manner as a U.S. person and, if it is treated as a corporation for U.S. federal income tax purposes, may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on its effectively connected earnings and profits that are not reinvested in the United States for the taxable year, subject to certain adjustments;

such non-U.S. holder is an individual who was present in the United States for 183 days or more in the taxable year of such sale, exchange or other disposition and certain other conditions are met, in which event such non-U.S. holder will be subject to tax at a rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on the gain from the sale, exchange or other disposition of shares of Kemper common stock net of applicable U.S. capital losses from sales or exchanges of capital assets recognized during the year; or

Kemper is or has been a USRPHC for U.S. federal income tax purposes at any time during the shorter of (i) the five-year period ending on the date of such sale, exchange or other disposition and (ii) such non-U.S. holder's holding period with respect to such common stock, and certain other conditions are met (Kemper believes that it presently is not, and does not presently anticipate that it will become, a USRPHC).

The foregoing discussion is subject to the discussion below under **FATCA Withholding and Information Reporting and Backup Withholding for non-U.S. holders.**

***FATCA Withholding***

Under the Foreign Account Tax Compliance Act provisions of the Code and related U.S. Treasury guidance (**FATCA**), a withholding tax of 30% will be imposed in certain circumstances on payments of (i) dividends on shares of Kemper common stock and (ii) on or after January 1, 2019, gross proceeds from the sale or other disposition of shares of Kemper common stock. In the case of payments made to a foreign financial institution (such as a bank, a broker, an investment fund or, in certain cases, a holding company), as a beneficial owner or as an intermediary, this tax generally will be imposed, subject to certain exceptions, unless such institution (i) has agreed to (and does) comply with the requirements of an agreement with the United States (an **FFI Agreement**) or (ii) is required by (and does comply with) applicable non-U.S. law enacted in connection with an intergovernmental agreement between the United States and a non-U.S. jurisdiction (an **IGA**) to, among other things, collect and provide to the U.S. tax authorities or other relevant tax authorities certain information regarding U.S. account holders of such institution and, in either case, such institution provides the withholding agent with a certification as to its FATCA status. In the case of payments made to a non-U.S. entity that is not a financial institution (as a beneficial owner or as an intermediary for the beneficial owner), the tax generally will be imposed, subject to certain exceptions, unless such entity provides the withholding agent with a certification as to its FATCA status and, in certain cases, identifies any substantial U.S.

owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity). If shares of Kemper common stock are held through a foreign financial institution that has agreed to comply with the requirements of an FFI Agreement or is subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold tax on payments made to (i) a person (including an individual) that fails to provide any required information or documentation or (ii) a foreign financial institution that has not agreed to comply with the requirements of an FFI Agreement and is not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA. Each non-U.S. holder

---

**Table of Contents**

should consult its own tax advisor regarding the application of FATCA to the ownership and disposition of any shares of Kemper common stock received in the Merger.

***Information Reporting and Backup Withholding for non-U.S. holders***

Amounts paid to a non-U.S. holder that are treated as payments of dividends on shares of Kemper common stock and the amount of any U.S. federal tax withheld from such payments generally will be reported annually to the IRS and to such non-U.S. holder by the applicable withholding agent.

The information reporting and backup withholding rules that apply to payments of dividends to certain U.S. persons generally will not apply to payments of dividends on shares of Kemper common stock to a non-U.S. holder if such non-U.S. holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption.

Proceeds from the sale, exchange or other disposition of shares of Kemper common stock by a non-U.S. holder effected outside the United States through a non-U.S. office of a non-U.S. broker generally will not be subject to the information reporting and backup withholding rules that apply to payments to certain U.S. persons, provided that the proceeds are paid to the non-U.S. holder outside the United States. However, proceeds from the sale, exchange or other disposition of shares of Kemper common stock by a non-U.S. holder effected through a non-U.S. office of a non-U.S. broker with certain specified U.S. connections or of a U.S. broker generally will be subject to these information reporting rules (but generally not to these backup withholding rules), even if the proceeds are paid to such non-U.S. holder outside the United States, unless such non-U.S. holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption. Proceeds from the sale, exchange or other disposition of shares of Kemper common stock by a non-U.S. holder effected through a U.S. office of a broker generally will be subject to these information reporting and backup withholding rules unless such non-U.S. holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability if the required information is furnished by such non-U.S. holder on a timely basis to the IRS.

**Accounting Treatment**

Financial Accounting Standards Board ( *FASB* ) ASC 805 requires the use of the acquisition method of accounting for business combinations. In applying the acquisition method, it is necessary to identify the acquirer and the acquiree for accounting purposes. In a business combination effected through an exchange of equity interests, the entity that issues the equity interests is generally considered the acquirer, but there are other factors in ASC 805 that must also be considered. Kemper management considered these other factors and determined that Kemper will be considered the acquirer of Infinity for accounting purposes. The total purchase price will be allocated to the assets acquired and liabilities assumed from Infinity based on their fair values as of the date of the completion of the transactions, with any excess allocated to goodwill. Reports of financial condition and results of operations of Kemper issued after the closing will include Infinity's balances and results after the closing, and Kemper's historical financial position and results of operations will not be restated retroactively to include the historical financial position or results of operations of Infinity prior to the closing. Following the closing, the earnings of the combined company will include acquisition accounting adjustments (e.g., additional depreciation of property, plant and equipment, amortization of identified intangible assets or other impacts from the purchase price allocation).

In accordance with the FASB ASC 350, *Intangibles-Goodwill and Other*, goodwill resulting from the purchase business combination will not be amortized but instead will be tested for impairment at least annually

## **Table of Contents**

(more frequently if certain indicators are present). If Kemper management determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

### **Listing of Kemper Common Stock**

It is a condition to the closing that the shares of Kemper common stock to be issued in connection with the Merger be approved for listing on the NYSE, subject to official notice of issuance.

### **Delisting and Deregistration of Infinity Common Stock**

If the Merger is completed, Infinity common stock will be, pursuant to the rules and regulations of NASDAQ, delisted from NASDAQ and deregistered under the Exchange Act, and Infinity will no longer be publicly traded or file periodic reports with the SEC.

### **Interests of Infinity's Directors and Executive Officers in the Merger**

When considering the Infinity recommendation, Infinity shareholders should be aware that directors and executive officers of Infinity have certain interests in the Merger that may be different from or in addition to the interests of Infinity shareholders generally. The Infinity Board was aware of these interests and considered them, among other things, in evaluating and negotiating the Merger Agreement and the Merger. The Infinity Board considered these interests in recommending that the Infinity shareholders approve the merger proposal. These interests are discussed below.

### ***Certain Assumptions***

Except as otherwise specifically noted, for purposes of quantifying the potential payments and benefits described in this section, the following assumptions, as well as those described in the footnotes to the tables in the section entitled *Quantification of Potential Payments and Benefits to Infinity's Named Executive Officers in Connection with the Merger* below, were used:

The closing constitutes a change of control for purpose of each applicable compensation plan or agreement;

The change in control was completed on the effective time, which is assumed to be [X], the latest practicable date prior to the filing of this joint proxy statement/prospectus;

Each named executive officer's employment was terminated without cause or with good reason immediately following the change of control;

The relevant price per share of Infinity common stock is \$118.44, which is the average closing price per share of Infinity's common stock as quoted on the NASDAQ over the first five (5) trading days following the first public announcement of the Merger on February 13, 2018; and



The value of all Infinity performance share awards is estimated assuming achievement of the applicable performance goals at target, including performance awards that have a performance period ending in 2017 because the actual level of achievement has not yet been determined by the Infinity Board's Compensation Committee with respect to those Infinity performance share awards.

***Treatment of Infinity Equity Awards in the Merger***

As of the date of this joint proxy statement/prospectus, certain of Infinity's executive officers and directors hold Infinity performance share awards and Infinity restricted shares. In accordance with the Merger Agreement, as of the effective time: (i) each outstanding Infinity performance share award will vest with respect to the target share amount and will be converted into shares of Kemper common stock (provided that any such shares of Kemper common stock held after payment of required withholding taxes may not be sold or transferred prior to the first anniversary of the date of the closing), with the number of such shares of Kemper common stock subject to each

---

**Table of Contents**

Infinity performance share award determined by multiplying the target share amount by the exchange ratio; (ii) each outstanding award of Director Restricted Shares will vest in full and be eligible to receive the Merger Consideration; and (iii) each outstanding award of Infinity restricted shares (other than Director Restricted Shares) will be cancelled without any acceleration of vesting and in exchange Kemper will grant the Rollover RSUs determined by multiplying the number of cancelled Infinity restricted shares by the exchange ratio, with such Rollover RSUs vesting in accordance with any applicable award or other agreement between the recipient of such Rollover RSUs and Kemper (or an affiliate thereof). The Rollover RSUs will be subject to the terms and conditions of Kemper's 2011 Omnibus Equity Plan, as amended and restated (the *Kemper Plan*), as well as any applicable award agreement.

See the section entitled *Quantification of Potential Payments and Benefits to Infinity's Named Executive Officers in Connection with the Merger* for an estimate of the amounts that would become payable to each of Infinity's named executive officers in respect of their unvested Infinity stock-based awards. Based on the assumptions described under *Certain Assumptions* and the additional assumptions used for purposes of estimating amounts for non-employee directors, the estimated aggregate amount that would become payable to Infinity's non-employee directors in respect of their Director Restricted Shares is \$0, which reflects the fact that Infinity's non-employee directors are not receiving their annual equity grants for 2018 (see *Cash Payment to Directors* below) and therefore will not hold unvested Director Restricted Shares at closing.

For more information on equity holdings of Infinity's non-employee directors and executive officers, see the section entitled *Security Ownership of Certain Beneficial Owners and Management of Infinity Common Stock*.

***Payment Upon Termination of Employment Under Individual Agreements***

***Kemper Retention Letter Agreements with Glen N. Godwin, Samuel J. Simon and Robert H. Bateman***

In connection with the Merger, on February 13, 2018, Messrs. Godwin, Simon and Bateman each entered into a letter agreement with Kemper (collectively, the *Letter Agreements*), which describe the terms of each executive's employment with Kemper following the effective time. Provided that each executive continues to be employed with Infinity through the effective time, the applicable Letter Agreement will become effective upon, and subject to, the effective time and will extend the term of the executive's employment agreement with Infinity until the second anniversary of the closing (the *Term*).

Under the Letter Agreements, Mr. Godwin will continue to serve as Chief Executive Officer of Infinity (which will be a wholly owned subsidiary of Kemper upon the closing), Mr. Simon will continue to serve as President and General Counsel of Infinity, and Mr. Bateman will continue to serve as Executive Vice President and Chief Financial Officer of Infinity. Each executive will continue to receive an annual base salary during the Term that is not less than his current base salary of \$550,000 (for Mr. Godwin), \$475,000 (for Mr. Simon) or \$400,000 (for Mr. Bateman) and will be entitled to receive an annual bonus under Kemper's annual bonus program for each year during the Term, but with a minimum annual bonus in the amount of 100% of his base salary (prorated for partial years of employment), payable at the same time as paid to other management employees and subject to the executive's continued employment through such payment date.

The Letter Agreements also provide that each executive will be entitled to receive a retention bonus equal to the cash severance benefit that he would have received under his current employment agreement with Infinity if his employment had been terminated by Infinity immediately prior to the expiration of the Term for a reason other than cause (as defined in each executive's current employment agreement). The retention bonus will be paid within thirty (30) days after the end of the Term. If an executive's employment is terminated by the combined company prior to the expiration of the Term for a reason other than cause (as defined in the executive's current employment agreement) or

the executive resigns during the Term for good reason (as defined below), the executive will not be entitled to the retention bonus described above but will be entitled to the severance benefits payable under, and subject to the terms and conditions of, his current employment agreement. An executive will not be entitled to any severance benefits if his employment is terminated by the combined

---

**Table of Contents**

company for cause (as defined in the executive's current employment agreement) or if he resigns without good reason (as defined below). The severance benefits payable under each executive's current employment agreement upon such qualifying termination are as follows (in addition to the payment of certain accrued obligations):

Lump-sum payment of two (2) times the executive's most recent annual base salary, paid sixty (60) days following the executive's termination of employment;

Lump-sum payment, paid sixty (60) days following the executive's termination of employment, equal to the sum of (i) the executive's annual bonus target, pro-rated based on the actual number of days elapsed in the year in which the executive's termination takes place, plus (ii) two (2) times the executive's annual bonus target;

For a period of eighteen (18) months following the executive's termination of employment (the ***Post-Termination Benefit Period***), employer-subsidized continuation of certain health and welfare benefits; and

Cash payment in lieu of 401(k) plan matching and supplemental contributions in respect of the Post-Termination Benefit Period (based on applicable eligible wages, matching elections, earnings and contribution percentages as in effect prior to termination), paid in a lump sum within two and a half months following the termination.

For purposes of the Letter Agreements, "good reason" has the same meaning as set forth in each executive's current employment agreement except that clause (I) of that definition is amended and restated to mean the assignment to the executive of duties that are materially inconsistent with his position with the combined company after the closing or a material adverse diminution in the nature of his responsibilities or authority from those in effect immediately after the closing, and will not include the changes to his position caused by the Merger, by Infinity becoming a wholly owned subsidiary of Kemper or by Infinity ceasing to be a public company.

The Letter Agreements provide that each executive will not sell or transfer the shares of Kemper common stock received in respect of their Infinity performance share unit awards prior to the 12-month anniversary of the closing. In addition, the Letter Agreements provide that the Rollover RSUs granted to each executive pursuant to the terms of the Merger Agreement will vest in full upon the earlier of (i) the expiration of the Term or (ii) the original vesting date of each executive's Infinity restricted shares prior to being cancelled and replaced by the Rollover RSUs, provided that the executive remains in continuous employment with the combined company through such applicable date and subject to the terms and conditions of the Kemper Plan and the applicable award agreement. If an executive's employment is terminated prior to the expiration of the Term by the combined company for a reason other than cause (as defined in the executive's current employment agreement), the vesting of the Rollover RSUs will accelerate as of the date of termination (subject to the executive's execution and non-revocation of a waiver and release in accordance with the terms of his current employment agreement).

The Letter Agreements also provide that Kemper will, as soon as practicable after the closing, grant each executive a special award of time-vested restricted stock units having a grant date value equal to \$1,000,000. The special grant will vest in full at the expiration of the Term, provided that the executive remains in continuous employment with the combined company through that date and subject to the terms and conditions of the Kemper Plan and the applicable

award agreement. If an executive's employment is terminated prior to the expiration of the Term by the combined company for a reason other than cause (as defined in the executive's current employment agreement), the vesting of the special grant will accelerate as of the date of termination (subject to the executive's execution and non-revocation of a waiver and release in accordance with the terms of his current employment agreement). The shares of Kemper common stock that are subject to the special grant and that become vested will be payable to the executive 12 months after they become vested, provided that the executive is in compliance with the restrictive covenants included in his current employment agreement and the special grant award agreement during such 12-month period.

---

**Table of Contents**

The Letter Agreements further provide that each executive will be eligible for annual grants of equity awards under the Kemper Plan, consistent with similarly situated Kemper officers, and they will be entitled to participate in Kemper's 401(k), medical, life insurance and disability benefit plans enjoyed by similarly situated officers. During the Term, each executive will be eligible for severance benefits only as provided under their current employment agreements (as amended by the Letter Agreements) and not under any other severance plan, policy or agreement maintained by the combined company.

***Cash Payments to Directors***

Pursuant to the terms of his Employment Agreement dated September 11, 2014 between Infinity and James R. Gober, Infinity's Executive Chairman of the Board of Directors, as amended (the ***Gober Employment Agreement***), Mr. Gober's employment term expired February 28, 2018. In connection with entering into the Merger Agreement, the Infinity Board deemed it in the best interests of Infinity and its shareholders to maintain the continuity of management, operational and regulatory affairs, and corporate governance leadership provided by Mr. Gober's continued employment. Therefore, the Infinity Board approved the extension of Mr. Gober's employment term for a period commencing March 1, 2018 through the effective time, and as payment for such continued service, the Infinity Board approved a salary in the amount of \$287,500 per annum, payable in accordance with Infinity's normal payroll practices, for the duration of the extended term of Mr. Gober's employment.

As discussed in the section entitled ***The Merger Background of the Merger*** beginning on page 59, the Infinity Board established the Term Sheet Committee for the purpose of remaining in contact with Infinity management with respect to developments regarding Kemper's non-binding offer letters and negotiations of the Merger Agreement. Samuel J. Weinhoff, as Chairman of the Term Sheet Committee, was in contact on various occasions with Messrs. Godwin or Simon and Joseph P. Lacher Jr. throughout the negotiation process. In addition, Victor T. Adamo, Richard J. Bielen, Teresa A. Canida and James L. Weidner, as the remaining members of the Term Sheet Committee, kept in contact with Mr. Weinhoff regarding his discussions with Messrs. Godwin or Simon and Mr. Lacher and in communicating such information to Infinity management throughout the negotiation process. As compensation for the Term Sheet Committee's services throughout the negotiation of the Merger Agreement, the Nominating and Corporate Governance Committee of the Infinity Board approved a payment to Mr. Weinhoff, as Chairman of the committee, in the amount of \$25,000 and payments to each other member of the Term Sheet Committee in the amount of \$20,000, with such payments being paid in the first quarter of 2018.

In accordance with Infinity's normal practices regarding annual director compensation, each Infinity non-employee director is granted an annual equity retainer having a value of \$80,000 as partial payment of such annual director compensation. Because the equity grant would take place between the signing and closing of the Merger Agreement, and the Merger Agreement prohibits Infinity from issuing equity between signing and closing, the Infinity Board agreed to pay all annual director compensation in cash for 2018. As a result, the Infinity Board approved a cash retainer of \$80,000 to each non-employee director in lieu of the normal annual equity retainer, payable on June 1, 2018.

***Indemnification and Insurance***

Pursuant to the terms of the Merger Agreement, certain former Infinity directors and executive officers will be entitled to certain ongoing indemnification and coverage under directors' and officers' liability insurance policies following the effective time. Such indemnification and insurance coverage is further described in the section entitled ***The Merger Agreement Director and Officer Indemnification*** beginning on page 151.

***Quantification of Potential Payments to Infinity Named Executive Officers in Connection with the Merger***

The information below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation for each Infinity named executive officer that is based on or otherwise

**Table of Contents**

relates to the merger. Under applicable SEC rules, Infinity's named executive officers for this purpose are required to consist of Infinity's named executive officers for whom disclosure was required in Infinity's most recent proxy statement filed with the SEC, who are:

James R. Gober, former Chief Executive Officer;

Glen N. Godwin, Chief Executive Officer;

Samuel J. Simon, President and General Counsel; and

Robert H. Bateman, Executive Vice President, Chief Financial Officer and Treasurer

To the extent that any of Infinity's named executive officers' compensation arrangements are described in The Merger Interests of Infinity's Directors and Executive Officers in the Merger, they are incorporated herein by reference. The amounts set forth in the table below, which represent an estimate of each named executive officer's golden parachute compensation, as of March 15, 2018, are based on the assumptions set forth above under Certain Assumptions .

The amounts reported below are estimated based on multiple assumptions that may or may not actually occur, including the assumptions described above under Certain Assumptions and elsewhere in this joint proxy statement/prospectus. As a result, the golden parachute compensation, if any, to be received by a named executive officer may materially differ from the amounts set forth below.

**INFINITY PROPERTY AND CASUALTY CORPORATION****Golden Parachute Compensation Disclosure**

<b>Name</b>	<b>Cash Severance (1)</b>	<b>Equity (2)</b>	<b>Pension Enhancements (3)</b>	<b>Perquisites/Benefits (4)</b>	<b>Total</b>
James R. Gober Executive Chairman, Former Chief Executive Officer (5)		\$1,143,301			\$1,143,301
Glen N. Godwin Chief Executive Officer	\$2,432,658	\$3,035,951	\$91,030	\$202,500	\$5,762,139
Samuel J. Simon President and General Counsel	\$1,996,301	\$2,976,441	\$83,737	\$210,078	\$5,266,558
Robert H. Bateman	\$1,504,877	\$3,064,252	\$70,032	\$113,956	\$4,753,117



Executive Vice President,

Chief Financial Officer and  
Treasurer

(1) *Cash*. For Messrs. Godwin, Simon and Bateman, the amounts in this column reflect the value of cash severance payments which each executive would be entitled to receive upon a qualifying termination of employment immediately following the effective time of the merger pursuant to the Letter Agreements (which incorporate the severance benefits payable under each executive's current employment agreement upon such a termination of employment). As discussed above in the section entitled "Payment Upon Termination of Employment Under Individual Agreements," upon such a termination of employment each of Messrs. Godwin, Simon and Bateman would be entitled to receive the following cash severance benefits: (i) a lump-sum payment of two times the executive's most recent annual base salary, paid sixty (60) days following the executive's termination of employment; and (ii) a lump-sum payment, paid sixty (60) days following the executive's termination of employment, equal to the sum of (a) the executive's annual bonus target, pro-rated based on the actual number of days elapsed in the year in which the executive's termination takes place, plus (b) two times the executive's annual bonus target. For more information, see the section above entitled "Payment Upon Termination of Employment Under Individual Agreements."

(2) *Equity*. The amounts in this column reflect: (i) the value in respect of Rollover RSUs that would vest upon a qualifying termination immediately following the effective time in accordance with the applicable equity plan

---

**Table of Contents**

and award agreement (or, with respect to Messrs. Godwin, Simon and Bateman, in accordance with the Letter Agreements); (ii) the value in respect of outstanding Infinity performance share unit awards that vest at target performance levels pursuant to the Merger Agreement; and (iii) the value in respect of the special grant of time-vested Kemper restricted stock units made to Messrs. Godwin, Simon and Bateman under the Letter Agreements, which would accelerate in full upon a qualifying termination of employment pursuant to the Letter Agreements.

(3) *Pension Enhancements*. For Messrs. Godwin, Simon and Bateman, the amounts in this column reflect the value of cash payments in lieu of 401(k) plan matching and supplemental contributions in respect of the Post-Termination Benefit Period, which each executive would be entitled to receive upon a qualifying termination of employment immediately following the effective time pursuant to the Letter Agreements (which incorporate the severance benefits payable under each executive's current employment agreement upon such a termination of employment). For more information, see the section above entitled Payment Upon Termination of Employment Under Individual Agreements.

(4) *Perquisites/Benefits*. For Messrs. Godwin, Simon and Bateman, the amounts in this column reflect the value of employer-subsidized continuation of certain health and welfare benefits for the Post-Termination Benefit Period, which each executive would be entitled to receive upon a qualifying termination of employment immediately following the effective time pursuant to the Letter Agreements (which incorporate the severance benefits payable under each executive's current employment agreement upon such a termination of employment). For more information, see the section above entitled Payment Upon Termination of Employment Under Individual Agreements.

(5) Mr. Gober was Chief Executive Officer of Infinity for part of the last fiscal year.

**Board of Directors of Kemper After the Merger**

In connection with the Merger, Kemper has agreed to take all actions necessary to cause, as of the effective time, the election as a member of the Kemper Board of one (1) individual who is serving as a director of Infinity as of February 13, 2018 or immediately prior to the closing. The decision as to which individual will be so elected by the Kemper Board shall be in the sole discretion of Kemper and shall comply with the policies of the Kemper Board's Nominating and Corporate Governance Committee, Kemper's corporate governance guidelines, applicable laws and the NYSE's rules and regulations. As of the date of this joint proxy statement/prospectus, no determination has been made as to the individual who will be appointed to the Kemper Board as of the effective time. Information about the current Kemper directors and executive officers can be found in the documents listed under the heading Where You Can Find More Information beginning on page 216.

**Table of Contents****THE MERGER AGREEMENT**

*The following summary describes the material provisions of the Merger Agreement. The summary set forth below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. You should read the Merger Agreement carefully in its entirety, as it is the legal document governing the transaction.*

*The Merger Agreement and the following summary have been included to provide you with information regarding the terms and conditions of the Merger Agreement and the transactions contemplated thereby. It is not intended to provide any other factual information about Kemper, Merger Sub or Infinity or any of their respective subsidiaries or affiliates. That information can be found elsewhere in this joint proxy statement/prospectus and in the other public documents that Kemper and Infinity file with the SEC. See Where You Can Find More Information beginning on page 216.*

*The representations, warranties and covenants contained in the Merger Agreement were made only for purposes of that agreement and as of specific dates, were solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by disclosures not reflected in the Merger Agreement, were made for the purpose of allocating contractual risk between the parties to the Merger Agreement instead of establishing matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to you and reports and documents filed with the SEC. You are not third party beneficiaries under the Merger Agreement and you should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Kemper, Merger Sub or Infinity or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in Kemper's or Infinity's public disclosures.*

**Structure and Completion of the Merger**

On the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub, a wholly owned subsidiary of Kemper, will merge with and into Infinity, with Infinity surviving the Merger as a wholly owned subsidiary of Kemper.

The Merger will occur on the date on which closing of the Merger actually occurs (the ***closing date***), which date will be no later than the third business day after the date upon which all of the conditions to closing contained in the Merger Agreement (other than those conditions that are waived or that may only be satisfied on the closing date, but subject to the satisfaction of such conditions) are satisfied or waived (or on such other date as Kemper and Infinity may agree). See Conditions to Completion of the Merger beginning on page 125).

The Merger will become effective at the time that the certificate of merger (with respect to the Merger) has been filed with, and accepted by, the Secretary of State of the State of Ohio, or at such later date and time agreed to by the parties and specified in the certificate of merger (the ***effective time***).

The closing is expected to occur during the third quarter of 2018, subject to the satisfaction or waiver of applicable closing conditions. See Conditions to Completion of the Merger beginning on page 125.

**Merger Consideration**

*Conversion of Shares*

The Merger Agreement provides that at the effective time, each share of Infinity common stock issued and outstanding (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its

---

**Table of Contents**

subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law ( *appraisal shares* ) will be cancelled and converted into the right to receive, at the election of the holders of such shares of Infinity common stock, either (i) a combination of shares of Kemper common stock and cash, (ii) an amount of cash or (iii) shares of Kemper common stock, in each case as further described below, subject to the automatic proration and adjustment procedures described below under Merger Consideration Cash Consideration beginning on page 116, Merger Consideration Stock Consideration beginning on page 117 and The Merger Agreement Allocation of Merger Consideration and Illustrative Elections and Calculations beginning on page 117.

The consideration to be paid to Infinity shareholders electing to receive only Cash Consideration or Stock Consideration is subject, pursuant to the terms of the Merger Agreement, to automatic proration to ensure that the total amount of cash paid and the total number of shares of Kemper common stock issued in the Merger is approximately the same as what would be paid and issued if all Infinity shareholders were to receive the Mixed Consideration. Accordingly, the total number of shares of Kemper common stock to be issued and the total amount of cash to be paid by Kemper as part of the Merger Consideration will not change from what was agreed to in the Merger Agreement (other than for adjustment in the event that there is any change in the outstanding shares or classes of capital stock of Kemper or Infinity as a result of any reclassification, stock split (including a reverse stock split), recapitalization, split-up, combination, exchange or readjustment of shares or other similar transaction, or any stock dividend or stock distribution that is declared thereon (a *capital stock adjustment event* )). However, since the market price of Kemper common stock will fluctuate, the total value of the Mixed Consideration and the value of the Stock Consideration may increase or decrease between the date of the Merger Agreement and the effective time. Accordingly, the value of the actual per share consideration to be paid to Infinity shareholders cannot be determined until after the effective time. No fractional shares of Kemper common stock will be issued in the Merger, and Infinity shareholders will receive cash in lieu of any fractional shares of Kemper common stock.

***Mixed Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes an election to receive a fixed combination of cash and Kemper common stock (each, a *mixed consideration electing share* ), and each share for which an Infinity shareholder fails to make any election with respect to such shareholder's shares of Infinity common stock prior to the Election Deadline (each, a *non-electing share* ), will be converted into the right to receive the Mixed Consideration.

***Cash Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes a valid election to receive cash (each, a *cash electing share* ) will be converted into the right to receive the Cash Consideration, provided that the available cash election amount (as defined below) equals or exceeds the cash election amount (as defined below). The amount of Cash Consideration that each cash electing share is entitled to receive is referred to as the *per share cash election consideration*.

Notwithstanding anything contained in the first sentence of the immediately preceding paragraph to the contrary, if:

the product of (i) the number of cash electing shares and (ii) the per share cash election consideration (the *cash election amount* ) exceeds

the difference between (i) the product of (A) \$51.60 and (B) the total number of shares of Infinity common stock (other than shares held by Kemper or any of its direct or indirect wholly owned subsidiaries or Infinity or any of its subsidiaries and appraisal shares) issued and outstanding immediately prior to the effective time minus (ii) the product of (A) \$51.60 and (B) the number of mixed consideration electing shares (including any non-electing shares) (such difference, the *available cash election amount* ),

**Table of Contents**

then each cash electing share will be converted into a right to receive:

an amount of cash, without interest, equal to the product (rounded to two decimal places) of (i) the per share cash election consideration and (ii) a fraction, the numerator of which will be the available cash election amount and the denominator of which will be the cash election amount (the *cash fraction* ) and

a number of shares of Kemper common stock equal to the product of:

(i) the sum (the *exchange ratio* ) of 1.2019 shares of Kemper common stock (the *mixed election stock exchange ratio* ), plus the quotient (rounded to four decimal places) of \$51.60 divided by \$64.40 (i.e., 2.0031), and

an amount equal to one, minus the cash fraction.

***Stock Consideration***

The Merger Agreement provides that each share of Infinity common stock with respect to which an Infinity shareholder makes a valid election to receive stock (each, a *stock electing share* ) will be converted into the right to receive the Stock Consideration, provided that the cash election amount equals or exceeds the available cash election amount.

Notwithstanding anything contained in the first sentence of the immediately preceding paragraph to the contrary, if the available cash election amount exceeds the cash election amount, then each stock electing share will be converted into the right to receive:

an amount of cash, without interest, equal to the amount (rounded to two decimal places) of such excess divided by the number of stock electing shares (such fraction, the *excess cash amount* ) and

a number of shares of Kemper common stock equal to the product (rounded to four decimal places) of (x) the exchange ratio and (y) a fraction, the numerator of which will be the per share cash election consideration minus the excess cash amount and the denominator of which will be the per share cash election consideration (the *stock fraction* ).

**Allocation of Merger Consideration and Illustrative Elections and Calculations**

The aggregate amount of cash and the aggregate number of shares of Kemper common stock to be paid and issued, respectively, to Infinity shareholders pursuant to the Merger are fixed (in each case subject to adjustment in the event that there is any capital stock adjustment event). If the elections of all of the Infinity shareholders result in an oversubscription or undersubscription of the available cash election amount, the aggregate amount of cash or Kemper common stock, as applicable, that is paid to Infinity shareholders will not be adjusted. Rather, the exchange agent will allocate between cash and shares of Kemper common stock in the manner described above under Merger Consideration Cash Consideration beginning on page 116 and Merger Consideration Stock Consideration beginning on

page 117, and as illustrated below to ensure that the total amount of cash to be paid and the total number of shares of Kemper common stock to be issued by Kemper in the Merger represents approximately 40% and 60% of the aggregate Merger Consideration, respectively (taking into account the Director Restricted Shares, as described above under The Merger Interests of Infinity's Directors and Executive Officers in the Merger Treatment of Infinity Equity Awards in the Merger beginning on page 109). Accordingly, there is no assurance that an Infinity shareholder that has made a valid election to receive the Cash Consideration or the Stock Consideration will receive the form or combination of consideration elected with respect to the shares of Infinity common stock held by such shareholder. See Risk Factors Infinity shareholders may receive a form or combination of consideration different from what they elect.

Set forth below are illustrations of both an oversubscription of cash and an undersubscription of cash and the resulting automatic proration and adjustment of those shareholders electing to receive the Cash Consideration or the Stock Consideration, as applicable.



**Table of Contents*****General Assumptions for All Illustrations***

Number of shares of Infinity common stock outstanding as of closing	10,935,412
Per share cash amount	\$ 51.60
Mixed election stock exchange ratio	1.2019
Exchange ratio	2.0031(1)
Fixed Volume-Weighted Average Price	\$ 64.40(2)

- (1) Determined by adding the mixed election stock exchange ratio (1.2019) and the quotient (rounded to four decimal places) of (x) the per share cash amount (\$51.60) divided by (y) the fixed volume-weighted average price (\$64.40).
- (2) The fixed volume-weighted average price set forth in the Merger Agreement and in this row is the volume-weighted average price of a share of Kemper common stock on the NYSE for the period of the 20 consecutive trading days ending on the day prior to the date of the Merger Agreement (February 12, 2018).

***Illustration #1: Oversubscription of Cash Consideration/Undersubscription of Stock Consideration******Additional Assumptions for Illustration #1***

Number of cash electing shares	8,201,559
Number of mixed consideration electing shares	1,093,541
Number of stock electing shares	1,640,312

***Determination of the Cash Election Amount and the Available Cash Election Amount*****Cash Election Amount**

Number of cash electing shares	8,201,559
Per share cash election consideration	\$ 129.00(1)
Cash election amount	\$ 1,058,020,466.68(2)

- (1) Determined by adding the per share cash amount of \$51.60 and the product (rounded to two decimal places) of (x) the mixed election stock exchange ratio (1.2019) multiplied by (y) the fixed volume-weighted average price (\$64.40).
- (2) Determined by multiplying the number of cash electing shares (8,201,559) by the unrounded per share cash election consideration (\$129.00).

**Available Cash Election Amount**

10,935,412

Edgar Filing: KEMPER Corp - Form S-4

Number of shares of Infinity common stock outstanding as of closing	
Per share cash amount	\$ 51.60
Number of mixed consideration electing shares	1,093,541
Available cash election amount	\$ 507,840,543.60(1)

- (1) Determined by calculating the difference between (i) the product of (x) the per share cash amount (\$51.60) and (y) the total number of shares of Infinity common stock issued and outstanding immediately prior to the effective time (10,935,412) minus (ii) the product of (x) the number of mixed consideration electing shares (1,093,541) and (y) the per share cash amount (\$51.60).

**Table of Contents**

Given that the cash election amount exceeds the available cash election amount, the Merger Consideration to be paid to mixed consideration electing shares, cash electing shares and stock electing shares would be determined as follows:

Each mixed consideration electing share of Infinity common stock would receive:

\$51.60 in cash, and

1.2019 shares of Kemper common stock.

Each cash electing share of Infinity common stock would receive (as illustrated below):

\$61.92 in cash, and

1.0416 shares of Kemper common stock.

Each stock electing share of Infinity common stock would receive 2.0031 shares of Kemper common stock.

*Determination of Adjustment to Merger Consideration for Cash Electing Shares***Cash Portion of Adjusted Consideration for Cash Electing Shares**

Per share cash election consideration	\$ 129.00(1)
Cash fraction	0.48(2)
Cash portion of consideration	\$ 61.92(3)

- (1) Represents the amount of cash (rounded to two decimal places) determined by adding the per share cash amount of \$51.60 and the product of (x) the mixed election stock exchange ratio (1.2019) multiplied by the fixed volume-weighted average price (\$64.40).
- (2) Represents the available cash election amount (\$507,840,543.60) divided by the cash election amount (\$1,058,020,466.68).
- (3) Determined by multiplying the per share cash election consideration by the cash fraction (0.48).

**Stock Portion of Adjusted Consideration for Cash Electing Shares**

Exchange ratio	2.0031
One minus the cash fraction	0.52
Stock portion of consideration	1.0416(1)

- (1) Determined by multiplying (x) the exchange ratio (2.0031) by (y) one minus the cash fraction (0.52).

***Illustration #2: Undersubscription of Cash Consideration/Oversubscription of Stock Consideration***

*Additional Assumptions for Illustration #2*

Number of cash electing shares	1,640,312
Number of mixed consideration electing shares	1,093,541
Number of stock electing shares	8,201,559

**Table of Contents***Determination of the Cash Election Amount and the Available Cash Election Amount***Cash Election Amount**

Number of cash electing shares	1,640,312
Per share cash election consideration	\$ 129.00(1)
Cash election amount	\$ 211,604,119.13(2)

- (1) Determined by adding the per share cash amount of \$51.60 and the product (rounded to two decimal places) of (x) the mixed election stock exchange ratio (1.2019) multiplied by (y) fixed volume-weighted average price (\$64.40).
- (2) Determined by multiplying the number of cash electing shares (1,640,312) by the unrounded per share cash election consideration (\$129.00).

**Available Cash Election Amount**

Number of shares of Infinity common stock outstanding as of closing	10,935,412
Per share cash amount	\$ 51.60
Number of mixed consideration electing shares	1,093,541
Available cash election amount	\$ 507,840,543.60(1)

- (1) Determined by calculating the difference between (i) the product of (x) the per share cash amount (\$51.60) and (y) the total number of shares of Infinity common stock issued and outstanding immediately prior to the effective time (10,935,412) minus (ii) the product of (x) the number of mixed consideration electing shares (1,093,541) and (y) the per share cash amount (\$51.60).

Given that the available cash election amount exceeds the cash election amount, the Merger Consideration to be paid to mixed consideration electing shares, cash electing shares and stock electing shares would be determined as follows:

Each mixed consideration electing share of Infinity common stock would receive:

\$51.60 in cash, and

1.2019 of a share of Kemper common stock.

Each cash electing share of Infinity common stock would receive \$129.00 in cash.

Each stock electing share of Infinity stock would receive (as illustrated below):

\$36.12 in cash, and

1.4422 shares of Kemper common stock.

*Determination of Adjustment to Merger Consideration for Stock Electing Shares*

Cash Portion of Adjusted Consideration for Stock Electing Shares

Cash election amount	\$ 211,604,119.13
Available cash election amount	\$ 507,840,543.6
Cash portion of consideration	\$ 36.12(1)

- (1) Represents the amount of cash (rounded to two decimal places) determined by calculating the amount by which the available cash election amount exceeds the cash election amount (\$211,604,119.13) and dividing such number by the number of stock electing shares (8,201,559).

**Table of Contents****Stock Portion of Adjusted Consideration for Stock Electing Shares**

Exchange ratio	2.0031
Stock fraction	0.72(1)
Stock portion of consideration	1.4422(2)

- (1) Represents (x) the per share cash election consideration (\$129.00) minus the cash portion of the consideration determined above (\$36.12) divided by (y) the per share cash election consideration (\$129.00).
- (2) Represents the product (rounded to four decimal places) determined by multiplying (x) the exchange ratio (2.0031) by (y) the stock fraction (0.72).

**Manner and Procedure for Exchanging Shares of Infinity Common Stock; No Fractional Shares**

Prior to the effective time, Kemper will make available with the exchange agent, for the benefit of the holders of shares of Infinity common stock, the full number of shares of Kemper common stock issuable in connection with the Merger based on a good faith estimate thereof, and will provide or will cause to be provided to the exchange agent all of the cash necessary to pay the cash portion of the Merger Consideration. After the effective time on the appropriate payment date, if applicable, Kemper will provide or cause to be provided to the exchange agent any dividends or other distributions payable on such shares of Kemper common stock pursuant to the Merger Agreement.

Kemper will instruct the exchange agent to mail, as soon as reasonably practicable after the effective time, to each Infinity shareholder of record of a share certificate whose shares of Infinity common stock were converted into the right to receive the Merger Consideration pursuant to the Merger Agreement (i) a letter of transmittal (which will specify that delivery will be effected, and risk of loss and title to any share certificates will pass, only upon proper delivery of a form of election and any share certificates to the exchange agent and will be in such form and have such other provisions as Kemper may reasonably specify) and (ii) instructions for use in effecting the surrender of the share certificates in exchange for the Merger Consideration and matters relating thereto.

Upon surrender of a share certificate for cancellation to the exchange agent or to such other agent or agents as may be appointed by Kemper, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the exchange agent, the holder of such share certificate will be entitled to receive in exchange therefor the amount of cash and the number of whole shares of Kemper common stock (which will be in non-certificated book-entry form) which the aggregate number of shares Infinity company stock previously represented by such share certificate will have been converted into the right to receive and cash in lieu of fractional shares of Kemper common stock, and the share certificate so surrendered will forthwith be cancelled. In the event of a transfer of ownership of shares of Infinity common stock that is not registered in the transfer records of Infinity, payment may be made and shares of Kemper common stock may be issued to a person other than the person in whose name the share certificate so surrendered is registered, if such share certificate is properly endorsed or otherwise is in proper form for transfer and the person requesting such payment will pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of such share certificate or establish to the satisfaction of Kemper that such tax has been paid or is not applicable. No interest will be paid or accrue on any cash payable upon surrender of any share certificate.

No holder of book-entry shares of Infinity common stock will be required to deliver a share certificate or an executed letter of transmittal to the exchange agent to receive the Merger Consideration that such holder is entitled to receive pursuant to the Merger Agreement. In lieu thereof, each registered holder of one or more book-entry shares of Infinity

common stock will automatically upon the delivery of a form of election (and, in the case of book-entry shares of Infinity common stock held via a depository, upon receipt by the exchange agent of any customary transmission or materials required by the exchange agent) be entitled to receive, the Merger



---

**Table of Contents**

Consideration. Payment of the Merger Consideration with respect to book-entry shares of Infinity common stock will only be made to the person in whose name such book-entry shares of Infinity common stock are registered.

The conversion of shares of Infinity common stock into the right to receive the Merger Consideration will occur automatically at the effective time. Following the closing, Infinity will not register any transfers of Infinity common stock outstanding on its stock transfer books prior to the Merger.

Kemper will not issue share certificates or scrip, or make any book-entries, representing fractional shares in the Merger. Instead, each holder of shares of Infinity common stock who would otherwise be entitled to a fractional share of Kemper common stock will have their fractional shares aggregated and will be entitled to receive a cash payment, without interest, rounded down to the nearest cent, from the exchange agent, in lieu of such fractional shares in an amount equal to the product of:

the amount of the fractional interest in a share of Kemper common stock to which such holder is entitled under the Merger Agreement; and

\$64.40 (the *fixed volume-weighted average price* ).

**Election Procedures**

The election form is being mailed to Infinity shareholders with this joint proxy statement/prospectus. The election form will allow each Infinity shareholder to specify the number of shares of Infinity common stock with respect to which such holder elects to receive Cash Consideration, Stock Consideration or Mixed Consideration. The election must be made prior to the Election Deadline in accordance with the terms of the Merger Agreement. The Election Deadline will be 5:00 p.m., New York City time, on the date that is ten (10) business days before the closing date. Kemper and Infinity will publicly announce the anticipated Election Deadline at least three (3) business days before the anticipated Election Deadline. If the closing date is delayed to a subsequent date, the Election Deadline will be similarly delayed to a subsequent date, and Kemper and Infinity will, as promptly as reasonably practicable, announce such delay and, when determined, the rescheduled Election Deadline.

To make a valid election, each Infinity shareholder must submit a properly completed form of election so that it is actually received by the exchange agent at its designated office at or prior to the Election Deadline. A form of election will be properly completed and signed and accompanied by either (i) a share certificate representing shares of Infinity common stock, duly endorsed in blank or otherwise in form acceptable for transfer on the book of Kemper (or by an appropriate guarantee of delivery of such share certificate as set forth in the form of election from a specified type of firm) or (ii), in the case of any book-entry shares of Infinity common stock, any documents required by the procedures set forth in the form of election.

In the event any share certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such share certificate to be lost, stolen or destroyed and, if required by Kemper or the exchange agent, the posting by such person of a bond in such reasonable and customary amount as Kemper or the exchange agent may direct as indemnity against any claim that may be made against it with respect to such share certificate, the exchange agent will issue in exchange for such lost, stolen or destroyed share certificate the shares of Kemper common stock and the cash, unpaid dividends or other distributions that would be payable or deliverable in respect thereof pursuant to the Merger Agreement had such lost, stolen or destroyed share certificate been surrendered.

If an Infinity shareholder does not make an election to receive Cash Consideration, Stock Consideration or Mixed Consideration pursuant to the Merger, the election is not received by the exchange agent by the Election Deadline, or a form of election is improperly completed and/or is not signed, that shareholder will be deemed not to have made an election. Infinity shareholders not making an election will be deemed to have elected to receive Mixed Consideration with respect to those shares for which they are deemed not to have made an election.

## **Table of Contents**

Any valid election may be revoked with respect to all or a portion of shares of Infinity common stock subject thereto by the exchange agent receiving written notice from the holder thereof prior to the Election Deadline. If a cash election or stock election is so revoked, the shares of Infinity common stock represented by the applicable form of election will be treated as shares electing Mixed Consideration unless the shareholder properly makes a contrary election prior to the Election Deadline.

The exchange agent will generally have discretion to determine whether any election or revocation has been properly or timely made and to disregard immaterial defects in the election forms. None of Kemper, Merger Sub, Infinity or the exchange agent will have any obligation to notify Infinity shareholders of any defect in a form of election.

## **Treatment of Equity Awards**

### ***Infinity Performance Share Awards***

Pursuant to the Merger Agreement, at the effective time, each outstanding Infinity performance share award will vest with respect to the target share amount and will be converted into shares of Kemper common stock, with the number of such shares of Kemper common stock determined by multiplying the target share amount by the exchange ratio, subject to any required withholding of taxes (which may be paid with such shares of Kemper common stock); provided that any such shares of Kemper common stock held after payment of required withholding of taxes will not be sold or transferred (and will be restricted from being sold or transferred) prior to the first anniversary of the closing date; provided, further, that any such shares of Kemper common stock will not be subject to any forfeiture restrictions.

### ***Infinity Director Restricted Shares***

Pursuant to the Merger Agreement, at the effective time, each award of Director Restricted Shares will immediately vest in full and be eligible to receive Merger Consideration.

### ***Other Infinity Restricted Shares***

Pursuant to the Merger Agreement, at the effective time, each award of Infinity restricted shares (other than the Director Restricted Shares) will be cancelled without any acceleration of vesting and in exchange Kemper will grant, as soon as practicable following the closing, the Rollover RSUs, with such Rollover RSUs vesting in accordance with any applicable award or other agreement between the recipient of such Rollover RSUs and Kemper (or an affiliate of Kemper).

## **Dividends with Respect to Unexchanged Shares**

No dividends or distributions with respect to Kemper common stock with a record date after the effective time will be paid to the holder of any share certificate formerly representing Infinity common stock or any book-entry shares of Infinity common stock with respect to the shares of Kemper common stock issuable upon surrender of such share certificate or book-entry shares will be paid to any such holder until (i) the surrender of such share certificate or (ii) in the case of book entry shares, the delivery of a form of election, provided that in the event that book-entry shares are held via a depository, the payment will not be made until the exchange agent's receipt of any customary transmission or materials required by the exchange agent. After the Merger is completed and following such a surrender of a share certificate or delivery of a form of election and, in the case of any book-entry shares held via a depository, upon receipt by the exchange agent of any customary transmission or materials required by the exchange agent, as applicable, holders of shares of Infinity common stock will be entitled to (i) the amount of dividends or other distributions with a record date after the effective time which have been paid with respect to such whole shares of

Kemper common stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the effective time but prior

---

## **Table of Contents**

to such surrender of share certificates or delivery of a form of election, as the case may be, and a payment date subsequent to such surrender or delivery with respect to such whole shares of Kemper common stock, in each case without interest.

### **Termination of Exchange Fund**

One year after the closing, the exchange agent will deliver to Kemper any cash or shares of Kemper common stock remaining in the exchange fund. Thereafter, Infinity shareholders must look only to Kemper for payment of the Merger Consideration on their shares of Infinity common stock and any dividends or distributions with respect to shares of Kemper common stock.

### **No Liability**

None of Kemper, Infinity, Merger Sub or the exchange agent will be liable to any person in respect of any shares of Kemper common stock (or dividends or distributions with respect thereto) or cash from the exchange fund (including any undistributed portion of the exchange fund) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. Immediately prior to the date on which any Merger Consideration or any dividends or distributions with respect to Kemper common stock as contemplated by the Merger Agreement in respect of a share of Infinity common stock would otherwise escheat to or become the property of any governmental entity, any such shares, cash, dividends or distributions in respect of such share will become the property of the surviving corporation.

### **Dissenting Rights of Infinity Shareholders**

Under the laws of the State of Ohio, the merger proposal can give rise to rights under Section 1701.85 of the OGCL if such proposal is approved by shareholders at the Infinity special meeting. Under the laws of the State of Ohio, Infinity shareholders of record who do not vote in favor of, or consent to, the adoption of the Merger Agreement may be entitled to seek appraisal and obtain payment in cash for the judicially determined fair cash value of their shares of Infinity common stock in connection with the Merger, if the Merger is completed. This value could be more than, less than or the same as the Merger Consideration for Infinity common stock. The relevant provisions of the OGCL are included as Annex F to this joint proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, Infinity shareholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in a loss of the right of appraisal.

An Infinity shareholder will be entitled to demand and have properly demanded appraisal of its shares of Infinity common stock under Section 1701.85 of the OGCL only if the shareholder (i) delivers to Infinity a written demand with the information required by Section 1701.85(A)(4) of the OGCL before the vote on the merger proposal and (ii) does not vote in favor of the merger proposal. If an Infinity shareholder properly submits a proxy card but does not indicate voting instructions on such proxy card, such shareholder's shares of Infinity common stock represented by such proxy card will be voted **FOR** the merger proposal. As a result, any Infinity shareholder who properly submits a proxy not marked **AGAINST** or **ABSTAIN** with respect to the merger proposal (even if such shareholder does not vote **FOR** the merger proposal) will be deemed to have waived dissenters' rights under the laws of the State of Ohio. However, failure to submit a proxy will not result in the waiver of dissenters' rights. Infinity shareholders who wish to exercise their dissenters' rights and hold shares in the name of a broker or other nominee must instruct their nominees to take the steps necessary to enable them to demand the fair cash value for their shares. If any person who was entitled to dissenters' rights fails to perfect or otherwise waives, withdraws or loses the right to appraisal under Sections 1701.84 and 1701.85 of the OGCL or if a court of competent jurisdiction finally determines that such holder is not entitled to the remedies provided by Sections 1701.84 and 1701.85 of the OGCL with respect to his, her or its

shares of Infinity common stock, then the right of such holder under Sections 1701.84 and 1701.85 of the OGCL with respect to such shares

---

**Table of Contents**

will cease and such shares will be deemed to be exchangeable solely for the right to receive the Mixed Consideration, without interest and subject to any required withholding of taxes.

Infinity has agreed to serve prompt notice to Kemper of any demands received by Infinity for appraisal of any shares of Infinity common stock, and Kemper will have the right to participate in and direct all negotiations and legal actions and proceedings with respect to such demands. Prior to the effective time, Infinity will not, without the prior written consent of Kemper, make any payment with respect to, or settle or offer or commit to settle, any such demands, or agree to do any of the foregoing.

**Conditions to Completion of the Merger**

The obligations of Kemper, Merger Sub and Infinity to effect the Merger are subject to the satisfaction, or waiver by Kemper, Merger Sub and Infinity to the extent permitted by applicable law, as applicable, of the following conditions at or prior to the effective time:

the Infinity shareholder approval and the Kemper stockholder approval (each as defined below);

the approval for listing on the NYSE, subject to official notice of issuance, of the shares of Kemper common stock to be issued to Infinity shareholders in the Merger;

the expiration or termination of any applicable waiting period (and any extension thereof) under the HSR Act;

the obtaining, making or occurrence, as the case may be, of all authorizations, consents, orders, declarations or approvals of, notifications to or filings or registrations with, or terminations or expirations of waiting periods imposed by, specified governmental entities under applicable insurance laws in connection with the Merger and those others the failure of which to be obtained, made or occur would reasonably be likely to have, individually or in the aggregate, a material adverse effect (as defined below) with respect to Kemper after giving effect to the Merger (collectively,  *requisite regulatory approvals* );

the absence of any temporary restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing the closing; and

the effectiveness under the Securities Act of the registration statement on Form S-4 declared by the SEC of which this joint proxy statement/prospectus forms a part and the absence of any stop order or proceedings initiated or threatened in writing (and not withdrawn) by the SEC for that purpose.

The condition that the expiration or termination of any applicable waiting period (or extension thereof) under the HSR Act has been satisfied, as early termination of the waiting period was granted by the FTC on March 12, 2018.

The obligations of Kemper and Merger Sub to effect the Merger are additionally subject to the satisfaction, or waiver by Kemper to the extent permitted by applicable law, of each of the following conditions at or prior to the effective

time:

(i) the representations and warranties of Infinity in the Merger Agreement regarding capital stock must be true and correct both when made and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date), except for de minimis inaccuracies; (ii) the representation and warranty of Infinity in the Merger Agreement regarding the absence of certain changes or events that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect with respect to Infinity must be true and correct in all respects both when made and as of the closing date; (iii) the representations and warranties of Infinity in the Merger Agreement regarding (A) the organization, standing and power of Infinity and subsidiaries of Infinity,



---

**Table of Contents**

(B) the authority of Infinity to enter into, and, subject to receipt of the required shareholder approval, consummate the transactions contemplated by, the Merger Agreement, (C) brokers, (D) the inapplicability of takeover laws to the Merger and (E) the opinion of Infinity's financial advisor must be true and correct in all material respects both when made and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date) (without giving effect to any qualification as to materiality, material adverse effect or similar qualification set forth therein) and (iv) the other representations and warranties of Infinity in the Merger Agreement must be true and correct both when made and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date), except where failure to be true and correct (without giving effect to any qualification as to materiality, material adverse effect or similar qualification set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect with respect to Infinity, and the receipt by Kemper of a certificate from an authorized executive officer of Infinity to that effect;

Infinity having performed or complied in all material respects with its agreements and covenants required by the Merger Agreement to be performed or complied with by it on or prior to the effective time, and the receipt by Kemper of a certificate from an authorized executive officer of Infinity to that effect;

since the date of the Merger Agreement, there will not have been any event, change, effect, development, state of facts, condition, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect with respect to Infinity;

the satisfaction of certain Infinity employee retention requirements;

no more than 10% of the outstanding shares of Infinity common stock as of the closing being appraisal shares;

the absence of any legal action or proceeding commenced by any governmental entity and pending wherein a judgment, individually or in the aggregate with other such judgments, would or would reasonably be expected to (i) prevent the closing or (ii) impose or require a materially burdensome condition (as defined below) (in each case, if with respect to certain regulatory or insurance laws, solely as commenced by governmental entities required to provide the requisite approvals, authorizations or clearances for the Merger and the issuance of shares of Kemper common stock in the Merger under the HSR Act or the requisite regulatory approvals); and

none of the requisite regulatory approvals imposing or requiring a materially burdensome condition. The obligations of Infinity to effect the Merger are additionally subject to the satisfaction, or waiver by Infinity to the extent permitted by applicable law, of the following conditions at or prior to the effective time:

(i) the representations and warranties of Kemper and Merger Sub in the Merger Agreement regarding capital stock must be true and correct both when made and as of the closing date) (except to the extent expressly

made as of an earlier date, in which case as of such date), except for de minimis inaccuracies; (ii) the representation and warranty of Kemper and Merger Sub in the Merger Agreement regarding the absence of certain changes or events that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect with respect to Kemper must be true and correct in all respects both when made and as of the closing date; (iii) the representations and warranties of Kemper and Merger Sub in the Merger Agreement regarding (A) the organization, standing and power of Kemper and Merger Sub, (B) the authority of Kemper and Merger Sub to enter into the Merger Agreement, and, subject to receipt of the required stockholder approval, consummate the Merger and issuance of shares of Kemper common stock in the Merger, (C) ownership of shares of Infinity common stock, (D) ownership and operations of Merger Sub, (E) brokers and (F) the opinion of Kemper's financial advisor must be true and correct in all material respects both when made and as

---

**Table of Contents**

of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date) (without giving effect to any qualification as to materiality, material adverse effect or similar qualification set forth therein) and (iv) the other representations and warranties of Kemper and Merger Sub in the Merger Agreement must be true and correct both when made and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such date), except where failure to be true and correct (without giving effect to any qualification as to materiality, material adverse effect or similar qualification set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect with respect to Kemper, and the receipt by Infinity of a certificate from an authorized executive officer of Kemper to that effect;

each of Kemper and Merger Sub having performed or complied in all material respects with its agreements and covenants required by the Merger Agreement to be performed or complied with by it on or prior to the effective time, and the receipt by Infinity of a certificate from an authorized executive officer of Kemper to that effect; and

since the date of the Merger Agreement, there will not have been any event, change, effect, development, state of facts, condition, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect with respect to Kemper.

Kemper, Infinity or Merger Sub may elect to waive certain of the foregoing conditions in accordance with the terms of the Merger Agreement and applicable law. However, despite their ability to do so, none of Kemper, Infinity or Merger Sub currently expects to do so. The conditions to closing relating to the approval by Infinity shareholders of the proposal to adopt the Merger Agreement (the *Infinity shareholder approval*), the approval by Kemper stockholders of the share issuance proposal (the *Kemper stockholder approval*), the prevention of the Merger by a court of competent jurisdiction or other legal restraint or prohibition, the expiration or termination of any applicable waiting period under the HSR Act, the receipt of the requisite regulatory approvals, the approval for listing on the NYSE of the shares of Kemper common stock to be issued to Infinity shareholders in the Merger, and the effectiveness under the Securities Act of the registration statement on Form S-4 may only be waived by all parties to the Merger Agreement. If any condition to the closing is waived, Kemper and Infinity will evaluate the materiality of such waiver to determine whether amendment of this joint proxy statement/prospectus and resolicitation of proxies are necessary under applicable law or the rules of the NYSE or NASDAQ. If Kemper and Infinity determine that any such waiver is not significant enough to require resolicitation of proxies, they will have the discretion to complete the Merger without seeking further shareholder or stockholder approval, as applicable.

**Definition of Material Adverse Effect**

In addition to the conditions to closing relating to the absence of any material adverse effect with respect to the Kemper and Infinity, many of Infinity's and Kemper's representations and warranties are qualified by a material adverse effect standard. For purposes of the Merger Agreement, material adverse effect, with respect to either party, is defined to mean an event, change, effect, development, state of facts, condition, circumstance or occurrence that has had or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, condition (financial or otherwise) or results of operations of such party and its subsidiaries, taken as a whole. However, none of the following events, changes, effects, developments, states of facts, conditions, circumstances or occurrences will be deemed to constitute or be taken into account in determining whether there has been or may be a material adverse effect:

changes in or affecting general political or economic conditions (including changes in interest rates) or the financial, credit or securities markets in the United States or elsewhere in the world, to the extent the applicable party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes in or conditions generally affecting the industries in which the applicable party or its subsidiaries operate (not including any different industries in which such party s or its subsidiaries

**Table of Contents**

policyholders operate), to the extent such party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes resulting from or arising out of the announcement or existence of, or compliance with, or taking any action required by the Merger Agreement, the Merger or the issuance of shares of Kemper common stock in the Merger and the impact of any of the foregoing on any relationships with policyholders, agents, suppliers, vendors, business partners, employees or regulators;

changes resulting from or arising out of any taking of any action at the written request of any other party to the Merger Agreement;

changes resulting from or arising out of any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal, in each case after the date of the Merger Agreement, of any rule, regulation, ordinance, order, protocol or any other law of or by any national, regional, state or local governmental entity, to the extent the applicable party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes resulting from or arising out of any changes in the United States generally accepted accounting principles ( **GAAP** ) or statutory accounting practices prescribed or permitted by the insurance regulators of the jurisdictions in which an applicable Infinity insurance subsidiary is domiciled ( **SAP** ) or accounting standards or interpretations thereof, to the extent the applicable party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes resulting from or arising out of any outbreak or escalation of hostilities or acts of war or terrorism, to the extent the applicable party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes resulting from or arising out of any natural disasters, to the extent the applicable party and its subsidiaries are not adversely affected thereby in a disproportionate manner relative to other participants in the industries in which such party and its subsidiaries operate;

changes resulting from or arising out of any legal action or proceeding initiated or threatened on or after the date of the Merger Agreement by any shareholders or stockholders of the applicable party, against such party, any of its affiliates or any of their respective directors or officers arising out of the Merger Agreement, the Merger or the issuance of shares of Kemper common stock in the Merger; or

changes resulting from or arising out of any change in the share price or trading volume of the shares of the applicable party's common stock, in such party's credit rating or in any analyst's recommendations, in each

case in and of itself, or the failure of such party to meet projections or forecasts (including any analyst's projections), in and of itself (provided, and without limiting the preceding clauses, that the event, change, effect, development, condition, circumstance or occurrence underlying such change or failure will not be excluded, and may be taken into account, in determining whether there has been or may be a material adverse effect).

**Infinity Acquisition Proposals**

Infinity has agreed that, except as described further below, neither it nor any of its respective subsidiaries will, and Infinity will cause its directors and officers not to and will direct its and their respective representatives not to, directly or indirectly:

solicit, initiate or knowingly encourage or knowingly induce or facilitate the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to an Infinity acquisition proposal (as defined below);

---

**Table of Contents**

make available any non-public information regarding Infinity or any of its subsidiaries to any person (other than Kemper and Kemper's or Infinity's representatives acting in their capacity as such), in connection with or in response to an Infinity acquisition proposal;

engage in discussions or negotiations with any person with respect to any Infinity acquisition proposal (other than to state that they currently are not permitted to have discussions);

approve, endorse or recommend any Infinity acquisition proposal;

make or authorize any statement, recommendation or solicitation in support of any Infinity acquisition proposal;

enter into any letter of intent or agreement in principle or any contract providing for, relating to or in connection with any Infinity acquisition proposal (other than a customary confidentiality agreement containing terms substantially similar to, and, taken as a whole, no less favorable to Infinity than those set forth in the confidentiality agreement (the *confidentiality agreement*), dated as of October 16, 2017 and as amended from time to time, by and between Infinity and Kemper (an *Infinity acceptable confidentiality agreement*); or

reimburse or agree to reimburse the expenses of any other person (other than Infinity's representatives) in connection with an Infinity acquisition proposal.

Infinity has agreed that it and its subsidiaries will, and has agreed to cause its directors and officers to and direct its and their respective representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with any person conducted with respect to any Infinity acquisition proposal and (ii) request the prompt return or destruction of all confidential information previously made available by it or on its behalf in connection with any actual or potential Infinity acquisition proposal. Infinity has further agreed it will not terminate, waive, amend, release or modify in any respect of any material provision of any confidentiality or standstill agreement to which Infinity or any of its subsidiaries or any of its affiliates or representatives is a party with respect to any Infinity acquisition proposal and will enforce, to the fullest extent permitted by applicable law, the provisions of any such agreement. However, Infinity will be entitled to waive any standstill provision included in any such confidentiality agreement or any standstill provision contained in any standstill agreement to which Infinity or any of its subsidiaries or any of its affiliates or representatives is a party solely to permit any Infinity acquisition proposal if the Infinity Board determines in good faith (after consultation with Infinity's outside legal counsel) that failure to waive such standstill would constitute a breach of its fiduciary duties to the Infinity shareholders under applicable law.

However, prior to the Infinity shareholder approval, (i) if Infinity receives, after the date of the Merger Agreement, an unsolicited bona fide written Infinity acquisition proposal, (ii) such Infinity acquisition proposal does not result from a breach of the Merger Agreement and (iii) the Infinity Board determines in good faith (after consultation with the Infinity's outside legal counsel and outside financial advisor) that such Infinity acquisition proposal constitutes or would reasonably be expected to lead to an Infinity superior proposal (as defined below), then, prior to obtaining the Infinity shareholder approval, Infinity may (and may authorize and permit its subsidiaries and representatives to):

make available information with respect to Infinity or any of its subsidiaries to the person making such Infinity acquisition proposal pursuant to an Infinity acceptable confidentiality agreement; provided, that any non-public information provided or made available to any person given such access will have been previously provided or made available to Kemper or will be provided or made available to Kemper prior to or substantially concurrently with the time it is provided or made available to such person; and

participate in discussions or negotiations with the person making such Infinity acquisition proposal regarding such Infinity acquisition proposal.

Notwithstanding the foregoing, Infinity and its subsidiaries will, and will cause their subsidiaries and Infinity's directors and officers to and will direct the Infinity representatives to, cease any activities described in



---

**Table of Contents**

the two bullet points above, immediately following the time that the Infinity Board determines in good faith (after consultation with the Infinity's outside legal counsel and outside financial advisor) that the applicable Infinity acquisition proposal ceases to be an Infinity superior proposal or an Infinity acquisition proposal that could reasonably be expected to lead to an Infinity superior proposal. However, Infinity and its representatives may in any event have discussions with any person solely in order to (i) clarify and understand the terms and conditions of the Infinity acquisition proposal made by such person and (ii) to request that any Infinity acquisition proposal made orally be made in writing.

Infinity is required to promptly (and in any event within 24 hours) advise Kemper in writing if it receives any Infinity acquisition proposal (including the identity of the person making or submitting the Infinity acquisition proposal or inquiry, proposal or offer and the terms and conditions of the Infinity acquisition proposal) that is made or submitted by any person prior to the effective time. Infinity is also required to keep Kemper informed, on a reasonably current basis, of the status of, and any financial or other changes in, any Infinity acquisition proposal, inquiry, proposal or offer, including providing Kemper copies of any correspondence related to an Infinity acquisition proposal and proposed documents to effect an Infinity acquisition proposal (or a written summary of the material terms of such Infinity acquisition proposal, if not made in writing).

Infinity has agreed that neither the Infinity Board nor any committee thereof will:

(i) directly or indirectly, fail to make, withhold, withdraw or qualify (or modify in a manner adverse to Kemper) the Infinity board recommendation that Infinity shareholders adopt and approve the merger proposal (the ***Infinity recommendation***), or take any action (or permit or authorize Infinity or any of its subsidiaries or any of their respective representatives to take any such action) inconsistent with the Infinity recommendation or resolve, agree or propose to take any such actions (each such action, an ***Infinity adverse recommendation change***); or (ii) adopt, approve, recommend, endorse or otherwise declare advisable any Infinity acquisition proposal or resolve, agree or propose to take any such actions;

cause or permit Infinity to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement related to an Infinity acquisition proposal (other than an Infinity acceptable confidentiality agreement);

take any action to make the provisions of any takeover law or any restrictive provision of any applicable anti-takeover provision in the Infinity Articles or Infinity Regulations inapplicable to any transactions contemplated by an Infinity acquisition proposal (including approving any transaction under the OGCL); or

resolve, agree or propose to take any such actions.

An ***Infinity acquisition proposal*** means any proposal, inquiry, submission or offer (whether or not in writing) with respect to, or that is or would reasonably be expected to lead to the same with respect to, any:

merger, consolidation, share exchange, other business combination or similar transaction involving Infinity or any of its subsidiaries pursuant to which any person or the stockholders of any person (other than Kemper and its subsidiaries or their affiliates) would own, directly or indirectly, 15% or more of any class of capital stock or other equity securities of Infinity or of the surviving entity or the resulting direct or indirect parent entity of Infinity or such surviving entity, other than, in each case, the transactions contemplated by the Merger Agreement;

sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a subsidiary of Infinity or otherwise) of any business or assets of Infinity or any of its subsidiaries representing 15% or more of the consolidated revenues, net income or assets of Infinity and Infinity's subsidiaries, taken as a whole;

**Table of Contents**

issuance, sale or other disposition, directly or indirectly, to any person (or the stockholders of any person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 15% or more of the voting power of Infinity;

transaction in which the holders of the voting power of Infinity immediately prior to such transaction own 85% or less of the voting power of Infinity immediately following the transaction;

transaction in which any person (or the stockholders of any person) will acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 15% or more of the outstanding shares of Infinity common stock; or

any combination of the foregoing (in each case, other than the Merger).

An ***Infinity superior proposal*** means any binding, bona fide written offer made by a third party or group pursuant to which such third party or group would acquire, directly or indirectly, more than 50% of the outstanding shares of Infinity common stock or substantially all of the assets of Infinity and its subsidiaries, taken as a whole:

on terms which the Infinity Board determines in good faith (after consultation with Infinity's outside legal counsel and a financial advisor of nationally recognized reputation) to be superior to the Infinity shareholders to the Merger and the other transactions contemplated by the Merger Agreement, taking into account all the terms and conditions of such proposal and the Merger Agreement (including the termination fee (as defined below), any changes proposed by Kemper to the terms of the Merger Agreement and the potential time delays and other risks to consummation associated with such offer); and

that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such offer.

**Kemper Acquisition Proposals**

Kemper has agreed that, except as described further below, neither it nor any of its respective subsidiaries will, and Kemper will cause its directors and officers not to and will direct its and their respective representatives not to, directly or indirectly:

solicit, initiate or knowingly encourage or knowingly induce or facilitate the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to a Kemper acquisition proposal (as defined below);

make available any non-public information regarding Kemper or any of its subsidiaries to any person (other than Infinity and Infinity's or Kemper's representatives acting in their capacity as such), in connection with or in response to a Kemper acquisition proposal;

engage in discussions or negotiations with any person with respect to any Kemper acquisition proposal (other than to state that they currently are not permitted to have discussions);

approve, endorse or recommend any Kemper acquisition proposal;

make or authorize any statement, recommendation or solicitation in support of any Kemper acquisition proposal;

enter into any letter of intent or agreement in principle or any contract providing for, relating to or in connection with any Kemper acquisition proposal (other than a customary confidentiality agreement containing terms substantially similar to, and, taken as a whole, no less favorable to Kemper than those set forth in the confidentiality agreement (a ***Kemper acceptable confidentiality agreement*** )); or

reimburse or agree to reimburse the expenses of any other person (other than Kemper's representatives) in connection with a Kemper acquisition proposal.

**Table of Contents**

Kemper has agreed that it and its subsidiaries will, and has agreed to cause its directors and officers to and direct its and their respective representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with any person conducted with respect to any Kemper acquisition proposal and (ii) request the prompt return or destruction of all confidential information previously made available by it or on its behalf in connection with any actual or potential Kemper acquisition proposal. Kemper has further agreed it will not terminate, waive, amend, release or modify in any respect any material provision of any confidentiality or standstill agreement to which Kemper or any of its subsidiaries or any of its affiliates or representatives is a party with respect to any Kemper acquisition proposal and will enforce, to the fullest extent permitted by applicable law, the provisions of any such agreement. However, Kemper will be entitled to waive any standstill provision included in any such confidentiality agreement or any standstill provision contained in any standstill agreement to which Kemper or any of its subsidiaries or any of its affiliates or representatives is a party solely to permit any Kemper acquisition proposal if the Kemper Board determines in good faith (after consultation with Kemper's outside legal counsel) that failure to waive such standstill would constitute a breach of its fiduciary duties to the Kemper stockholders under applicable law.

However, prior to the Kemper stockholder approval, (i) if Kemper receives, after the date of the Merger Agreement, an unsolicited *bona fide* written Kemper acquisition proposal, (ii) such Kemper acquisition proposal does not result from a breach of the Merger Agreement and (iii) the Kemper Board determines in good faith (after consultation with the Kemper's outside legal counsel and outside financial advisor) that such Kemper acquisition proposal constitutes or would reasonably be expected to lead to a Kemper superior proposal (as defined below), then, prior to obtaining the Kemper stockholder approval, Kemper may (and may authorize and permit its subsidiaries and representatives to):

make available information with respect to Kemper or any of its subsidiaries to the person making such Kemper acquisition proposal pursuant to a Kemper acceptable confidentiality agreement; provided, that any non-public information provided or made available to any person given such access will have been previously provided or made available to Infinity or will be provided or made available to Infinity prior to or substantially concurrently with the time it is provided or made available to such person; and

participate in discussions or negotiations with the person making such Kemper acquisition proposal regarding such Kemper acquisition proposal.

Notwithstanding the foregoing, Kemper and its subsidiaries will, and will cause their subsidiaries and Kemper's directors and officers to and will direct Kemper's representatives to, cease any activities described in the two bullet points above, immediately following the time that the Kemper Board determines in good faith (after consultation with Kemper's outside legal counsel and outside financial advisor) that the applicable Kemper acquisition proposal ceases to be a Kemper superior proposal or a Kemper acquisition proposal that could reasonably be expected to lead to a Kemper superior proposal. However, Kemper and its representatives may in any event have discussions with any person solely in order to (i) clarify and understand the terms and conditions of the Kemper acquisition proposal made by such person and (ii) to request that any Kemper acquisition proposal made orally be made in writing.

Kemper is required to promptly (and in any event within 24 hours) advise Infinity in writing if it receives any Kemper acquisition proposal (including the identity of the person making or submitting the Kemper acquisition proposal or inquiry, proposal or offer and the terms and conditions of the Kemper acquisition proposal) that is made or submitted by any person prior to the effective time. Kemper is also required to keep Infinity informed, on a reasonably current basis, of the status of, and any financial or other changes in, any Kemper acquisition proposal, inquiry, proposal or offer, including providing Infinity copies of any correspondence related to a Kemper acquisition proposal and proposed documents to effect a Kemper acquisition proposal (or a written summary of the material terms of such

Kemper acquisition proposal, if not made in writing).

---

**Table of Contents**

Kemper has agreed that neither the Kemper Board nor any committee thereof will:

(i) directly or indirectly, fail to make, withhold, withdraw or qualify (or modify in a manner adverse to Infinity) the Kemper board recommendation that Kemper stockholders approve the share issuance proposal (the ***Kemper recommendation*** ), or the approval of the Merger Agreement, the Merger or any other transaction contemplated by the Merger Agreement, take any action (or permit or authorize Kemper or any of its subsidiaries or any of their respective representatives to take any such action) inconsistent with the Kemper recommendation or resolve, agree or propose to take any such actions (each such action, a ***Kemper adverse recommendation change*** ); or (ii) adopt, approve, recommend, endorse or otherwise declare advisable any Kemper acquisition proposal or resolve, agree or propose to take any such actions;

cause or permit Kemper to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement related to a Kemper acquisition proposal (other than a Kemper acceptable confidentiality agreement);

take any action to make the provisions of any takeover law or any restrictive provision of any applicable anti-takeover provision in the Kemper Charter or Kemper Bylaws inapplicable to any transactions contemplated by a Kemper acquisition proposal (including approving any transaction under the DGCL); or

resolve, agree or propose to take any such actions.

A ***Kemper acquisition proposal*** means any proposal, inquiry, submission or offer (whether or not in writing) with respect to, or that is or would reasonably be expected to lead to the same with respect to, any:

merger, consolidation, share exchange, other business combination or similar transaction involving Kemper or any of its subsidiaries pursuant to which any person or the stockholders of any person (other than the Infinity and its subsidiaries or their affiliates) would own, directly or indirectly, 15% or more of any class of capital stock or other equity securities of Kemper or of the surviving entity or the resulting direct or indirect parent entity of Kemper or such surviving entity, other than, in each case, the transactions contemplated by the Merger Agreement;

sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a subsidiary of Kemper or otherwise) of any business or assets of Kemper or any of its subsidiaries representing 15% or more of the consolidated revenues, net income or assets of Kemper and Kemper's subsidiaries, taken as a whole;

issuance, sale or other disposition, directly or indirectly, to any person (or the stockholders of any person) or group of securities (or options, rights or warrants to purchase, or securities convertible

into or exchangeable for, such securities) representing 15% or more of the voting power of Kemper;

transaction in which the holders of the voting power of Kemper immediately prior to such transaction own 85% or less of the voting power of Kemper immediately following the transaction;

transaction in which any person (or the stockholders of any person) will acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 15% or more of the outstanding shares of Kemper common stock; or

any combination of the foregoing (in each case, other than the Merger).

A ***Kemper superior proposal*** means any binding, *bona fide* written offer made by a third party or group pursuant to which such third party or group would acquire, directly or indirectly, more than 50% of the



---

**Table of Contents**

outstanding shares of Kemper common stock or substantially all of the assets of Kemper and its subsidiaries, taken as a whole:

on terms which the Kemper Board determines in good faith (after consultation with Kemper's outside legal counsel and a financial advisor of nationally recognized reputation) to be superior to the Kemper stockholders to the Merger, the issuance of shares of Kemper common stock in the Merger and the other transactions contemplated by the Merger Agreement, taking into account all the terms and conditions of such proposal and the Merger Agreement (including the termination fee, any changes proposed by Infinity to the terms of the Merger Agreement and the potential time delays and other risks to consummation associated with such offer); and

that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such offer.

**Special Meeting of Infinity Shareholders; Recommendation of the Infinity Board**

Infinity has agreed to duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of seeking the Infinity shareholder approval as soon as reasonably practicable (and in no event later than thirty (30) days) following the effectiveness of the Form S-4. Unless the Merger Agreement has been terminated by Infinity to accept an Infinity superior proposal, this requirement to hold the Infinity shareholder meeting and seek Infinity shareholder approval applies even if the Infinity Board has made an Infinity adverse recommendation change and even after the commencement, public proposal, public disclosure or public or private communications to Infinity of any Infinity acquisition proposal. Except in certain specified circumstances, Infinity has agreed to use its reasonable best efforts to solicit proxies in favor of the proposal to adopt the Merger Agreement and to take all other action necessary or advisable to secure such approval, and the Infinity Board has agreed not to withhold, withdraw, modify or qualify, or propose publicly to withhold, withdraw, modify or qualify the Infinity recommendation in a manner adverse to Kemper.

Infinity will have the right to postpone or adjourn the meeting of its shareholders for no longer than 20 business days in the aggregate for the following reasons:

the absence of a quorum;

to allow reasonable additional time to solicit additional proxies to the extent that at such time, taking into account the amount of time until the meeting of its shareholders, Infinity has not received a number of proxies that would reasonably be believed to be sufficient to obtain the Infinity shareholder approval at such meeting of its shareholders; or

with the prior written consent of Kemper.

The Merger Agreement provides that, at any time prior to the Infinity shareholder approval, provided that Infinity and its subsidiaries have complied with the non-solicitation restrictions described above regarding Infinity acquisition proposals, the Infinity Board may, solely in response to an Infinity superior proposal received on or after the date of

the Merger Agreement that has not been withdrawn or abandoned and that did not result from a breach of the Merger Agreement, make an Infinity adverse recommendation change in order to cause Infinity to terminate the Merger Agreement and concurrently enter into a binding definitive agreement to effect such Infinity superior proposal if Infinity has taken the following actions and the Infinity Board determines in good faith (after consultation with Infinity's outside legal counsel) that such Infinity acquisition proposal continues to constitute an Infinity superior proposal:

Infinity has provided written notice to Kemper advising Kemper that Infinity received an Infinity superior proposal, identifying the person making such Infinity superior proposal, specifying the terms and conditions of such Infinity superior proposal and providing copies of any agreements intended to effect such Infinity superior proposal and that the Infinity Board has determined in good faith (after consultation with Infinity's outside legal counsel) that such Infinity acquisition proposal continues to constitute an Infinity superior proposal;

---

**Table of Contents**

Infinity has negotiated and caused its representatives to negotiate during the four business days following Kemper's receipt of the notice of the Infinity superior proposal described above in good faith with Kemper to enable Kemper to make a counteroffer or propose to amend the terms of the Merger Agreement (to the extent Kemper wishes to do so) so that such Infinity acquisition proposal no longer constitutes an Infinity superior proposal; and

after complying with the previous two bullet points, Infinity has reaffirmed the Infinity Board's determination described above in light of any counteroffer or proposed amendment to the terms of the Merger Agreement. However, if during the negotiation period described in the second bullet point above, any revisions are made to an Infinity acquisition proposal, and such revisions are material (it being understood and agreed by Infinity and Kemper that any change to consideration with respect to such proposal is material), Infinity will deliver a new written notice to Kemper and will comply with the requirements as described above with respect to the new notice of the Infinity superior proposal, except that any subsequent negotiation period will be two (2) business days following Kemper's receipt of the notice of such Infinity superior proposal.

The Merger Agreement also provides that the Infinity Board may make an Infinity adverse recommendation change other than in circumstances involving or relating to an Infinity superior proposal, but only in response to an Infinity intervening event (as defined below) if the Infinity Board determines in good faith (after consultation with Infinity's outside legal counsel) that failure to make an Infinity adverse recommendation change would constitute a breach of its fiduciary duties to the Infinity shareholders under applicable law and that:

Infinity has provided written notice to Kemper describing the Infinity intervening event and advising Kemper that the Infinity Board intends to take such action and specifying the reasons therefor in reasonable detail;

Infinity has negotiated and caused its representatives to negotiate during the four business days following Kemper's receipt of the notice of the Infinity intervening event in good faith with Kemper regarding any revisions to the terms of the transactions contemplated by the Merger Agreement proposed by Kemper in response to such Infinity intervening event; and

at the end of such four business day period, the Infinity Board determines in good faith, after consultation with Infinity's outside legal counsel (and taking into account any adjustment or modification of the terms of the Merger Agreement proposed by Kemper) that the Infinity intervening event continues to exist and that the failure to make an Infinity adverse recommendation change would constitute a breach by the Infinity Board of its fiduciary duties to the Infinity shareholders under applicable law.

An ***Infinity intervening event*** means an event, fact, circumstance, development or occurrence that is material to Infinity and its subsidiaries, taken as a whole, that is not known or reasonably foreseeable (or the consequences or magnitude of the consequences of which are not known or reasonably foreseeable) to or by the Infinity Board on the date of the Merger Agreement, which event, fact, circumstance, development or occurrence (or the consequences or magnitude of the consequences thereof) becomes known by the Infinity Board prior to obtaining the Infinity shareholder approval. However, if the Infinity intervening event relates to an event, fact, circumstance, development or occurrence involving Kemper or any of its subsidiaries, then such event, fact, circumstance, development or occurrence will not constitute an Infinity intervening event unless it has a material adverse effect with respect to

Kemper or, other than with respect to any of the consents, qualifications, approvals, clearances, orders, waivers or exemptions contemplated by the Merger Agreement, it materially impairs the ability of the Kemper to perform its obligations under the Merger Agreement or prevent or unreasonably delay the consummation of any of the transactions contemplated by the Merger Agreement, provided further that none of the following constitutes an

Infinity intervening event for purposes of the Merger Agreement: (i) the receipt, existence or terms of an Infinity acquisition proposal or any inquiry or matter relating thereto or consequence thereof; (ii) events or circumstances arising from the announcement or the existence of, or any action taken by

---

**Table of Contents**

either party pursuant to and in compliance with the terms of, the Merger Agreement or any other agreements or other documents delivered in connection therewith; and (iii) changes in the market price or trading volume of the shares of Infinity common stock or shares of Kemper common stock (it being understood that the facts and occurrences giving rise to or contributing to such changes may be taken into account in determining whether there has been an Infinity intervening event).

In addition, nothing in the Merger Agreement prohibits the Infinity Board from taking and disclosing a position contemplated by Item 1012(a) of Regulation M-A, Rule 14e-2(a) under the Exchange Act or Rule 14d-9 under the Exchange Act or making any disclosure to its shareholders if the Infinity Board determines (after consultation with its outside counsel) that failure to do so would constitute a breach of its fiduciary duties to the shareholders of Infinity under applicable law, provided that neither Infinity nor the Infinity Board (or any committee thereof) will be permitted to recommend that the Infinity shareholders tender any securities in connection with any tender or exchange offer (or otherwise approve, endorse or recommend any Infinity acquisition proposal), unless in each case, in connection therewith, the Infinity Board effects an Infinity adverse recommendation change in accordance with the requirements described above, and provided further that any such disclosure (other than a stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) will be deemed to be an Infinity adverse recommendation change unless the Infinity Board expressly publicly reaffirms the Infinity recommendation and rejects any Infinity acquisition proposal within the later of (i) three (3) business days after such stop, look and listen communication and (ii) if applicable, the deadline for filing a Schedule 14D-9 with respect to such Infinity acquisition proposal with the SEC.

**Special Meeting of Kemper Stockholders; Recommendation of the Kemper Board**

Kemper has agreed to duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of seeking the Kemper stockholder approval as soon as reasonably practicable (and in no event later than thirty (30) days) following the effectiveness of the Form S-4. Except in certain specified circumstances, Kemper has agreed to use its reasonable best efforts to solicit proxies in favor of the share issuance proposal and to take all other action necessary or advisable to secure such approval, and the Kemper Board has agreed not to withhold, withdraw, modify or qualify, or propose publicly to withhold, withdraw, modify or qualify the Kemper recommendation in a manner adverse to Infinity.

Kemper will have the right to postpone or adjourn the meeting of its stockholders for no longer than 20 business days in the aggregate for the following reasons:

the absence of a quorum;

to allow reasonable additional time to solicit additional proxies to the extent at such time, taking into account the amount of time until the meeting of its stockholders, Kemper has not received a number of proxies that would reasonably be believed to be sufficient to obtain the Kemper stockholder approval at such meeting of its stockholders; or

with the prior written consent of Infinity.

The Merger Agreement provides that, at any time prior to the Kemper stockholder approval, provided that Kemper and its subsidiaries have complied with the non-solicitation restrictions described above regarding Kemper acquisition

proposals, the Kemper Board may, solely in response to a Kemper superior proposal received on or after the date of the Merger Agreement that has not been withdrawn or abandoned and that did not result from a breach of the Merger Agreement, make a Kemper adverse recommendation change in order to cause Kemper to terminate the Merger Agreement and concurrently enter into a binding definitive agreement to effect such Kemper superior proposal if Kemper has taken the following actions and the Kemper Board determines in

**Table of Contents**

good faith (after consultation with Kemper's outside legal counsel) that such Kemper acquisition proposal continues to constitute a Kemper superior proposal:

Kemper has provided written notice to Infinity advising Infinity that Kemper received a Kemper superior proposal, identifying the person making such Kemper superior proposal, specifying the terms and conditions of such Kemper superior proposal and providing copies of any agreements intended to effect such Kemper superior proposal and that the Kemper Board has determined in good faith (after consultation with Kemper's outside legal counsel) that such Kemper acquisition proposal continues to constitute a Kemper superior proposal;

Kemper has negotiated and caused its representatives to negotiate during the four business days following Infinity's receipt of the notice of the Kemper superior proposal described above in good faith with Infinity to enable Infinity to make a counteroffer or propose to amend the terms of the Merger Agreement (to the extent Infinity wishes to do so) so that such Kemper acquisition proposal no longer constitutes a Kemper superior proposal; and

after complying with the previous two bullet points, Kemper has reaffirmed the Kemper Board's determination in light of any counteroffer or proposed amendment to the terms of the Merger Agreement. However, if during the negotiation period described in the second bullet point above, any revisions are made to a Kemper acquisition proposal, and such revisions are material (it being understood and agreed by Infinity and Kemper that any change to consideration with respect to such proposal is material), Kemper will deliver a new written notice to Infinity and will comply with the requirements as described above with respect to the new notice of the Kemper superior proposal, except that any subsequent negotiation period will be two (2) business days following Infinity's receipt of the notice of such Kemper superior proposal.

The Merger Agreement also provides that the Kemper Board may make a Kemper adverse recommendation change other than in circumstances involving or relating to a Kemper superior proposal, but only in response to a Kemper intervening event (as defined below) if the Kemper Board determines in good faith (after consultation with its outside legal counsel) that failure to make a Kemper adverse recommendation change would constitute a breach of its fiduciary duties to the Kemper stockholders under applicable law and that:

Kemper has provided written notice to Infinity describing the Kemper intervening event and advising Infinity that the Kemper Board intends to take such action and specifying the reasons in reasonable detail;

Kemper has negotiated and caused its representatives to negotiate during the four business days following Infinity's receipt of the notice of the Kemper intervening event in good faith with Infinity regarding any revisions to the terms of the transactions contemplated by the Merger Agreement proposed by Infinity in response to such Kemper intervening event; and

at the end of such four business day period, the Kemper Board determines in good faith, after consultation with Kemper's outside legal counsel (and taking into account any adjustment or modification of the terms of the Merger Agreement proposed by Infinity) that the Kemper intervening event continues to exist and that failure to make a Kemper adverse recommendation change would constitute a breach by the Kemper Board of its fiduciary duties to Kemper stockholders under applicable law.

A ***Kemper intervening event*** means an event, fact, circumstance, development or occurrence that is material to Kemper and its subsidiaries, taken as a whole, that is not known or reasonably foreseeable (or the consequences or magnitude of the consequences of which are not known or reasonably foreseeable) to or by the Kemper Board on the date of the Merger Agreement, which event, fact, circumstance, development or occurrence (or the consequences or magnitude of the consequences thereof) becomes known by the Kemper Board prior to obtaining the Kemper stockholder approval. However, if the Kemper intervening event relates to an event, fact,



---

**Table of Contents**

circumstance, development or occurrence involving Infinity or any of its subsidiaries, then such event, fact, circumstance, development or occurrence will not constitute a Kemper intervening event unless it has a material adverse effect with respect to Infinity or, other than with respect to any of the consents, qualifications, approvals, clearances, orders, waivers or exemptions contemplated by the Merger Agreement, it materially impairs the ability of Infinity to perform its obligations under the Merger Agreement or prevent or unreasonably delay the consummation of any of the transactions contemplated by the Merger Agreement, provided further that none of the following constitutes a Kemper intervening event for purposes of the Merger Agreement: (i) the receipt, existence or terms of a Kemper acquisition proposal or any inquiry or matter relating thereto or consequence thereof; (ii) events or circumstances arising from the announcement or the existence of, or any action taken by either party pursuant to and in compliance with the terms of, the Merger Agreement or any other agreements or other documents delivered in connection therewith; and (iii) changes in the market price or trading volume of the shares of Kemper common stock or shares of Infinity common stock (it being understood that the facts and occurrences giving rise to or contributing to such changes may be taken into account in determining whether there has been a Kemper intervening event).

In addition, nothing in the Merger Agreement prohibits the Kemper Board from taking and disclosing a position contemplated by Item 1012(a) of Regulation M-A, Rule 14e-2(a) under the Exchange Act or Rule 14d-9 under the Exchange Act or making any disclosure to its stockholders if the Kemper Board determines (after consultation with its outside counsel) that failure to do so would constitute a breach of its fiduciary duties to the stockholders of Kemper under applicable law, provided that neither Kemper nor the Kemper Board (or any committee thereof) will be permitted to recommend that the Kemper stockholders tender any securities in connection with any tender or exchange offer (or otherwise approve, endorse or recommend any Kemper acquisition proposal), unless in each case, in connection therewith, the Kemper Board effects a Kemper adverse recommendation change in accordance with the requirements described above, and provided further that any such disclosure (other than a stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) will be deemed to be a Kemper adverse recommendation change unless the Kemper Board expressly publicly reaffirms the Kemper recommendation and rejects any Kemper acquisition proposal within the later of (i) three (3) business days after such stop, look and listen communications and (ii) if applicable, the deadline for filing a Schedule 14D-9 with respect to such Kemper acquisition proposal with the SEC.

**Timing of the Kemper Stockholder Meeting and Infinity Shareholder Meeting**

Infinity and Kemper have agreed to use reasonable best efforts to hold the Infinity shareholder meeting and the Kemper stockholder meeting on the same date, including by postponing or adjourning the Infinity shareholder meeting or the Kemper stockholder meeting, as applicable, if the other party postpones or adjourns their shareholder or stockholder meeting, as applicable.

**Efforts to Complete the Merger**

Subject to the terms and conditions of the Merger Agreement, Kemper and Infinity have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the transactions contemplated by the Merger Agreement, including: (i) obtaining all necessary actions or non-actions, waivers, consents, qualifications and approvals from governmental entities and making all necessary registrations, filings and notifications and taking all reasonable steps as may be necessary to obtain an approval, clearance, non-action letter, waiver or exemption from any governmental entity (including under the HSR Act and the requisite regulatory approvals); (ii) obtaining all necessary consents, qualifications, approvals, waivers or exemptions from non-governmental third parties; (iii) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging the Merger Agreement or the consummation of the transactions contemplated by the Merger Agreement, including seeking to have any stay or temporary

restraining order entered by any court or other governmental entity vacated or reversed, but excluding any lawsuits or other legal proceedings brought by or against any insurance regulator; and (iv) executing and delivering any additional documents or instruments

---

**Table of Contents**

necessary to consummate the transactions contemplated by the Merger Agreement and to carry out the Merger Agreement.

Notwithstanding the foregoing, nothing in the Merger Agreement will obligate Kemper or any of its subsidiaries to, and neither Infinity nor any of its subsidiaries will, without the prior written consent of Kemper, (which consent will be in the sole discretion of Kemper), in connection with the actions contemplated by clauses (ii) and (iv) above, agree to any modification to or accommodation under any contract or pay any fee, penalty or other consideration to any third party for or relating to any consent or approval required for the consummation of the transactions contemplated by the Merger Agreement.

Each of Infinity and Kemper has agreed to make, if required, appropriate filings and registrations under any regulatory law and insurance law, including a filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by the Merger Agreement within a reasonable time period not to exceed 15 days from the date of the Merger Agreement and to supply as promptly as reasonably practicable and advisable any additional information and documentary material that may be requested by any governmental entity pursuant to the HSR Act and to take all other commercially reasonable actions necessary, proper or advisable to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable, including by requesting early termination of the waiting period provided for in the HSR Act. On February 28, 2018, Kemper and Infinity each filed a notification and report form under the HSR Act with the FTC and the DOJ. Early termination of the waiting period under the HSR Act was granted on March 12, 2018.

Each of Infinity and Kemper also agreed to make appropriate filings of Applications for Approval of Acquisition of Control Statements, or Form A statements, and all related filings, with respect to the transactions contemplated by the Merger Agreement with the applicable insurance regulators, as applicable, as soon as practicable after the date of the Merger Agreement and to supply as promptly as reasonably practicable and advisable any additional information and documentary material that may be reasonably requested by any insurance regulator pursuant to the insurance laws and to take all other commercially reasonable actions necessary, proper or advisable to obtain the applicable consents and approvals of the applicable insurance regulators as soon as practicable.

Each of Kemper and Merger Sub, on the one hand, and Infinity, on the other hand, will, in connection with and without limiting the obligations to use certain efforts referenced above, to the extent relating to the requisite approvals, authorizations and clearances for the transactions contemplated by the Merger Agreement under the HSR Act or any other regulatory law and insurance law, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any legal action or proceeding initiated by a private party, (ii) keep the other reasonably informed of any communication received by such party from, or given by such party to, the Federal Trade Commission (the **FTC**), the Antitrust Division of the Department of Justice (the **DOJ**), any insurance regulator or any other governmental entity and of any communication received or given in connection with any legal action or proceeding by a private party, in each case regarding any of the transactions contemplated by the Merger Agreement, (iii) permit the other a reasonable opportunity to review any substantive written communication given by it to, and consult with each other in advance of any scheduled substantive meeting, discussion or conference with, the FTC, the DOJ, any insurance regulator or any other governmental entity or, in connection with any legal action or proceeding by a private party, with any other person, and, to the extent permitted by the FTC, the DOJ, such insurance regulator or such other applicable governmental entity or other person, as applicable, give the other the reasonable opportunity to attend and participate in such meetings, discussions and conferences and (iv) to the extent practicable and subject to the provisions of the Merger Agreement, attempt to confer in good faith in order to (A) exchange and review respective views and positions with the other as to potential materially burdensome conditions and (B) discuss and present to, and engage with, the applicable governmental entity regarding any approaches or actions that could mitigate the scope or impact of a

potential materially burdensome condition so that it does not become a materially burdensome condition. Kemper and Infinity will promptly advise each other upon receiving any communication, including promptly furnishing each other copies of any written or electronic communication, and will promptly advise each other when any such communication

---

**Table of Contents**

causes such party to believe that there is a reasonable likelihood that any requisite approval, authorization or clearance for the transactions contemplated by the Merger Agreement under the HSR Act or any requisite regulatory approval will not be obtained or that the receipt of any such approval, authorization or clearance or requisite regulatory approval will be materially delayed or conditioned or impose or require a materially burdensome condition. Kemper and Infinity will consult and cooperate with one another, and consider in good faith the views of one another, in connection with, and provide to the other parties in advance, any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals to be made or submitted by or on behalf of Kemper and Infinity, as applicable, including reasonable access to any materials submitted in connection with any proceedings under or relating to the HSR Act or any other applicable regulatory law.

However, (i) Kemper will have final approval over all matters pertaining to any legal action or proceeding, meeting, discussion, conference or response in connection with the HSR Act and any requisite regulatory approval and (ii) Infinity and Kemper may, as each deems advisable and necessary (after consultation with Infinity's or Kemper's outside legal counsel, as applicable), reasonably designate any competitively sensitive material provided to the other side in connection with the foregoing as competitively sensitive information. Such materials and the information contained in such materials will be given only to certain designated reviewers and will be treated in accordance with the terms and conditions of the confidentiality agreement, which is supplemented by an addendum establishing clean teams and setting forth terms of their governance.

Without limiting the obligations of Kemper described above or provided in the Merger Agreement, Kemper will use its reasonable best efforts to respond to and seek to resolve as promptly as reasonably practicable any objections asserted by any governmental entity with respect to the transactions contemplated by the Merger Agreement and use reasonable best efforts to take any and all action necessary to ensure that each requisite approval, authorization or clearance under the HSR Act and each requisite regulatory approval is obtained by the November 13, 2018 (or if extended by the terms of the Merger Agreement, February 13, 2019), in each case, without imposing or requiring a materially burdensome condition.

None of Kemper or any of its subsidiaries will be obligated to, and neither Infinity nor any of its subsidiaries will, without the prior written consent of Kemper, consent to, take or refrain from taking, or offer or commit or consent to take or refrain from taking (i) any action that involves (A) making any divestiture or disposition of any portion of any business or assets, (B) licensing any portion of any business or assets, (C) accepting or entering any consent decree or hold separate order or (D) placing any assets in trust, in each case by Kemper, Infinity or any their respective or affiliates, in each case except for such actions related to de minimis assets (with such assets measured on a scale relative to Infinity and its subsidiaries, taken as a whole), (ii) any action that involves (A) accepting or entering into any operational restriction or restriction on the payment or declaration of dividends, (B) making any capital commitment or capital guaranty or (C) entering into any capital support agreement, statement of support, guarantee, keep well or other similar capital maintenance undertaking to maintain a minimum risk-based capital level or rating, in each case with respect to, or in connection with, Kemper, Infinity or their respective subsidiaries or affiliates which, in each case and together with any other such action, would or would reasonably be expected to detract from the benefits reasonably expected to be derived by Kemper and its subsidiaries as a result of the Merger (with such benefits measured on a scale relative to Infinity and its subsidiaries, taken as a whole and to include Kemper's ability to operate its business after giving effect to the Merger), or (iii) any action that would reasonably be expected to have a material adverse effect with respect to either Kemper or Infinity, after giving effect to the Merger (with such materiality measured on a scale relative to Infinity and its subsidiaries, taken as a whole), in each case of the immediately foregoing clauses (i), (ii) and (iii), whether before or after the closing (any such action, a ***materially burdensome condition*** ).

Notwithstanding anything to the contrary contained above or in the Merger Agreement, in no event will Kemper, Infinity or any of their affiliates be required by a governmental entity to agree to take, or enter into any action, which action is not conditioned upon the closing.

---

**Table of Contents**

**Conduct of Business Pending the Merger**

***Restrictions on Infinity's Interim Operations***

Infinity has agreed that, except with the prior written consent of Kemper (which consent will not be unreasonably withheld, conditioned or delayed), and except as expressly required or permitted by the Merger Agreement or required by law, prior to the effective time or the date of the termination of the Merger Agreement, as the case may be, Infinity will, and will cause each of its subsidiaries to, use reasonable best efforts to conduct its business and the business of its subsidiaries in the ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use, and cause each of its subsidiaries to use, reasonable best efforts to preserve substantially intact the business organization of Infinity and its subsidiaries and goodwill associated therewith and maintain all material permits of Infinity and its subsidiaries.

Infinity has further agreed not to take certain actions prior to the closing without the written consent of Kemper (which consent will not be unreasonably withheld, conditioned or delayed), subject to certain delineated exceptions included in the disclosure letter delivered to Kemper by Infinity in connection with the Merger, unless such matters are expressly required or permitted by the Merger Agreement or required by law. In particular, subject to the above exceptions, Infinity will not, and will not permit any of its subsidiaries to:

amend or permit the adoption of any amendment to the articles of incorporation or code of regulations (or equivalent organizational documents) of Infinity or any of its subsidiaries;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except for any merger or consolidation solely among wholly owned Infinity subsidiaries, other than Infinity, not in violation of any instrument binding on Infinity or any of its subsidiaries and that would not reasonably be expected to result in a material increase in the net tax liability of Infinity and its subsidiaries, taken as a whole, and would not present a material risk of any delay in the receipt of any approvals required as a condition precedent to the consummation of the transactions contemplated by the Merger Agreement;

issue, grant, deliver, sell, pledge, dispose of or encumber (i) shares of capital stock, (ii) voting debt or other voting securities of Infinity, (iii) stock equivalents of Infinity or (iv) options, warrants or other securities convertible into or exercisable or exchangeable for any shares of capital stock or voting securities of, or equity interests in, Infinity or any of its subsidiaries, other than the issuance of shares of Infinity common stock upon the achievement of the performance criteria and goals of Infinity performance share awards outstanding as of the close of business on February 9, 2018 in accordance with their terms under the Infinity stock plans as of the date of the Merger Agreement;

declare, set aside, make or pay any dividend or other distribution, payable in cash, equity interests, property or otherwise, with respect to any of its capital stock or other equity interests, other than (i) any dividend or distribution by any of its subsidiaries to Infinity or to another wholly owned subsidiary of Infinity and (ii) regular quarterly dividends in an amount per share of Infinity common stock no greater than the quarterly dividend declared and paid by Infinity during the fiscal quarter ended December 31, 2017, with record and

payment dates in accordance with Infinity's customary dividend schedule;

other than in the ordinary course of business, consistent with past practice and so long as in compliance with Infinity investment guidelines, enter into (i) any interest rate, derivatives or hedging transaction (including with respect to commodities), (ii) any transaction that would be required to be disclosed on Schedule DB of an annual statutory financial statement of Infinity or the applicable subsidiary of Infinity was (or is) an Infinity insurance subsidiary or (iii) any other transaction involving options, warrants used for hedging purposes and not attached to another financial instrument, caps, floors, collars, swaps, forwards, futures or any other agreements or instruments substantially similar thereto;

adjust, split, combine, redeem, repurchase or otherwise acquire any shares of its capital stock or other equity interests, or reclassify, combine, split, subdivide or otherwise amend the terms of its capital stock or other equity interests, (except in connection with cashless exercises or withholding of taxes



---

**Table of Contents**

pursuant to the vesting or exercise, as the case may be, of Infinity performance shares awards outstanding as of the date hereof and in accordance with their terms under the Infinity stock plans as of the close of business on February 9, 2018) or enter into any agreement with respect to the voting of any of Infinity's capital stock or other securities or the capital stock or other securities of a subsidiary of Infinity;

make or agree to make any new capital expenditures, other than (i) capital expenditures in an aggregate amount not in excess of Infinity's budget for capital expenditures that has been made available to Kemper prior to the date of the Merger Agreement or (ii) other capital expenditures that are not in excess of \$1,000,000 individually or \$2,500,000 in the aggregate;

acquire (whether by merger, consolidation or acquisition of equity interests or assets or otherwise) any corporation, partnership or other business organization or business or division thereof or a material portion of the assets thereof, other than pursuant to material contracts of Infinity in existence as of the date of the Merger Agreement;

sell, lease, exchange, mortgage, pledge, transfer, subject to any lien, abandon or otherwise dispose of (whether by merger, consolidation or acquisition of equity interests or assets or otherwise) any corporation, partnership or other business organization or business or division thereof or any assets, other than (i) transactions solely between or among Infinity or any of its subsidiaries with a value that does not exceed 0.50% of Infinity's or any of its subsidiaries' admitted assets, as applicable (as defined pursuant to SAP), (ii) non-exclusive licenses of intellectual property in the ordinary course of business consistent with past practice, (iii) sales or dispositions of obsolete, surplus, or worn-out assets or equipment in the ordinary course of business consistent with past practice, (iv) pursuant to a material contract of Infinity in existence as of the date of the Merger Agreement, (v) sales of assets not in violation of the Infinity investment guidelines in the ordinary course of business consistent with past practice with consideration with a value of not in excess of \$500,000 individually or \$1,000,000 in the aggregate, (vi) investment portfolio transactions not in violation of the Infinity investment guidelines in the ordinary course of business consistent with past practice or (vii) grants of permitted liens;

enter into any material joint venture, strategic alliance or similar partnership arrangement;

engage in any transactions, agreements, arrangements or understandings with any affiliate or other person that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act;

incur, create, assume or otherwise become liable for, or repay or prepay, any indebtedness for borrowed money, or guarantee any such indebtedness of any third party, issue or sell any debt securities, options, calls, warrants or other rights to acquire any debt securities of Infinity or any of its subsidiaries, or guarantee any debt securities of any third party, or amend, modify or refinance any of the same, other than (i) trade payables in the ordinary course of business consistent with past practice, (ii) as incurred in the ordinary course of business consistent with past practice not in excess of \$1,000,000 in the aggregate, provided that the terms of any such indebtedness or debt securities permits its repayment at any time without penalty, or (iii) guarantees by Infinity of such indebtedness or debt securities of its wholly owned subsidiaries or

guarantees by the wholly owned subsidiaries of Infinity of such indebtedness or debt securities of Infinity with value that does not exceed 0.50% Infinity s or any of its subsidiaries admitted assets , as applicable (as defined pursuant to SAP);

make any loans, advances or capital contributions to, or investments in, any other person, other than (i) to Infinity or any of its subsidiaries not in excess of 0.50% of Infinity s or any of its subsidiaries admitted assets , as applicable (as defined pursuant to SAP) or (ii) commission advances on a secured basis to agent or brokers or investment portfolio transactions not in violation of the Infinity investment guidelines in the ordinary course of business consistent with past practice with consideration not in excess of \$500,000 individually and \$3,000,000 in the aggregate;

except to the extent required by the terms of any Infinity employee benefit plan, (i) increase the compensation or benefits of any current or former director, employee or consultant of Infinity or any of

---

**Table of Contents**

its subsidiaries, other than annual merit and market adjustments of base salaries and target base bonus amounts in the ordinary course of business consistent with past practice, not to exceed (x) 3% in the aggregate or (y) 10% with respect to any individual, (ii) establish, adopt or amend in any material respect any Infinity employee benefit plan, (iii) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock-based compensation, (iv) amend, waive or otherwise modify the performance criteria and goals of outstanding Infinity performance share awards, (v) fail to make any required contributions under any Infinity employee benefit plan or (vi) hire, promote or terminate the employment, or enter into or modify the contractual relationship, of any officer, employee or consultant, except for (A) terminations for cause or, solely with respect to individuals other than certain specified employees, performance reasons, and (B) hiring or promotions of employees whose annual compensation levels do not exceed \$200,000 and, in each case, are in the ordinary course of business consistent with past practice; provided, however, that the foregoing will not restrict Infinity or its subsidiaries from (1) entering into or making available to newly hired employees or to employees in the context of promotions based on job performance or workplace requirements, in each case, in the ordinary course of business consistent with past practice, plans, agreements, benefits and compensation arrangements (excluding equity-based and other long-term incentive grants), in each case, that have terms and a value that is consistent with the past practice of making compensation and benefits available to newly hired or promoted employees in similar positions or consistent with the compensation and benefits of the then-current employee whom such newly hired or promoted employee is engaged to replace or succeed, (2) taking any of the foregoing actions to comply with, satisfy tax-qualification requirements under, or avoid the imposition of tax under, the Code and any applicable guidance thereunder or other applicable law or (3) making immaterial changes in the ordinary course of business consistent with past practice to nondiscriminatory health and welfare plans available to all employees generally;

make any material change in its actuarial, underwriting, claims management, agency management, pricing, reserving or reinsurance practices, policies and procedures other than in the ordinary course of business consistent with past practice;

(i) implement or adopt any change in its policies or methods of accounting, except to conform to changes in statutory or regulatory accounting rules or GAAP, SAP or regulatory requirements with respect thereto, (ii) change its fiscal year, (iii) make any material change in internal accounting controls or disclosure controls, policies and procedures, (iv) implement or adopt any change in the Infinity investment guidelines or (v) enter into any contract that delegates underwriting, claims administration or any other operational function to a third party;

(i) fail to file any material tax return when due (after giving effect to any properly obtained extensions of time in which to make such filings) or (ii) except to the extent otherwise required by law or in the ordinary course of business, make or change any material tax election, change any accounting period for purposes of a material tax or material method of tax accounting, file any material amended tax return, settle or compromise any audit or proceeding relating to a material amount of taxes, agree to an extension or waiver of the statute of limitations with respect to a material amount of taxes, enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of U.S. state or local or non-U.S. law) with respect to any material tax or surrender any right to claim a material tax refund;

pay, discharge, waive, settle, compromise, release or satisfy any claim, liability or obligation that is not a legal action or proceeding, other than payment, discharge, waiver, settlement, release or satisfaction (i) in the ordinary course of business consistent with past practice, (ii)(A) that does not result in liability in excess of \$500,000 individually (net of the amount reserved therefor or reflected on the balance sheet of Infinity as of September 30, 2017) and (B) that would not reasonably be expected to prohibit or materially restrict or materially impair Infinity and its subsidiaries from operating their business in substantially the same manner as operated on the date of the Merger Agreement, (C) for an amount that is fully covered by insurance or (D) of obligations in accordance with the applicable terms

---

**Table of Contents**

under contracts in effect on the date of the Merger Agreement and contracts permitted to be entered into under the Merger Agreement on or following the date of the Merger Agreement;

accelerate, discount, factor, reduce, sell (for less than its face value or otherwise), transfer, assign or otherwise dispose of, in full or in part, any accounts receivable owed to Infinity or any of its subsidiaries, with or without recourse, including any rights or claims associated therewith, other than (i) in the ordinary course of business consistent with past practice or (ii)(A) that does not result in liability in excess of \$500,000 individually (net of the amount reserved therefor or reflected on the balance sheet of Infinity as of September 30, 2017) and (B) that would not reasonably be expected to prohibit or materially restrict or materially impair Infinity and its subsidiaries from operating their business in substantially the same manner as operated on the date of the Merger Agreement;

commence or settle, compromise or otherwise resolve any legal action or proceeding (i) outside the ordinary course of business consistent with past practice, (ii)(A) as would result in any liability in excess of \$250,000 individually (net of the amount reserved therefor or reflected on the balance sheet Infinity as of September 30, 2017 or amounts covered by insurance) or (B) that would reasonably be expected to prohibit or materially restrict or materially impair Infinity or any of its subsidiaries from operating their business in substantially the same manner as operated on the date of the Merger Agreement or (iii) to the extent such legal action or proceeding (A) involves any injunction on Infinity or any of its subsidiaries, (B) involves any non-monetary relief (x) providing for the entry by Infinity or any of its subsidiaries into any material contract of Infinity or (y) that would or would reasonably be expected to materially affect the operations of Infinity or any of its subsidiaries or, after giving effect to the Merger, Kemper or any of its subsidiaries, (C) provides for any admission of liability by Infinity or any of its subsidiaries or (D) is a governmental, administrative or regulatory investigation, audit or inquiry;

other than non-exclusive licenses or sublicenses in the ordinary course of business consistent with past practice, enter into any agreement, arrangement or commitment to grant a license of any intellectual property of Infinity;

transfer, sell, lease, license (except as permitted in the bullet point above), mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any material intellectual property of Infinity;

(i) renew any material contract of Infinity or enter into or renew any contract that would be a material contract of Infinity if in effect on the date of the Merger Agreement, other than with respect to any contract that can be terminated by Infinity or any its subsidiaries without material liability to Infinity and its subsidiaries on 60 days prior written notice or (ii) terminate or consent to the termination of (other than expiration in accordance with its terms without action), amend or modify any material contract of Infinity, other than in the ordinary course of business consistent with past practice and as would not reasonably be expected to be adverse to Infinity and its subsidiaries or Kemper and its subsidiaries;

waive, release, or fail to enforce its material rights under any material contract of Infinity, other than in connection with a settlement or other action permitted under the Merger Agreement;

effectuate a plant closing or mass layoff, as those terms are defined under Workers Adjustment and Retraining Notification Act and comparable state, local and federal Laws, whether domestic or international;

(i) enter into any new line of or (ii) conduct a line of business of Infinity and its subsidiaries in any geographic area where they have never conducted business prior to the date of the Merger Agreement and which is governed by any insurance regulator that does not already have jurisdiction over Infinity, Kemper or any of their respective subsidiaries or any business thereof;

**Table of Contents**

enter into, amend or modify any union recognition agreement, collective bargaining agreement or similar agreement with any labor union or representative body of employees of Infinity or any of its subsidiaries employees, or enter into negotiations regarding any such agreement;

cancel any material insurance policies or fail to renew any material insurance policies upon expiration on substantially the same terms as those in place on the date of the Merger Agreement, to the extent insurance policies on such terms are available on commercially reasonable terms; or

agree to take, authorize, enter into any contract obligating it to take, or commit to take any of the above actions.

***Restrictions on Kemper's Interim Operations***

Kemper has agreed that, except with the prior written consent of Infinity (which consent will not be unreasonably withheld, conditioned or delayed), and except as expressly required or permitted by the Merger Agreement or by any financing arrangements entered into by Kemper or any of its subsidiaries in connection with the Merger or required by law, prior to the effective time or the date of the termination of the Merger Agreement, as the case may be, it will, and will cause each of its subsidiaries to, use reasonable best efforts to conduct its business and the business of its subsidiaries in the usual, regular and ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use, and cause each of its subsidiaries to use, reasonable best efforts to preserve substantially intact the business organization of Kemper and its subsidiaries and goodwill associated therewith.

Kemper has further agreed not to take certain actions prior to the effective time or the date of the termination of the Merger Agreement, as the case may be, without the written consent of Infinity (which consent will not be unreasonably withheld, conditioned or delayed) subject to certain delineated exceptions included in the disclosure letter delivered to Infinity by Kemper in connection with the Merger, unless the actions are expressly required or permitted by the Merger Agreement. In particular, subject to the above exceptions, Kemper will not, and will not permit any of its subsidiaries to:

amend or permit the adoption of any amendment (whether by merger, amalgamation, scheme of arrangement, consolidation or otherwise) to the charter or bylaws of Kemper in a manner that would adversely affect the closing or affect, following the effective time, the holders of shares of Infinity common stock whose shares may be converted into shares of Kemper common stock pursuant to the Merger Agreement in a manner different than holders of shares of Kemper common stock prior to the effective time;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except for any merger or consolidation solely among wholly owned subsidiaries of Kemper not in violation of any instrument binding on Kemper or any of its subsidiaries and that would not reasonably be expected to result in a material increase in the net tax liability of Kemper or any of its subsidiaries, taken as a whole, and would not present a material risk of any delay in the receipt of any approvals required for the transactions contemplated by the Merger Agreement;

issue, grant, deliver, sell, pledge, dispose of or encumber any (i) shares of capital stock, (ii) voting debt or other voting securities of Kemper, (iii) stock equivalents of Kemper or (iv) options, warrants or other securities convertible into or exercisable or exchangeable for any shares of capital stock or voting securities of, or equity interests in, Kemper, other than the (A) issuance of shares of Kemper common stock upon the exercise, conversion or vesting of derivative or convertible securities in accordance with their terms under the Kemper stock plans as of date of the Merger Agreement, (B) pursuant to a Kemper stock plan or (C) the issuance of shares of Kemper common stock or other securities of Kemper in connection with bona fide acquisitions, mergers, strategic partnership transactions or similar transactions permitted as provided below;



---

**Table of Contents**

declare, set aside, make or pay any dividend or other distribution, payable in cash, equity interests, property or otherwise, with respect to any of its capital stock or other equity interests, other than (i) any dividend or distribution by any of its subsidiaries to Kemper or to another wholly owned subsidiary of Kemper and (ii) regular quarterly dividends in an amount per share of Kemper common stock no greater than the quarterly dividend declared and to be paid by Kemper during the fiscal quarter ended March 31, 2018, with record and payment dates in accordance with Kemper's customary dividend schedule;

adjust, split or combine any shares of its capital stock or other equity interests (except in connection with the cashless exercises or similar transactions (including withholding of taxes) pursuant to the vesting or exercise, as the case may be, of Kemper stock awards or other equity awards of Kemper outstanding as of the date of the Merger Agreement or issued pursuant to Kemper's stock plans), or reclassify, combine, split, subdivide or otherwise amend the terms of its capital stock or other equity interests, or enter into any agreement with respect to the voting of any of Kemper's capital stock, in each case in a manner that would adversely affect the closing or affect, following the effective time, the holders of shares of Infinity common stock whose shares may be converted into shares of Kemper common stock pursuant to the Merger Agreement in a manner different than holders of shares of Kemper common stock immediately prior to the effective time; or

agree to take, authorize, enter into any contract obligating it to take, or commit to take any of the above actions.

**Employee Benefit Matters**

Following the effective time, Kemper has agreed to use commercially reasonable efforts to cause each employee of Infinity and its subsidiaries that is continuing with Kemper and its subsidiaries to be provided full credit for prior service with Infinity and its subsidiaries for purposes of (i) eligibility and vesting under applicable Kemper employee benefit plans (but not for benefit accrual purposes under any defined benefit plan or for purposes of determining eligibility for retiree health and welfare benefits) and (ii) determination of vacation or severance benefit levels.

No continuing employee will be retroactively eligible for any Kemper employee benefit plan, including any plan that was frozen prior to the effective time. In addition, Kemper generally will use commercially reasonable efforts to: (i) waive any limitations on benefits relating to pre-existing conditions, actively-at-work requirements, waiting periods and similar exclusions; and (ii) cause any eligible expenses incurred by continuing employees and their dependents prior to the effective time to be taken into account for purposes of satisfying all deductibles, copayments, maximum out-of-pocket requirements and similar expenses applicable under the comparable Kemper employee benefit plan during the calendar year in which the closing date occurs.

For any individual whose employment is terminated by Kemper or Infinity during the 12 month period immediately following the effective time (but not including any individual who has entered into an individualized severance agreement), Kemper or Infinity, as applicable, will provide severance benefits that are determined and payable in accordance with the severance benefit plan maintained for similarly situated employees of Infinity at the effective time, taking into account all service with Infinity in determining the amount of severance benefits payable.

Until the effective time or the date of the termination of the Merger Agreement, as the case may be, Infinity has agreed that it will use its best efforts to retain and (subject to Kemper's consent) replace certain specified key employees when their employment is terminated.

**Board of Directors of Kemper After the Merger**

Kemper has agreed to take all actions necessary to cause, as of the effective time, the election as a member to the Kemper Board of one individual who is serving as a director of Infinity as of the date the Merger

---

## **Table of Contents**

Agreement or immediately prior to the effective time, provided that the decision as to which individual will be elected is in the sole discretion of Kemper and will comply with the policies of the Kemper Board's Nominating and Corporate Governance Committee, Kemper's corporate governance guidelines, applicable laws and the rules and regulations of the NYSE.

Information about the current Kemper directors and executive officers can be found in the documents listed under the heading "Where You Can Find More Information" beginning on page 216.

## **Financing**

Prior to the effective time or the termination of the Merger Agreement, as the case may be, at Kemper's sole expense, Infinity has agreed to, and has agreed to cause each of its subsidiaries to, use its reasonable best efforts to provide, or cause to be provided by its and their respective personnel and representatives, to Kemper such cooperation reasonably requested by Kemper in connection with the arrangement of any debt financing obtained to fund the Merger Consideration (the *Debt Financing*) or any bonds being issued in lieu of all or a portion such Debt Financing (provided that (i) such requested cooperation and information required to be provided by Infinity is limited to information about Infinity and its subsidiaries and their business, operations and, in respect of the cooperation to be provided as described below, financial projections and prospects and (ii) except as otherwise expressly set forth herein, neither Infinity or any of its subsidiaries will be required to prepare any information that requires the combination of information about Infinity with any third party, including Kemper). Such cooperation will include:

participating in a reasonable number of customary meetings (including customary one-on-one meetings with the parties acting as underwriters, lead arrangers, bookrunners or agents (or other similar roles) for prospective lenders and potential financing sources and each of their respective representatives, as well as prospective lenders and potential financing sources themselves), presentations, drafting sessions, sessions with rating agencies and due diligence sessions, in each case with appropriate seniority and expertise, in each case at mutually agreeable times and dates;

assisting with the preparation of appropriate and customary materials in connection with the Debt Financing (or any bonds issued in lieu thereof) and reasonably cooperating with the marketing efforts of the Debt Financing, including furnishing Kemper and its prospective lenders such pertinent and customary information reasonably necessary to obtain ratings for, syndicate or complete the underwriting or private placement of the Debt Financing (or any bonds issued in lieu thereof) as may be reasonably requested by Kemper regarding the business, operations, financial projections and prospects of Infinity and its subsidiaries as is customary for investment grade public companies in connection with the arrangement or marketing of financings such as the Debt Financing (or any bonds issued in lieu thereof) (including, in each case, in respect of preparing such materials and memoranda so that they do not include material nonpublic information);

using reasonable best efforts to obtain consents of accountants for use of their unqualified audit reports in any materials relating to the Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, in each case as required in connection with the Debt Financing;

(i) to the extent timely requested by Kemper, using reasonable best efforts to obtain and provide documents reasonably requested by Kemper relating to the repayment of the existing indebtedness of Infinity and its subsidiaries and the release of related liens, including customary payoff letters and notices of prepayment within the time periods required by the relevant agreements governing indebtedness, and (ii) promptly and, in any event, at least three (3) business days prior to the closing date, providing all documentation and other information required by bank regulatory authorities under applicable know-your-customer and anti-money laundering rules and regulations, including the USA PATRIOT Act, relating to Infinity or any of its subsidiaries, in each case as reasonably requested by Kemper at least ten (10) days prior to the closing date;

---

**Table of Contents**

providing customary authorization letters to debt financing sources authorizing the distribution of information to prospective lenders or investors (including customary Rule 10b-5 and material non-public information representations);

(i) furnishing Kemper and its prospective lenders or other debt financing sources as promptly as reasonably practicable following request therefor and in no event later than (x) twenty (20) days after the end of the first three (3) fiscal quarters of any fiscal year of Infinity and 45 days after the end of each fiscal year of Infinity, unaudited consolidated balance sheets and income and cash flow statements (in each case without footnotes) of Infinity for such fiscal quarter or fiscal year and (y) sixty (60) days after the end of each fiscal year of Infinity, audited consolidated balance sheets and income and cash flow statements of Infinity for such fiscal year, in each case to the extent reasonably necessary for Kemper to prepare a customary pro forma financial statements (provided that, for the avoidance of doubt, except as otherwise expressly set forth in the Merger Agreement, Kemper will be solely responsible for the preparation of any such pro forma financial statements) of the type required by Regulation S-X and Regulation S-K promulgated under the Securities Act to syndicate or complete the offering(s) of any bonds being issued in lieu of all or a portion of the Debt Financing (subject to exceptions customary for private placements pursuant to Rule 144A promulgated under the Securities Act), (ii) furnishing to Kemper as promptly as reasonably practicable, but in any event no later than sixty (60) days after the end of each fiscal year of Infinity, the audited consolidated balance sheets and income and cash flow statements of Infinity for the three most recent fiscal years ended at least ninety (90) days prior to the closing date prepared in accordance with GAAP as required by Regulation S-X under the Securities Act, (iii) furnishing to Kemper as promptly as reasonably practicable, and in no event later than thirty-five (35) days after the end of each subsequent fiscal quarter of Infinity ending at least thirty-five (35) days prior to the closing date (other than the fourth quarter), unaudited consolidated balance sheets and income and cash flow statements (in each case without footnotes) of Infinity for such fiscal quarter of Infinity prepared in accordance with GAAP as required by Regulation S-X under the Securities Act and (iv) as otherwise reasonably necessary, cause Infinity's independent accountants (and any other accountant to the extent financial statements of Infinity audited or reviewed by such accountants are or would be included in such offering memorandum) to furnish Kemper with customary comfort (including negative assurance comfort) (the information, financial statements, pro forma financial statements business and other financial data and financial information referred to above will mean the **required information** );

reasonably assisting Kemper in the preparation of pro forma financial statements and other financial data and financial information of Infinity and its subsidiaries necessary to syndicate or complete the underwriting or private placement of any bonds being issued in lieu of all or a portion of the Debt Financing (subject to exceptions customary for private placements pursuant to Rule 144A promulgated under the Securities Act);

using reasonable best efforts to obtain from Infinity's registered public accounting firm that has audited the most recent audited financial statements (or any other audited financial statements which are required by U.S. securities laws to be included in any offering memorandum), the auditors' reports thereon and drafts of customary comfort letters that such independent accountants are prepared to deliver, subject to completion of its customary procedures relating thereto, upon the pricing and closing of any offering of bonds being issued in lieu of all or a portion of the Debt Financing, with respect to the required information to be included in such offering memorandum and which, with respect to any interim financial statements, will have been reviewed by Infinity's independent accountants as provided in AU 722;

(i) supplementing the required information to the extent that any such required information, to the knowledge of Infinity, contains any material misstatement of fact or omits to state any material fact necessary to make such information not misleading, as soon as reasonably practicable after obtaining knowledge thereof and (ii) as soon as practicable, but in any event within two (2) business days, furnishing written notice to Kemper if Infinity has knowledge of (A) any facts as a result of which a

**Table of Contents**

restatement of any financial statements for such financial statements to comply with GAAP is probable or (B) with respect to the required information, that (1) Infinity's auditors have withdrawn any audit opinion with respect to, or Infinity has undertaken a restatement of any financial statements contained in, the required information or (2) required information constituting projections, interpretations or other forward-looking information has not been prepared in good faith based upon reasonable assumptions;

reasonably assisting in the negotiation and preparation, and executing and delivering as of the closing date, any credit agreements, indentures, notes, purchase agreements and other definitive financing documents, provided that no obligation of Infinity or any of its subsidiaries under any such agreements will, subject to certain exceptions in the Merger Agreement, be effective until the effective time; and

(i) reasonably facilitating (A) the taking of all corporate, limited liability company, partnership or other similar actions by Infinity or, if applicable, its subsidiaries that are reasonably necessary to permit the consummation of the Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, and (B) the provision of guarantees and the pledging of collateral by Infinity and its subsidiaries, in each case to be effective at the effective time and (ii) cooperating with Kemper's legal counsel in connection with any legal opinion that such legal counsel may be required to deliver in connection with the Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, including furnishing documents required to satisfy any customary negative assurance opinion.

Infinity has also agreed to authorize and consent to the use of (i) the required information for purposes of the Debt Financing or any bonds issued in lieu of all or part of the Debt Financing and (ii) its and its subsidiaries' logos in offering materials prepared by the arrangers of the Debt Financing provided to Kemper solely in connection with a description of Infinity, its business and services or the Merger (including the Debt Financing), provided that Kemper and its representatives comply with all reasonable instructions of Infinity with respect to such use and promptly cease any and all such use following the termination of the Merger Agreement in accordance with its terms.

Notwithstanding the foregoing obligations, Kemper and Infinity have agreed that (i) the cooperation described above will not be required to the extent it would interfere unreasonably with the ongoing operations of Infinity or any of its subsidiaries; (ii) any certificate, document, instrument or agreement entered into pursuant to the obligations described above will be subject to the closing and will only be effective at or after effective time (except for (w) any customary certificate of the Chief Financial Officer (or other comparable officer) of Infinity that is required to be delivered upon pricing of any bonds, (x) the authorization letters described above, (y) representation letters required by Infinity's auditors in connection with the delivery of comfort letters and (z) any consents reasonably requested by Kemper in connection with the transactions contemplated by the Merger Agreement and any certificate of the Chief Financial Officer (or other comparable officer) of Infinity reasonably requested by Kemper's counsel in connection with the delivery of any legal opinions such counsel may be required to deliver in advance of the effective time); (iii) neither the Infinity Board (or comparable governing body) of any of its subsidiaries will be required to pass resolutions or consents to approve or adopt any agreements related to the Debt Financing (or any alternative financing) that are not subject to the closing and effective prior to the effective time; (iv) neither Infinity nor any of its subsidiaries will be required to execute any agreement or certificate in connection with the Debt Financing (or any alternative financing) that is not subject to the closing and effective prior to the effective time (except as contemplated by clause (ii) above); (v) no counsel for Infinity or any of its subsidiaries will be obligated to deliver any opinion in connection with any financing; and (vi) subject to the certain confidentiality and access restrictions contained in the Merger Agreement, neither Infinity nor its affiliates will be obligated to provide, or cause to be provided, any information or take, or cause to be taken, any action to the extent it would result in a violation of applicable law or the loss of any attorney-client privilege, work product doctrine or other legal privilege. Neither Infinity nor any of its subsidiaries will be required to

pay any commitment or other similar fee or, subject to the following paragraph, incur any other monetary liability or commitment in connection with the Debt Financing (or any bonds issued in lieu thereof) prior to the effective time.



---

## **Table of Contents**

Kemper will, within ten (10) business days following request by Infinity, reimburse Infinity for all documented and reasonable out-of-pocket costs and expenses incurred by Infinity or any of its subsidiaries in connection with such cooperation described above. Kemper has agreed to indemnify and hold harmless Infinity, its subsidiaries and affiliates and each of their respective directors, officers, employees and other representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the actions taken in accordance with the financing provisions of the Merger Agreement described above and any information utilized in connection therewith, except to the extent that any of the foregoing arise from (i) the bad faith, gross negligence or willful misconduct of, or material breach of the Merger Agreement by, Infinity, its subsidiaries or their respective affiliates, directors, officers, employees or other representatives, as applicable, (ii) historical information provided by Infinity or any of its subsidiaries for use in connection with the Debt Financing (or any bonds issued in lieu thereof) or (iii) information provided by Infinity, its subsidiaries or their respective affiliates, directors, officers, employees or other representatives containing any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

### **Infinity Indebtedness**

At Kemper's sole expense, and subject to Kemper's cooperation therewith, Infinity has agreed to deliver all notices and take all other reasonable and customary actions necessary, in each case in form and substance reasonably acceptable to Kemper, to effect at the effective time the payoff of any amounts then outstanding, and termination of all outstanding obligations and commitments and release of liens, under Infinity's existing credit agreement.

As reasonably requested by Kemper, and at Kemper's sole expense and subject to Kemper's cooperation therewith, Infinity has agreed to deliver any notices or announcements, provide reasonable cooperation to Kemper or Merger Sub to cause the preparation and delivery of any certificates, legal opinions or other documents and provide any cooperation reasonably requested by Kemper in connection with obtaining any required consent to the transactions contemplated by the Merger Agreement of the applicable trustee under the indenture with respect to the outstanding senior notes of Infinity and otherwise permitting the transactions contemplated by the Merger Agreement such that the consummation of the transactions contemplated by the Merger Agreement does not result in a breach, default or event of default (with or without notice or lapse of time or both) under or with respect to such indenture or senior notes. Kemper and its counsel will be given a reasonable opportunity to review and comment on any such notice, announcement, supplemental indenture, certificate, legal opinion or other document, in each case before provided to such trustee, and Infinity will give reasonable and good faith consideration to any comments thereon made by Kemper and its counsel. However, nothing in the Merger Agreement will require Kemper or any of its subsidiaries to, and neither Infinity nor any of its subsidiaries will, without the prior written consent of Kemper (which consent will be in the sole discretion of Kemper), agree to any modification to or accommodation under such indenture or senior notes or other contract with respect thereto or pay any fee, penalty or other consideration to any third party for or relating to any consent or approval required for the consummation of the transactions contemplated by the Merger Agreement.

### **Other Covenants and Agreements**

Kemper and Infinity have agreed to take certain additional actions pursuant to the Merger Agreement. In particular, Kemper and Infinity have agreed to:

prepare this joint proxy statement/prospectus;

subject to certain exceptions, provide each other with reasonable access to information;

subject to certain exceptions, abide by certain restrictions regarding public statements and disclosures concerning the Merger Agreement and the transactions contemplated by the Merger Agreement;

---

**Table of Contents**

cause the shares of Kemper common stock prior to the effective time to be approved for listing on the NYSE, subject to official notice of issuance;

have Kemper, Infinity and Merger Sub, and each of their respective board of directors (or other comparable governing bodies) grant all approvals and take all actions as are reasonably necessary or appropriate so that no takeover law is or becomes applicable to the Merger Agreement, and if any takeover law is or becomes applicable to the Merger Agreement, take all action reasonably necessary or appropriate so that the transactions contemplated by the Merger Agreement may be consummated as promptly as practicable on the terms contemplated by the Merger Agreement and otherwise act reasonably to eliminate or minimize the effects of such takeover law on such transactions;

have Infinity furnish to Kemper a certificate meeting the requirements of Treasury Regulation Section 1.1445-2(c)(3) to the effect that the shares of Infinity common stock are not a U.S. real property interest within the meaning of Section 897 of the Code;

have Infinity (i) promptly advise Kemper orally and in writing of any legal action or proceeding commenced after the date of the Merger Agreement against Infinity or any of its subsidiaries, as applicable, or any of its directors or officers by any shareholder of Infinity arising out of or relating to the Merger Agreement or the transactions contemplated by the Merger Agreement, (ii) keep Kemper reasonably informed regarding any such legal action or proceeding, (iii) give Kemper the opportunity to participate in, but not control, the defense or settlement of any such legal action or proceeding, (iv) keep Kemper reasonably informed with respect to any material developments regarding the defense or settlement of any such legal action or proceeding, (v) give due consideration to Kemper's advice with respect to such shareholder legal action, and (vi) not settle or offer to settle any such legal action or proceeding without the prior written consent of Kemper, unless (A) such settlement is solely for monetary damages entirely paid for with proceeds of insurance (other than the deductibles under insurance policies in effect as of the date of the Merger Agreement) and in connection therewith Infinity does not (1) disparage Kemper, Merger Sub, Infinity or any of the respective affiliates or businesses of the foregoing or the impact or effect of the transactions contemplated by the Merger Agreement or (2) disclose competitively sensitive information of Kemper, Merger Sub, Infinity or any of the respective affiliates or businesses of the foregoing and (B) if Kemper is a named party in such legal action or proceeding, Kemper receives a full and complete release on terms no less favorable than those received by Infinity; and

take all steps required to cause dispositions of Infinity common stock or acquisitions of Kemper common stock resulting from the transactions contemplated by the Merger Agreement by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act or who will become subject to such reporting requirements with respect to Kemper, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

**Director and Officer Indemnification**

Kemper and Merger Sub have agreed that all rights to exculpation, indemnification or advancement of expenses arising from, relating to or otherwise in respect of, acts or omissions occurring prior to the effective time existing as of the date of the Merger Agreement in favor of the current (as of the date of the Merger Agreement) or former directors

or officers of Infinity and its subsidiaries as provided in their respective certificates of incorporation, bylaws or other comparable organizational documents and any indemnification or other agreements of Infinity and its subsidiaries with any of the current (as of the date of the Merger Agreement) or former directors or officers of Infinity or any of its subsidiaries as in effect on the date of the Merger Agreement will be assumed by Infinity as the surviving entity in the Merger, without further action, and will survive the Merger and will continue in full force and effect in accordance with their terms.

Following the effective time, Kemper and Infinity will, to the fullest extent Infinity would have been permitted under the laws of the State of Ohio, indemnify and hold harmless (and advance funds in respect of each

---

**Table of Contents**

of the foregoing and costs of defense to) each current (as of the date of the Merger Agreement) and former director or officer of Infinity or any of its subsidiaries, in each case against any losses, claims, damages, liabilities, fees, costs and expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement in connection with any actual or threatened legal action or proceeding, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with the fact that such person is or was an officer, director or fiduciary of Infinity or any of its subsidiaries at or prior to the effective time (provided that such person to whom expenses are advanced provides an undertaking, if and only to the extent required by applicable law, to repay such advances if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to indemnification for such expenses). No such person will settle, compromise or consent to the entry of any judgment in any threatened or actual legal action or proceeding for which indemnification could be sought by a person described above unless Kemper consents in writing to such settlement, compromise or consent (which consent will not be unreasonably withheld, conditioned or delayed).

Kemper has also agreed that it will cause the surviving corporation to, and the surviving corporation will, for a period of no less than six years following the effective time, maintain in effect the exculpation, indemnification and advancement of expenses provisions of the certificate of incorporation and bylaws or other comparable organization documents of Infinity and its subsidiaries in effect as of the date of the Merger Agreement or in any indemnification agreements of Infinity or its subsidiaries with any of their respective directors, officers or employees in effect as of the date of the Merger Agreement, and will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who immediately before the effective time were current or former directors, officers or employees of Infinity or its subsidiaries, provided that all rights to exculpation, indemnification and advancement of expenses in respect of any legal action or proceeding pending or asserted or any claim made within such period will continue until the final disposition of such legal action or proceeding.

Kemper is required to, in its sole discretion, either (i) provide, or cause Infinity to provide, following the effective time, Infinity's current directors and officers an insurance and indemnification policy or (ii) obtain, at or prior to the effective time, so long as it does not result in gaps or lapses of coverage with respect to matters occurring prior to the effective time, prepaid (or tail) directors' and officers' insurance and indemnification policies that, in either case, provide coverage for events occurring prior to the effective time for an aggregate period of not less than six years from the effective time that are no less favorable in the aggregate (with respect to limits and deductibles) to Infinity's existing policy or policies or, if such insurance coverage is unavailable, the best available similar coverage, so long as the annual premium for the insurance does not exceed 300% of the last annual premium that Infinity paid prior to the date of the Merger Agreement. If the premium of such insurance exceeds the 300% limitation described above, Kemper will cause to be maintained policies of such insurance which, in Kemper's good faith determination, provide the maximum coverage available with an annual premium equal to 300% of Infinity's current annual premium.

If Kemper, the surviving corporation or any of their respective successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving entity of such consolidation or merger or (ii) transfers or conveys all or substantially all its properties and assets, then, and in each case, Kemper and the surviving corporation will ensure that such surviving entity or the transferees of such properties or assets assume the indemnification and insurance obligations described above.

The rights of each such person described above will be in addition to any rights such person may have under the certificate of incorporation or bylaws or other comparable organizational documents of Infinity and its subsidiaries or under any agreement of any such person with Infinity or any of its subsidiaries, in each case in effect as of the date of the Merger Agreement, or under applicable law. The rights described above will survive the closing in accordance with their terms and are intended to benefit, and will be enforceable by, each such person described above.



---

**Table of Contents**

**Termination of the Merger Agreement**

***Termination by Kemper or Infinity***

The Merger Agreement may be terminated and the Merger may be abandoned prior to the effective time by the mutual written consent of Kemper and Infinity. Also, either Kemper or Infinity may terminate the Merger Agreement at any time prior to the effective time if:

any court of competent jurisdiction or other government entity has issued a judgment, order, injunction, rule or decree, or taken any other action, restraining, enjoining or otherwise prohibiting or making illegal the closing or any of the other transactions contemplated by the Merger Agreement and such judgment, order, injunction, rule or decree has become final and nonappealable (provided that the right to terminate the Merger Agreement for this reason will not be available to any party that has failed to (i) use its reasonable best efforts to contest, resolve or lift, as applicable, such judgment, order, injunction, rule, decree or other action and (ii) comply with its obligations described above in Efforts to Complete the Merger beginning on page 138 in all material respects as its relates to such governmental entity);

the Infinity shareholder approval was not obtained at the Infinity shareholder meeting (including any adjournment or postponement thereof) (provided that Infinity may not terminate the Merger Agreement for this reason if Infinity has not complied with its obligations under the Merger Agreement with respect to not soliciting Infinity acquisition proposals and the holding of the Infinity shareholder meeting);

the Kemper stockholder approval was not obtained at the Kemper stockholder meeting (including any adjournment or postponement thereof) (provided that Kemper may not terminate the Merger Agreement for this reason if Kemper has not complied with its obligations under the Merger Agreement with respect to not soliciting Kemper acquisition proposals and the holding of the Kemper stockholder meeting); or

the effective time has not occurred on or before November 13, 2018 (or, if extended pursuant to the Merger Agreement, February 13, 2019) (the *outside date* ) (provided, that neither Kemper nor Infinity has the right to terminate the Merger Agreement for this reason if the failure to consummate the Merger by the outside date results from the material breach or failure to perform by Kemper or Merger Sub (in the case of termination by Kemper) or Infinity (in the case of termination by Infinity) of any of its representations, warranties, covenants or agreements contained in the Merger Agreement).

***Termination by Kemper***

Kemper may terminate the Merger Agreement as follows:

if Infinity breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of the applicable conditions precedent to Kemper's obligation to complete the Merger and (ii) cannot be or has not been cured within the lesser of (A) 30 days after the giving by Kemper of

written notice to Infinity of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (B) the number of days remaining until the outside date, provided that Kemper will not have the right to terminate the Merger Agreement for this reason if Kemper or Merger Sub is then in material breach of any of its representations, warranties, obligations or agreements under the Merger Agreement;

if, prior to obtaining the Infinity shareholder approval, the Infinity Board or any committee thereof has (i) effected or permitted an Infinity adverse recommendation change (whether or not permitted to do so under the terms of the Merger Agreement), (ii) adopted, approved, endorsed, declared advisable or recommended to Infinity shareholders an Infinity acquisition proposal other than the Merger, (iii) failed to publicly reaffirm the Infinity recommendation within five business days following receipt of a



**Table of Contents**

written request by Kemper to provide such reaffirmation after an Infinity acquisition proposal has been publicly disclosed or has become publicly known, (iv) failed to include in this joint proxy statement/prospectus the Infinity recommendation or included in this joint proxy statement/prospectus any proposal to vote upon or consider any Infinity acquisition proposal other than the Merger or (v) failed to recommend against a competing tender offer or exchange offer for 15% or more of the outstanding capital stock of Infinity within ten (10) business days after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its shareholders);

if Infinity breaches in any material respect any of its obligations with respect to not soliciting Infinity acquisition proposals; or

if, prior to obtaining the Kemper stockholder approval, Kemper terminates the Merger Agreement in order to enter into a definitive agreement to effect a Kemper superior proposal, so long as Kemper has complied with its obligations with respect to not soliciting Kemper acquisition proposals in all material respects and enters into such definitive agreement concurrently with the termination of the Merger Agreement and pays the termination fee in accordance with the procedures and time periods described below.

***Termination by Infinity***

Infinity may terminate the Merger Agreement as follows:

if, Kemper or Merger Sub breaches or fails to perform in any material respect any of its respective representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of the applicable conditions precedent to Infinity's obligation to complete the Merger and (ii) cannot be or has not been cured within the lesser of (A) 30 days after the giving by Infinity of written notice to Kemper of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (B) the number of days remaining until the outside date, provided that Infinity will not have the right to terminate the Merger Agreement for this reason if Infinity is then in material breach of any of its representations, warranties, obligations or agreements under the Merger Agreement;

if, prior to obtaining the Kemper stockholder approval, the Kemper Board or any committee thereof has (i) effected or permitted a Kemper adverse recommendation change (whether or not permitted to do so under the terms of the Merger Agreement), (ii) adopted, approved, endorsed, declared advisable or recommended to Kemper stockholders a Kemper acquisition proposal, (iii) failed to publicly reaffirm the Kemper recommendation within five business days following receipt of a written request by Infinity to provide such reaffirmation after a Kemper acquisition proposal has been publicly disclosed or has become publicly known, (iv) failed to include in this joint proxy statement/prospectus the Kemper recommendation or included in this joint proxy statement/prospectus any proposal to vote upon or consider any Kemper acquisition proposal or (v) failed to recommend against a competing tender offer or exchange offer for 15% or more of the outstanding capital stock of Kemper within five business days after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders);

if Kemper breaches in any material respect any of its obligations with respect to not soliciting Kemper acquisition proposals; or

if, prior to obtaining the Infinity shareholder approval, Infinity terminates the Merger Agreement in order to enter into a definitive agreement to effect an Infinity superior proposal, so long as Infinity has complied with its obligations with respect to not soliciting Infinity acquisition proposals in all material respects and enters into such definitive agreement concurrently with the termination of the Merger Agreement, and pays the termination fee in accordance with the procedures and time periods described below.

---

**Table of Contents**
***Effect of Termination***

If the Merger Agreement is terminated as described above, the Merger Agreement will become void and have no effect, without any liability or obligation on the part of Kemper, Merger Sub or Infinity (except for provisions relating to confidentiality, access to information, public announcements, expenses, payment of termination fees and expenses, amendments and supplements, extensions of time and waivers, the provision relating to effects of termination and certain other miscellaneous provisions), provided that neither Kemper, Merger Sub or Infinity will be relieved of any liability for (i) the willful and material breach of the Merger Agreement or (ii) actual fraud (which will not include constructive fraud or similar claims). The parties agree that the termination of the Merger Agreement will not affect the obligations of the parties under the confidentiality agreement.

**Reimbursement of Fees and Expenses**

If prior to the receipt of the Infinity shareholder approval, an Infinity competing proposal (as defined below) has been publicly disclosed or has become publicly known and not withdrawn, and the Merger Agreement is terminated by Kemper or Infinity due to the occurrence of a triggering event as described in the second through fourth bullet points above under Termination of the Merger Agreement Termination by Kemper or Infinity beginning on page 153, or by Kemper due to the occurrence of a triggering event as described in the first bullet point above under Termination of the Merger Agreement Termination by Kemper beginning on page 153, then Infinity will pay to Kemper by wire transfer of immediately available funds to the account or accounts designated by Kemper or its designee the Kemper expenses (as defined below) within two (2) business days after receipt from Kemper of documentation supporting such Kemper expenses and, if concurrently with or within 12 months after the date of any such termination, Infinity or any of its subsidiaries enters into a definitive agreement with respect to any Infinity competing proposal or any Infinity competing proposal is ultimately consummated, Infinity will pay to Kemper or its designee by wire transfer of immediately available funds to the account or accounts designated by Kemper or such designee the termination fee (as defined below) concurrently with the consummation of such Infinity competing proposal.

If prior to the receipt of the Kemper stockholder approval, a Kemper competing proposal (as defined below) has been publicly disclosed or has become publicly known and not withdrawn, and the Merger Agreement is terminated by Kemper or Infinity due to the occurrence of a triggering event as described in the second through fourth bullet points above under Termination of the Merger Agreement Termination by Kemper or Infinity beginning on page 153, or by Infinity due to the occurrence of a triggering event as described in the first bullet point above under Termination of the Merger Agreement Termination by Infinity beginning on page 154, then Kemper will pay to Infinity by wire transfer of immediately funds to the account or accounts designated by Infinity or its designee the Infinity expenses (as defined below) within two business days after receipt from Infinity of documentation supporting such Infinity expenses and, if concurrently with or within 12 months after the date of any such termination, Kemper or any of its subsidiaries enters into a definitive agreement with respect to any Kemper competing proposal or any Kemper competing proposal is ultimately consummated, Kemper will pay to Infinity or its designee by wire transfer of immediately available funds to the account or accounts designated by Infinity or such designee the termination fee concurrently with the consummation of such Kemper competing proposal.

Infinity has also agreed to pay Kemper a termination fee of \$49,598,810 (the *termination fee* ) if:

Kemper terminates the Merger Agreement due to the occurrence of a triggering event as described in the second bullet above under Termination of the Merger Agreement Termination by Kemper beginning on page 153;

Kemper terminates the Merger Agreement due to the occurrence of a triggering event as described in the third bullet above under Termination of the Merger Agreement Termination by Kemper beginning on page 153; and

---

**Table of Contents**

Infinity terminates the Merger Agreement due to an Infinity superior proposal and enters into a definitive agreement as described in the fourth bullet above under Termination of the Merger Agreement Termination by Infinity beginning on page 154.

Kemper has also agreed to pay Infinity the termination fee if:

Infinity terminates the Merger Agreement due to the occurrence of a triggering event as described in the second bullet above under Termination of the Merger Agreement Termination by Infinity beginning on page 154;

Infinity terminates the Merger Agreement due to the occurrence of a triggering event as described in the third bullet above under Termination of the Merger Agreement Termination by Infinity beginning on page 154; and

Kemper terminates the Merger Agreement due to a Kemper superior proposal and enters into a definitive agreement as described in the fourth bullet above under Termination of the Merger Agreement Termination by Kemper beginning on page 153.

In addition, unless Infinity is required to pay Kemper expenses as described in the first paragraph under this Section Reimbursement of Fees and Expenses beginning on page 155, Infinity has agreed to pay the Kemper expenses if the Merger Agreement is terminated due to the failure to obtain the Infinity shareholder approval as described in the second bullet above under Termination of the Merger Agreement Termination by Kemper or Infinity beginning on page 153.

In addition, unless Kemper is required to pay Infinity expenses as described in the second paragraph under this Section Reimbursement of Fees and Expenses beginning on page 155, Kemper has agreed to pay the Infinity expenses if the Merger Agreement is terminated due to the failure to obtain the Kemper stockholder approval as described in the third bullet above under Termination of the Merger Agreement Termination by Kemper or Infinity beginning on page 153.

For purposes of the foregoing summary of termination fees payable:

***Infinity competing proposal*** will have the same meaning as Infinity acquisition proposal except that all references to 15% therein are changed to 45% and all references to 85% therein are changed to 55%;

***Infinity expenses*** means documented fees and expenses (not to exceed \$14,171,089) incurred or paid by or on behalf of Infinity and its affiliates in connection with the transactions contemplated by the Merger Agreement, or related to the evaluation, authorization, preparation, negotiation, execution or performance of the Merger Agreement, in each case including all documented fees and expenses of law firms, commercial banks, investment banking firms, accountants, experts and consultants to Infinity and its affiliates;

***Kemper competing proposal*** will have the same meaning as Kemper acquisition proposal except that all references to 15% therein are changed to 45% and all references to 85% therein are changed to 55%;

***Kemper expenses*** means documented fees and expenses (not to exceed \$14,171,089) incurred or paid by or on behalf of Kemper, Merger Sub and their respective affiliates in connection with the transactions contemplated by the Merger

Agreement, or related to the evaluation, authorization, preparation, negotiation, execution or performance of the Merger Agreement, in each case including all documented fees and expenses of law firms, commercial banks, investment banking firms, financing sources, accountants, experts and consultants to Kemper, Merger Sub and their respective affiliates.

### **Representations and Warranties**

Infinity, on the one hand, and Kemper and Merger Sub, on the other hand, have each made representations and warranties to each other in the Merger Agreement. The representations and warranties referenced below and

---

**Table of Contents**

included in the Merger Agreement were made only for purposes of that agreement and as of specific dates, were solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by disclosures not reflected in the Merger Agreement, were made for the purpose of allocating contractual risk between the parties to the Merger Agreement instead of establishing matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors or stockholders and reports and documents filed with the SEC. Investors and stockholders are not third party beneficiaries under the Merger Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Kemper, Merger Sub or Infinity or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in Kemper's or Infinity's public disclosures. The representations and warranties of each of the parties to the Merger Agreement will expire at the effective time.

***Representations and Warranties of Infinity***

Infinity has made representations and warranties in the Merger Agreement that are subject, in some cases, (i) to information contained in reports filed with or furnished to the SEC by Infinity under the Exchange Act or the Securities Act after January 1, 2015 and publicly available at least two (2) business days prior to the date of the Merger Agreement (excluding all risk factors and forward-looking disclosures therein, other than specific factual information) and (ii) to specified exceptions and qualifications in the disclosure letter delivered by Infinity to Kemper. Certain of the representations and warranties are also subject to knowledge, materiality or material adverse effect qualifications. The topics covered by its representations and warranties include the following:

Infinity's organization, standing and power;

subsidiaries of Infinity;

the capital structure of Infinity;

Infinity's authority to enter into, and subject to the Infinity shareholder approval, consummate the transactions contemplated by the Merger Agreement;

(i) the absence of conflicts with, or violations of, laws, organizational documents or material contracts of Infinity, (ii) result in any breach or violation of any benefit plan of Infinity or (iii) result in the creation of any lien upon any of the material properties or assets of Infinity and its subsidiaries (or any properties or assets of Kemper or any of its subsidiaries, other than Infinity and its subsidiaries, following the effective time) in each case as a result of Infinity's execution or delivery of the Merger Agreement or the performance by Infinity of its covenants under, or the consummation by Infinity of the transactions contemplated by, the Merger Agreement;

the governmental and regulatory approvals required to complete the Merger;

Infinity's SEC filings since January 1, 2015, the financial statements contained in those filings, and the statutory financial statements of Infinity;

the absence of any undisclosed liabilities;

indebtedness of Infinity and its subsidiaries;

the information supplied in this joint proxy statement/prospectus;

the absence of certain changes or events since January 1, 2017;

the absence of pending litigation and proceedings;

Infinity's and its subsidiaries (and certain of their respective affiliates and representatives) compliance with laws and permits;



**Table of Contents**

employee benefits matters;

labor matters;

environmental matters;

tax matters including tax treatment of the Merger;

certain material contracts of Infinity;

insurance coverage;

Infinity's and its subsidiaries' real property;

Infinity's and its subsidiaries' intellectual property, including their software and information technology systems;

insurance matters;

reserves of Infinity and its subsidiaries;

Infinity's and its subsidiaries' reinsurance agreements;

underwriting standards of Infinity and its subsidiaries;

the absence of affiliate transactions;

the absence of financial advisors, brokers or finders fees, other than those payable to Deutsche Bank, in connection with the transactions contemplated by the Merger Agreement;

the inapplicability of takeover laws to the Merger;

the fairness opinion of Deutsche Bank; and

the absence of any other representation and warranties of Kemper, Merger Sub or their subsidiaries, affiliates or representatives other than what is contained in the Merger Agreement.

***Representations and Warranties of Kemper***

Kemper and Merger Sub have made representations and warranties in the Merger Agreement that are subject, in some cases, (i) to information contained in reports filed with or furnished to the SEC by Kemper under the Exchange Act or the Securities Act after January 1, 2015 and publicly available at least two business days prior to the date of the Merger Agreement (excluding all risk factors and forward-looking disclosures therein, other than specific factual information) or (ii) to specified exceptions and qualifications in the disclosure letter delivered by Kemper to Infinity. Certain of the representations and warranties are also subject to knowledge, materiality or material adverse effect qualifications. The topics covered by its representations and warranties include the following:

their organization, standing and power;

subsidiaries of Kemper and Merger Sub;

the capital structure of Kemper;

Kemper's and Merger Sub's authority to enter into, and subject to the Kemper stockholder approval, consummate the transactions contemplated by the Merger Agreement;

(i) the absence of conflicts with, or violations of, laws, organizational documents or material contracts of Kemper, (ii) result in any breach or violation of any benefit plan of Kemper or (iii) result in the creation of any lien upon any of the material properties or assets of Kemper and its subsidiaries, in each case as a result of Kemper's and Merger Sub's execution or delivery of the Merger Agreement or the performance by Kemper and Merger Sub of their respective covenants under, or the consummation by Kemper and Merger Sub of the transactions contemplated by, the Merger Agreement;

**Table of Contents**

the governmental and regulatory approvals required to complete the Merger;

Kemper's SEC filings since January 1, 2015 and the financial statements contained in those filings;

the absence of any undisclosed liabilities;

the information supplied in this joint proxy statement/prospectus;

the absence of certain changes or events since January 1, 2017;

the absence of pending litigation and proceedings;

Kemper's and its subsidiaries' compliance with laws and permits;

insurance matters;

reserves of Kemper and its subsidiaries;

Kemper's and Merger Sub's lack of ownership of Infinity common stock;

Kemper's ownership of Merger Sub and the operations of Merger Sub;

Kemper and Merger Sub having sufficient funds to consummate the Merger at the effective time;

the absence of financial advisor's, broker's or finder's fees, other than those payable to Goldman Sachs, in connection with the transactions contemplated by the Merger Agreement;

the fairness opinion of Goldman Sachs;

absence or receipt of any unsolicited bona fide written Kemper acquisition proposals since January 1, 2017;  
and

the absence of any other representation and warranties of Infinity or its subsidiaries, affiliates or representatives other than what is contained in the Merger Agreement.

**Expenses**

Except (i) as provided above under Termination of the Merger Agreement Termination by Infinity beginning on page 154 and Termination of the Merger Agreement Termination by Kemper beginning on page 153, (ii) that all HSR Act filing fees will be paid by Kemper, and (iii) that all costs and expenses incurred in connection with the printing, filing and mailing of this joint proxy statement/prospectus and the Form S-4 (including the applicable SEC filing fees) will be divided equally between Kemper and Infinity, each party is otherwise required to pay its own costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement.

**Governing Law; Jurisdiction; Remedies; Waiver of Jury Trial**

The Merger Agreement is governed by the internal laws of the State of Delaware without reference to the conflicts of laws principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, (i) matters relating to (A) the structure and effects of the Merger, including the matters relating to the filing of the certificate of merger, (B) the Merger Consideration and conversion of Infinity common stock, including the exchange of Infinity share certificates, the election procedures by Infinity shareholders and the treatment of Infinity stock awards, and (C) any dissenters' rights with respect to Infinity common stock will be governed by the OGCL and (ii) all matters relating to the fiduciary duties of the Infinity Board will be governed by the internal laws of the State of Ohio, without regard to the conflicts of law principles of such state that would cause the application of the laws of another jurisdiction. All legal actions or proceedings with respect to the Merger Agreement are to be brought and determined exclusively in the Delaware Court of Chancery or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware. Kemper, Merger Sub and Infinity are entitled to specific performance of the terms

## **Table of Contents**

of the Merger Agreement, including an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement in the Delaware Court of Chancery, this being in addition to any other remedy to which such party is entitled at law or in equity and no party to the Merger Agreement will allege, and each party hereby waives the defense or counterclaim, that there is an adequate remedy at law. However, in the event that Kemper or Infinity, or their respective designees, receives full payment of the termination fee under the circumstances where a termination fee was payable, the receipt of the termination fee will be the sole and exclusive remedy for any and all losses or damages suffered or incurred by the party to which such termination fee was payable under the Merger Agreement. Each of Kemper, Merger Sub and Infinity has waived any requirement under any law to post security as a prerequisite to obtaining equitable relief. Each of Kemper, Merger Sub and Infinity has waived its right to trial by jury in any legal proceeding arising out of or relating to the Merger Agreement or the transactions contemplated by the Merger Agreement.

## **Amendments, Extensions and Waivers**

### ***Amendments***

The Merger Agreement may be amended by Kemper, Merger Sub and Infinity at any time prior to the closing, except that any amendment after the Infinity shareholder approval has been obtained which requires further approval or adoption by the shareholders of Infinity may not be made without such further approval or adoption. All amendments to the Merger Agreement must be in writing signed by each party.

### ***Extension of Time and Waivers***

At any time prior to the closing, any of Kemper, Merger Sub or Infinity may, to the extent permitted by applicable law:

extend the time for the performance of any of the obligations or acts of any other party or parties to the Merger Agreement;

waive any inaccuracies in the representations and warranties of the other party or parties set forth in the Merger Agreement or any document delivered pursuant to the Merger Agreement; or

subject to applicable law, waive compliance with any of the agreements, covenants or conditions of the other party or parties contained in the Merger Agreement.

However, after the Infinity shareholder approval has been obtained, no waiver may be made that pursuant to applicable law requires further approval or adoption by the Infinity shareholders without such further approval or adoption. All extensions and waivers granted by a party to the Merger Agreement must be in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

---

**Table of Contents****THE VOTING AND SUPPORT AGREEMENTS****Voting and Support Agreements Kemper Voting and Support Agreements**

In connection with the Merger Agreement, on February 13, 2018, each of Kemper's directors and named executive officers, who collectively beneficially owned an aggregate of [X] shares of Kemper common stock as of the close of business on the Kemper record date, representing approximately [X]% of the shares of Kemper common stock outstanding as of that date, entered into a Kemper Voting and Support Agreement, pursuant to which, among other things and subject to certain exceptions, each director and named executive officer agreed to vote or cause to be voted any shares of Kemper common stock of which they are the beneficial or record owner (i) in favor of the approval of the share issuance proposal and (ii) against (A) certain enumerated significant corporate transactions and any other extraordinary corporate transactions (other than the Merger), such as a merger, consolidation, business combination, tender or exchange offer, reorganization, recapitalization, liquidation or sale or transfer of all or substantially all of the assets or securities of Kemper or any of the material subsidiaries of Kemper and (B) any proposal that would reasonably be expected to materially impede, frustrate, prevent or nullify the issuance of shares of Kemper common stock in the Merger or the Merger Agreement, subject to certain limited exceptions.

During the term of the Kemper Voting and Support Agreements, each director and named executive officer is not permitted to, directly or indirectly, sell, pledge, encumber, exchange, assign, grant an option with respect to, transfer, tender or otherwise dispose of his or her shares of Kemper common stock or any interest therein, among other things and subject to certain limited exceptions. During the term of the Kemper Voting and Support Agreements, each director and named executive officer is personally obligated to abide by the restrictions on solicitation set forth in the Merger Agreement.

The Kemper Voting and Support Agreements terminate on the earlier of (i) the closing, (ii) any termination of the Merger Agreement, (iii) the delivery of written notice of termination of any Kemper Voting and Support Agreement by a director or named executive officer to Kemper following the failure of the Kemper Board to recommend that Kemper's stockholders approve the share issuance proposal, (iv) the written agreement of such director or named executive officer and Infinity to terminate such Kemper Voting and Support Agreement and (v) the delivery of written notice of termination of a Kemper Voting and Support Agreement by such director or named executive officer to Kemper following any fundamental amendment to the Merger Agreement, which includes (A) increases to the cash component or the stock component of the Merger Consideration, (B) changes to the form of Merger Consideration payable in the Merger in any material respect, (C) extensions of the outside date, not including the one three-month extension of the outside date contemplated by the terms of the Merger Agreement, (D) changes to the election rights of Infinity shareholders for Cash Consideration or Stock Consideration under the Merger Agreement in any material respect or (E) any amendment, waiver or other modification to the Merger Agreement that is materially adverse to such director or named executive officer in his or her capacity as a stockholder of Kemper.

The Kemper Voting and Support Agreements are executed by each of these directors and named executive officers in an individual capacity as a stockholder and do not limit or restrict such signatory thereto from acting in his or her capacity as a director or officer of Kemper. A copy of the form of the Kemper Voting and Support Agreement executed by all directors and named executive officers is attached as Annex B to this joint proxy statement/prospectus. The foregoing summary of the Kemper Voting and Support Agreements is subject to, and qualified in its entirety by reference to, the full text of the form of the Kemper Voting and Support Agreements attached as Annex B to this joint proxy statement/prospectus and incorporated herein by reference.

**Voting and Support Agreements Infinity Voting and Support Agreements**

In connection with the Merger Agreement, on February 13, 2018, each of Infinity's directors and named executive officers, who collectively beneficially owned an aggregate of [X] shares of Infinity common stock as

---

**Table of Contents**

of the close of business on the Infinity record date, representing approximately [X]% of the shares of Infinity common stock outstanding as of that date, entered into an Infinity Voting and Support Agreement, pursuant to which, among other things and subject to certain exceptions, each director and named executive officer agreed to vote or cause to be voted any shares of Infinity common stock of which they are the beneficial or record owner (i) in favor of (A) the adoption of the merger proposal, and (B) the approval of the transactions contemplated by the Merger Agreement, including the Merger, and (ii) against (A) certain enumerated significant corporate transactions and any other extraordinary corporate transactions (other than the Merger), such as a merger, consolidation, business combination, tender or exchange offer, reorganization, recapitalization, liquidation or sale or transfer of all or substantially all of the assets or securities of Infinity or any of the material subsidiaries of Infinity and (B) any proposal that would reasonably be expected to materially impede, frustrate, prevent or nullify the Merger or the Merger Agreement, subject to certain limited exceptions.

During the term of the Infinity Voting and Support Agreements, each director and named executive officer is not permitted to, directly or indirectly, sell, pledge, encumber, exchange, assign, grant an option with respect to, transfer, tender or otherwise dispose of his or shares of Infinity common stock or any interest therein, among other things and subject to certain limited exceptions. Under the Infinity Voting and Support Agreements, each director and named executive officer has waived and may not assert any appraisal rights or rights to dissent with respect to his or her shares of Infinity common stock in connection with the Merger. During the term of the Infinity Voting and Support Agreements, each director and named executive officer is personally obligated to abide by the restrictions on solicitation set forth in the Merger Agreement.

The Infinity Voting and Support Agreements terminate on the earlier of (i) the closing, (ii) any termination of the Merger Agreement, (iii) the delivery of written notice of termination of any Infinity Voting and Support Agreement by a director or named executive officer to Infinity following the failure of the Infinity Board to recommend that Infinity's shareholders approve the Merger, (iv) the written agreement of such director or named executive officer and Kemper to terminate such Infinity Voting and Support Agreement and (v) the delivery of written notice of termination of an Infinity Voting and Support Agreement by such director or named executive officer to Infinity following any fundamental amendment to the Merger Agreement, which includes (A) reductions to the cash component or the stock component of the Merger Consideration, (B) changes to the form of Merger Consideration payable in the Merger in any material respect, (C) extensions of the outside date, not including the one three-month extension of the outside date contemplated by the terms of the Merger Agreement, (D) changes to the election rights of Infinity shareholders for Cash Consideration or Stock Consideration under the Merger Agreement in any material respect or (E) any amendment, waiver or other modification to the Merger Agreement that is materially adverse to such director or named executive officers in his or her capacity as a shareholder of Infinity.

The Infinity Voting and Support Agreements are executed by each of these directors and named executive officers in an individual capacity as a shareholder and do not limit or restrict such signatory thereto from acting in his or her capacity as a director or named executive officer. A copy of the form of Infinity Voting and Support Agreement executed by all directors and named executive officers is attached as Annex C to this joint proxy statement/prospectus. The foregoing summary of the Infinity Voting and Support Agreements is subject to, and qualified in its entirety by reference to, the full text of the form of the Infinity Voting and Support Agreements attached as Annex C to this joint proxy statement/prospectus and incorporated herein by reference.



---

**Table of Contents**

**APPRAISAL AND DISSENTERS' RIGHTS**

**Kemper Stockholders**

Under the DGCL, Kemper stockholders are not entitled to appraisal rights in connection with the issuance of shares of Kemper common stock to Infinity shareholders pursuant to the Merger Agreement. It is expected that Kemper common stock will continue to be traded on the NYSE during the pendency of the Merger and following the effective time, and Kemper's corporate status will not change as a result of the Merger because the Merger is being completed between Vulcan Sub, Inc., a wholly owned subsidiary of Kemper, and Infinity.

**Infinity Shareholders**

If the merger proposal is approved, each Infinity shareholder who does not vote in favor of the merger proposal may be entitled to seek relief as a dissenting Infinity shareholder under Section 1701.85 of the OGCL. The following is a summary of the principal steps a shareholder must take to perfect dissenters' rights under the OGCL. This summary is qualified by reference to the complete text of Section 1701.85 of the OGCL, which is attached as Annex F to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference. Any Infinity shareholder considering the exercise of dissenters' rights is urged to review carefully the provisions of Section 1701.85 of the OGCL and to consult an attorney in connection therewith, since failure to follow fully and precisely the procedural requirements of the statute may result in termination or waiver of such rights.

To perfect dissenters' rights, a dissenting Infinity shareholder must satisfy each of the following conditions and must otherwise comply with Section 1701.85 of the OGCL:

a dissenting Infinity shareholder must be a record holder of the shares of Infinity common stock as to which such shareholder seeks to exercise dissenters' rights on the Infinity record date. Because only Infinity shareholders of record on the Infinity record date may exercise dissenters' rights, any person or entity who beneficially owns shares that are held of record by a bank, broker, trust or other nominee holder of record who desires to exercise dissenters' rights must, in all cases, instruct such bank, broker, trust or other nominee holder of record to comply with and satisfy all of the requirements of Section 1701.85 of the OGCL;

a dissenting Infinity shareholder must not vote his or her shares in favor of the merger proposal at the Infinity special meeting. Failing to vote or abstaining from voting does not waive a dissenting shareholder's dissenters' rights. However, a signed proxy returned to Infinity without specified voting instructions will be voted in favor of the merger proposal and will be deemed a waiver of dissenters' rights. A dissenting Infinity shareholder may revoke his or her proxy at any time before its exercise by filing with Infinity an instrument revoking it, delivering a duly executed proxy bearing a later date, voting by telephone or over the Internet at a later date than the date of the previous proxy or by attending and giving notice of the revocation of the proxy at the Infinity special meeting (see "The Infinity Special Meeting - Voting; Proxies; Revocation beginning on page 51);

a dissenting Infinity shareholder must deliver a written demand for payment of the fair cash value of the shares of Infinity common stock held by such shareholder prior to the vote by Infinity shareholders on the merger proposal at the Infinity special meeting (a *written demand* ). Any written demand must specify the

dissenting Infinity shareholder's name and address, the number and class of shares held by the shareholder on the Infinity record date (the *dissenting shares*), and the amount claimed as the fair cash value of the dissenting shares. Voting against the merger proposal does not constitute the written demand required under Section 1701.85 of the OGCL; and

with respect to shares of Infinity common stock represented by share certificates, if Infinity sends to a dissenting Infinity shareholder, at the address specified in the written demand, a request for the share certificates representing the dissenting shares, the dissenting Infinity shareholder, within fifteen

**Table of Contents**

(15) days from the date of Infinity sending such request, must deliver to Infinity the share certificates requested so that Infinity may endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. Such a request is not an admission by Infinity that a dissenting Infinity shareholder is entitled to relief under Section 1701.85 of the OGCL. Infinity will promptly return the endorsed share certificates to the dissenting Infinity shareholder. At the option of Infinity, a dissenting Infinity shareholder who fails to deliver the share certificates representing the dissenting shares after receiving such request from Infinity shall have his or her dissenters' rights terminated upon Infinity delivering written notice to such dissenting shareholder within twenty (20) days after the lapse of the fifteen (15)-day period, unless a court for good cause shown otherwise directs.

Infinity and a dissenting Infinity shareholder may come to an agreement as to the fair cash value of the dissenting shares. If Infinity and the dissenting Infinity shareholder cannot agree upon the fair cash value of the dissenting shares, then either Infinity or the dissenting Infinity shareholder may, within three (3) months after service of a written demand by the dissenting Infinity shareholder, file a petition in the Court of Common Pleas of Hamilton County, Ohio (the *Court*), for a determination that the dissenting Infinity shareholder is entitled to exercise dissenters' rights and to determine the fair cash value of the dissenting shares. If the Court finds the dissenting Infinity shareholder is entitled to be paid the fair cash value of any dissenting shares, the Court may appoint one or more appraisers to receive evidence and recommend a decision on the amount of the fair cash value. The Court will then make a finding as to the fair cash value of the dissenting shares and shall render judgment against Infinity for the payment of such fair cash value, with interest at a rate and from a date as the Court considers equitable. The costs of the proceeding, including reasonable compensation to the appraisers to be fixed by the court, will be assessed or apportioned as the court considers equitable.

Fair cash value for purposes of Section 1701.85 of the OGCL is the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer, under no compulsion to purchase, would be willing to pay, but in no event may the fair cash value exceed the amount specified in the written demand of a dissenting Infinity shareholder. The fair cash value is to be determined as of the day prior to the date of the Infinity special meeting. For purposes of determining the fair cash value of a share listed on a national securities exchange (such as the NASDAQ, on which shares of Infinity common stock are currently listed) immediately before the effective time of the Merger, fair cash value of a share will be the closing sale price of Infinity common stock on the NASDAQ the day before the Infinity shareholders vote on the merger proposal (which date will be the day before the Infinity special meeting unless the Infinity special meeting is adjourned or postponed). Otherwise, any appreciation or depreciation in the market value of Infinity common stock resulting from the Merger, and any premium associated with control of Infinity, or any discount for lack of marketability or minority status, will be excluded. The fair cash value may be higher, the same as, or lower than the per share value of the Merger Consideration to be received by Infinity shareholders in connection with the Merger. Infinity shareholders should be aware that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, is not an opinion as to, and does not otherwise address, fair cash value under Section 1701.85 of the OGCL.

Payment of the fair cash value must be made within thirty (30) days after the later of the final determination of such value or the effective time. In the case of holders of shares of Infinity common stock represented by share certificates, such payment shall be made only upon simultaneous surrender to Infinity of the dissenting Infinity shareholder's share certificates for which such payment is made.

Pursuant to Section 1701.85 of the OGCL, a dissenting Infinity shareholder's rights to receive the fair cash value of the dissenting shares will automatically terminate if:

the dissenting Infinity shareholder has not complied with Section 1701.85 of the OGCL;

the Merger is abandoned or is finally enjoined or prevented from being carried out, or the Infinity shareholders rescind their approval of the merger proposal;

**Table of Contents**

the dissenting Infinity shareholder withdraws such shareholder's written demand, with the consent of the Infinity Board; or

the dissenting Infinity shareholder and the Infinity Board have not agreed on the fair cash value of Infinity common stock and neither has filed a timely complaint in the Court within three (3) months after the dissenting Infinity shareholder delivered a written demand.

All rights accruing to holders of shares of Infinity common stock, including voting and dividend or distribution rights, are suspended from the time a dissenting Infinity shareholder submits a written demand with respect to any dissenting shares until the termination or satisfaction of the rights and obligations of the dissenting Infinity shareholder and Infinity arising from the written demand. During this period of suspension, any dividend or distribution paid on the dissenting shares will be paid to the record owner as a credit upon the fair cash value thereof. If an Infinity shareholder's dissenters' rights are terminated other than by purchase of the dissenting shares by Infinity, then at the time of termination all rights will be restored and all distributions that would have been made, but for suspension, will be made.

**Table of Contents**

**INFORMATION ABOUT KEMPER AND MERGER SUB**

**Kemper**

Kemper is a diversified insurance holding company, with subsidiaries that provide automobile, homeowners, life, health, and other insurance products to individuals and businesses. The principal executive offices of Kemper are located at One East Wacker Drive, Chicago, Illinois 60601, and its telephone number is (312) 661-4600.

Kemper is a holding company incorporated under the laws of the State of Delaware in 1990, with equity securities traded on the NYSE. On August 25, 2011, Kemper adopted its current name and changed its NYSE ticker symbol to KMPR. Prior to the name change, Kemper was known as Unitrin, Inc. and traded under the NYSE ticker symbol UTR.

Kemper is engaged, through its subsidiaries, in the property and casualty insurance and life and health insurance businesses. Kemper conducts its operations through two operating segments: Property & Casualty Insurance and Life & Health Insurance. Kemper conducts its operations solely in the United States.

Kemper's subsidiaries employ approximately 5,550 full-time associates supporting their operations, of which approximately 1,850 are employed in the Property & Casualty Insurance segment, approximately 3,200 are employed in the Life & Health Insurance segment and the remainder are employed in various corporate and other staff and shared functions.

For additional information regarding Kemper, please refer to its Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, as well as Kemper's other filings with the SEC. See "Where You Can Find More Information" beginning on page 216.

**Merger Sub**

Merger Sub is a direct wholly owned subsidiary of Kemper and was formed solely for the purpose of consummating the Merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement. The principal executive offices of Merger Sub are located at One East Wacker Drive, Chicago, Illinois 60601, and its telephone number is (312) 661-4600.

**Table of Contents**

**INFORMATION ABOUT INFINITY**

Infinity was incorporated under the laws of the State of Ohio on September 16, 2002. Infinity is a holding company that provides insurance, through its subsidiaries, for personal auto with a concentration on non-standard risks, commercial auto and classic collectors. Infinity's headquarters are located at 2201 4th Avenue North, Birmingham, Alabama. Infinity employed approximately 2,300 people at December 31, 2017. Infinity common stock is traded on the NASDAQ under the symbol IPCC.

Infinity offers personal and commercial auto insurance primarily in four key states: Arizona, California, Florida and Texas. Infinity's target customers are urban and Hispanic drivers. This narrow geographic and demographic focus allows Infinity to concentrate its efforts and resources on providing competitively priced products to underserved segments while generating adequate returns for its shareholders.

For additional information regarding Infinity, please refer to its Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, as well as Infinity's other filings with the SEC. See [Where You Can Find More Information](#) beginning on page 216.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF KEMPER**

On March 28, 2018, there were 51,533,086 shares of Kemper common stock outstanding. The following table shows the beneficial ownership of the Kemper common stock as of March 28, 2018 (unless otherwise indicated) by: (a) each of Kemper's directors; (b) each of Kemper's named executive officers; and (c) all directors and executive officers as a group. Beneficial ownership includes voting or investment power with respect to shares of Kemper common stock and includes shares issuable pursuant to stock options that are exercisable or restricted stock units that vest within sixty (60) days of March 28, 2018. Unless otherwise indicated, the address for each listed stockholder is: One East Wacker Drive, Chicago, Illinois 60601.

Name of Beneficial Owner	Shares of Common Stock at March 28, 2018 (1)	Stock Options Exercisable/RSUs		Total Shares Beneficially Owned	Percent of Class (3)
		Vesting Through May 27, 2018 (2)			
<b>Directors:</b>					
George N. Cochran	8,008	9,179		17,187	*
Kathleen M. Cronin	5,800	8,000		13,800	*
Douglas G. Geoga	14,630	33,965		48,595	*
Thomas M. Goldstein	2,880			2,880	*
Lacy M. Johnson	2,880			2,880	*
Robert J. Joyce	8,800	17,179		25,979	*
Joseph P. Lacher, Jr.		165,129		165,129	*
Christopher B. Sarofim	6,800	16,000		22,800	*
David P. Storch	11,800	29,179		40,979	*
Susan D. Whiting	1,000			1,000	*
<b>Named Executive Officers</b>					
( <i>NEOs</i> ) (other than Mr.					
<b>Lacher who is listed above):</b>					
James J. McKinney	275	21,643		21,918	*
John M. Boschelli	32,076	21,484		53,560	*
Charles T. Brooks		25,766		25,766	*
Mark A. Green	2,000	25,196		27,196	*
<b>Directors, NEOs and</b>					
<b>Executive Officers as a</b>					
<b>Group (19 persons)</b>	186,238	420,221		606,459	1.2%

- (1) The shares shown for non-employee directors (i.e., the directors other than Mr. Lacher) include outstanding deferred stock units with respect to shares of Kemper common stock ( *DSUs* ), and the numbers of shares for NEOs and other executive officers include any shares of Kemper common stock indirectly held in the 401(k) and



Retirement Plan. The shares shown for the non-employee directors include 2,880 DSUs for Messrs. Goldstein and Johnson, 5,800 DSUs for Mr. Cochran and Ms. Cronin and 6,800 DSUs for Messrs. Geoga, Joyce, Sarofim and Storch outstanding on March 28, 2018, which are all fully-vested. The time-based restricted stock units ( *RSUs* ) and the performance-based restricted stock units ( *PSUs* ) held by officers are not included in the amounts shown in this table because they are not deemed beneficially owned shares of Kemper common stock under SEC rules applicable to this table unless they will vest within sixty (60) days, which is the case with 5,333 RSUs held by Mr. McKinney that vested on April 1, 2018 and are included in the next column, as stated in footnote 2 below. Accordingly, the shares shown for the NEOs and the executive officers as a group do not include the following outstanding PSUs: Lacher (91,720); McKinney (18,024); Boschelli (16,235); Brooks (14,763); Green (18,058); and for all NEOs and executive officers as a group (202,829); and the shares shown also do not include the following outstanding RSUs: McKinney (10,667); and for all NEOs and executive officers as a group (15,924). To Kemper's knowledge, the beneficial owner has sole voting and sole dispositive power with respect to the shares listed opposite his or her name, unless otherwise indicated.

**Table of Contents**

- (2) The shares shown include stock options and, for Mr. McKinney, 5,333 RSUs, outstanding as of March 28, 2018 that will be vested as of May 27, 2018.
- (3) The percentages shown for any individual and for the directors and executive officers as a group are based on the shares of Kemper common stock outstanding on March 28, 2018. An asterisk in this column indicates a percentage of less than 1 percent.

The following table sets forth information about persons, other than Kemper's directors and executive officers shown above, known by Kemper to be the beneficial owner of more than five percent of Kemper common stock. To Kemper's knowledge, the beneficial owner has sole voting and sole dispositive power with respect to the shares listed opposite the beneficial owner's name, unless otherwise indicated.

Name of Beneficial Owner:	Amount and Nature of Beneficial	
	Ownership	Percent of Class (1)
Singleton Group LLC (2)	8,334,520	16.2%
BlackRock, Inc. (3)	4,746,247	9.2%
Dimensional Fund Advisors LP (4)	4,323,094	8.4%
The Vanguard Group (5)	3,591,335	7.0%
Fayez Sarofim and Fayez Sarofim & Co. (6)	3,509,177	6.8%

- (1) The percentages shown are based on the 51,533,086 shares outstanding on March 28, 2018.
- (2) Based on information reported in a Schedule 13D/A filed jointly with the SEC on December 31, 2015, the Singleton Group LLC ( *LLC* ), 3419 Via Lido, #630, Newport Beach, California 92663, William W. Singleton, Christina Singleton Mednick and Donald E. Rugg, as managers of the LLC, the LLC directly owns 8,334,520 shares of Kemper common stock. William W. Singleton, Christina Singleton Mednick and Donald E. Rugg, as managers of the LLC, share voting and dispositive power with respect to the shares of Kemper common stock held by the LLC, and so may be deemed beneficial owners of all such shares, and Donald E. Rugg has sole voting and dispositive power with respect to 412 shares of Kemper common stock. As a result of these shares beneficially owned outside of the LLC and his role as a manager of the LLC, Donald E. Rugg may be deemed a beneficial owner of 8,334,932 shares of Kemper common stock. In a Form 4 filed with the SEC on May 8, 2014, William W. Singleton and Christina Singleton Mednick reported having indirect interests in these shares as trustees and beneficiaries of certain trusts holding membership interests in the LLC and as managers of the LLC and disclaimed beneficial interest of the shares of Kemper common stock held by the LLC except to the extent of their respective pecuniary interests therein.
- (3) Based on information set forth in a Schedule 13G/A filed with the SEC on January 25, 2018, BlackRock, Inc. ( *BlackRock* ), 55 East 52nd Street New York, New York 10055, beneficially owns an aggregate of 4,746,247 shares of Kemper common stock as of December 31, 2017, as to which BlackRock has sole dispositive power and which includes 4,656,432 shares of Kemper common stock as to which it has sole voting power. BlackRock also reported that it was filing as the parent holding company or control person of certain subsidiaries listed in an exhibit to the Schedule 13G/A.

- (4) Based on information set forth in a Schedule 13G/A filed with the SEC on February 9, 2018, Dimensional Fund Advisors LP ( *Dimensional* ), Building One, 6300 Bee Cave Road, Austin, Texas 78746, beneficially owns an aggregate of 4,323,094 shares of Kemper common stock as of December 31, 2017, as to which Dimensional has sole dispositive power and which includes 4,266,470 shares of Kemper common stock as to which it has sole voting power. According to the Schedule 13G/A, these shares are held by four investment companies to which Dimensional furnishes investment advice, and certain other commingled funds, group trusts and separate accounts for which Dimensional serves as investment manager or sub-adviser. Dimensional disclaimed beneficial ownership of these shares.
- (5) Based on information set forth in a Schedule 13G/A filed with the SEC on February 9, 2018, The Vanguard Group ( *Vanguard* ), 100 Vanguard Blvd., Malvern, Pennsylvania 19355, may be deemed to be the beneficial owner of 3,591,335 shares of Kemper common stock as of December 31, 2017. Of such shares,

**Table of Contents**

Vanguard reported sole voting power as to 45,733 shares of Kemper common stock, sole dispositive power as to 3,543,202 shares of Kemper common stock, shared voting power as to 5,500 shares of Kemper common stock and shared dispositive power as to 48,133 share of Kemper common stock.

According to the Schedule 13G/A, Vanguard's wholly-owned subsidiary, Vanguard Fiduciary Trust Company, is the beneficial owner of 42,633 shares of Kemper common stock as a result of its serving as the investment manager of collective trust accounts. Additionally, Vanguard's wholly-owned subsidiary, Vanguard Investments Australia, Ltd. is the beneficial owner of 8,600 shares of Kemper common stock as a result of its serving as an investment manager of Australian investment offerings.

(6) Based on information set forth in a Schedule 13G/A filed jointly with the SEC on February 12, 2018 by Fayeze Sarofim, Fayeze Sarofim & Co. and Sarofim International Management Co., Two Houston Center, Suite 2907, 909 Fannin Street, Houston, Texas 77010. Fayeze Sarofim may be deemed to be the beneficial owner of 3,509,177 shares of Kemper common stock as of December 31, 2017. Of such shares, Fayeze Sarofim reported sole voting and dispositive power as to 2,469,070 shares of Kemper common stock and shared voting and dispositive power as to 1,040,107 shares of Kemper common stock.

Fayeze Sarofim & Co. (of which Fayeze Sarofim is the Chairman of the Board, a director, and the majority shareholder) may be deemed to be the beneficial owner of 1,040,107 shares of Kemper common stock as of December 31, 2017, as to which Fayeze Sarofim & Co. has shared dispositive power and shared voting power. According to the Schedule 13G/A, 315,087 shares are held in investment advisory accounts managed by Fayeze Sarofim & Co. for numerous clients as to which Fayeze Sarofim & Co. has full investment discretion.

Sarofim International Management Co., a wholly-owned subsidiary of Fayeze Sarofim & Co. directly owns 725,020 shares of Kemper common stock as of December 31, 2017 as to which it has shared voting power and dispositive power.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF INFINITY**

On March 28, 2018, there were approximately 10,941,936 shares of Infinity common stock outstanding. The following table sets forth information about persons, other than Infinity's directors and executive officers, known by Infinity to be the beneficial owner of more than five percent of Infinity common stock. To Infinity's knowledge, the beneficial owner has sole voting and sole dispositive power with respect to the shares listed opposite the beneficial owner's name, unless otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, New York 10055	1,532,133(1)	14.0%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	1,112,202(2)	10.2%
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, Texas 78746	928,171(3)	8.5%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	873,682(4)	8.0%
Macquarie Group Ltd. 50 Martin Place Sydney, NSW 2000 C3 2000	692,565(5)	6.3%

- (1) Based on information set forth in a Schedule 13G/A filed by BlackRock, Inc. ( **BlackRock** ) with the SEC on January 19, 2018: (i) BlackRock has sole voting power as to 1,505,880 shares of Infinity common stock and sole dispositive power as to all of these shares, and (ii) various persons have the right to receive or power to direct the receipt of dividends from, or the proceeds from the sale of the Infinity common stock. This information is provided as of December 31, 2017.
- (2) Based on information set forth in a Schedule 13G/A filed by The Vanguard Group, Inc. ( **Vanguard** ) with the SEC on February 9, 2018: Vanguard has sole voting power as to 13,351 of these shares of Infinity common stock, shared voting power as to 600 of these shares of Infinity common stock, sole dispositive power as to 1,099,276 of these shares of Infinity common stock, and shared dispositive power as to 12,926 of these shares of Infinity common stock. This information is provided as of December 31, 2017.
- (3) Based on information set forth in a Schedule 13G/A filed by Dimensional Fund Advisors LP ( **Dimensional** ) with the SEC on February 9, 2018: (i) Dimensional has sole voting power and sole dispositive power as to all of these shares of Infinity common stock, (ii) Dimensional serves as investment manager or sub-adviser, or its subsidiaries may act as an adviser or sub-adviser, to certain investment companies, commingled group trusts and separate

accounts (collectively, ***Dimensional Funds*** ), (iii) Dimensional may possess voting and/or investment power over securities held by Dimensional Funds and may be deemed to be the beneficial owner of such securities, (iv) all securities reported in such Schedule 13G/A filing are held by Dimensional Funds, and (v) Dimensional disclaims beneficial ownership of all such shares of Infinity common stock. This information is provided as of December 31, 2017.

- (4) Based on information set forth in a Schedule 13G/A filed by T. Rowe Price Associates, Inc. ( ***Price Associates*** ) and T. Rowe Price Small-Cap Stock Fund, Inc. with the SEC on February 14, 2018: (i) Price Associates has sole voting power as to 145,554 of these shares of Infinity common stock and sole dispositive power as to all of these shares of Infinity common stock, and (ii) Price Associates expressly denies the beneficial ownership of such shares of Infinity common stock. This information is provided as of December 31, 2017.

**Table of Contents**

(5) Based on information set forth in a Schedule 13G/A filed by Macquarie Group Limited., Macquarie Bank Limited., Macquarie Investment Management Holdings Inc., and Macquarie Investment Management Business Trust (collectively, *Macquarie* ) with the SEC on February 14, 2018, Macquarie has sole voting and dispositive power as to 690,490 of these shares of Infinity common stock. This information is provided as of December 31, 2017.

The following table shows the beneficial ownership of Infinity common stock by each director and each NEO and by Infinity directors and executive officers as a group, as of March 28, 2018. Beneficial ownership includes voting or investment power with respect to shares of Infinity common stock and includes shares issuable pursuant to stock options that are exercisable or vest within sixty (60) days of March 28, 2018. Unless otherwise indicated, the address for each listed stockholder is: 2201 4th Avenue North Birmingham, Alabama 35203.

Name	Position	Common Stock Subject to Options Exercisable Within 60 Days or to Distribution under the Performance Share Plan Within 60 Days		Total Common Stock Beneficially Owned	
		Other Common Stock Beneficially Owned	Amount	Percentage	
Glen N. Godwin	Chief Executive Officer	62,920(1)	62,920	*	
Robert H. Bateman	Executive Vice President,  Chief Financial Officer,  and Treasurer	6,607(2)	6,607	*	
James R. Gober	Executive Chairman of the Board	113,186	113,186	1.0%	
Samuel J. Simon	President and General Counsel	74,100(3)	74,100	*	
Victor T. Adamo	Director	1,679	1,679	*	
Richard J. Bielen	Director	1,679	1,679	*	
Angela Brock-Kyle	Director	3,636	3,636	*	
Teresa A. Canida	Director	8,847	8,847	*	
Harold E. Layman	Director	18,918	18,918	*	
E. Robert Meaney	Director	4,514	4,514	*	
James L. Weidner	Director	2,378	2,378	*	
Samuel J. Weinhoff	Director	15,864(4)	15,864	*	
All executive officers and directors as a group (12 persons)		314,328	314,328	2.9%	

- (1) Does not include 7,500 shares of restricted stock over which the executive lacks voting or investment power.
- (2) Does not include 7,471 shares of restricted stock over which the executive lacks voting or investment power.
- (3) Does not include 7,000 shares of restricted stock over which the executive lacks voting or investment power.
- (4) Includes 500 shares held in trust for his son.

\* Less than 1%



---

**Table of Contents**

**DESCRIPTION OF KEMPER CAPITAL STOCK**

*The following summary is a description of the material terms of Kemper's capital stock and is not complete. You should also refer to the Kemper Charter and Kemper Bylaws, which are included as exhibits to the registration statement of which this joint proxy statement/prospectus forms a part, and the applicable provisions of the DGCL. See Where You Can Find More Information beginning on page 216. The description set forth below should be read in conjunction with the section entitled Comparison of Rights of Kemper Stockholders and Infinity Shareholders beginning on page 178.*

The Kemper Charter authorizes Kemper to issue 100,000,000 shares of common stock, par value \$.10 per share, and 20,000,000 shares of preferred stock, par value \$0.10 per share. Currently, there are no shares of preferred stock outstanding, although Kemper may issue preferred stock in the future. Kemper common stock is listed on the NYSE under the symbol KMPR. Computershare Trust Company, N.A. is the registrar and transfer agent for Kemper common stock.

**Common Stock**

All of Kemper's issued and outstanding shares of common stock are, and the shares of Kemper common stock to be issued by Kemper to Infinity shareholders in connection with the Merger will be, validly issued, fully paid and nonassessable.

***Voting***

Each holder of shares of Kemper common stock is entitled to attend all special and annual meetings of the Kemper stockholders. Kemper stockholders have one vote for each share held on all matters voted upon by the Kemper stockholders, including the election of directors to the Kemper Board. Other than the election of directors, if an action is to be taken by vote of Kemper's stockholders at a meeting of Kemper's stockholders at which a quorum is present, it will be decided by a majority of the votes cast with respect to such matter, unless a different vote is required under the Kemper Charter or the DGCL. In an election of directors at a meeting of stockholders at which a quorum is present, a nominee for director shall be elected to the Kemper Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election, provided, however, in the event the number of nominees for director is greater than the number of directors to be elected, directors shall be elected by a plurality of the votes cast.

***Dividends***

Except for any preferential rights of holders of any preferred stock that may then be issued and outstanding and any other class or series of stock having a preference over the Kemper common stock, holders of Kemper common stock are entitled to receive dividends as and when declared by the Kemper Board, from legally available funds. For additional information, see The Merger Kemper's Dividend Policy on page 101.

***Liquidation Rights***

In the event of Kemper's liquidation or dissolution, the holders of Kemper common stock are entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

***Other Rights***

Holders of Kemper common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of Kemper common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that Kemper may designate and issue in the future.

---

**Table of Contents****Preferred Stock**

The Kemper Charter authorizes the Kemper Board to issue up to 20,000,000 shares of preferred stock in one or more series, with such distinctive designation or title and in such number of shares as may be authorized by the Kemper Board. The Kemper Board is authorized to prescribe the designations, powers, preferences, and relative, participating, optional or other special rights, and qualifications, limitations and restrictions of any series so established, including but not limited to the following: (i) the voting powers, full, special, or limited, or no voting powers, of each such series; (ii) the rate, terms and conditions on which dividends will be paid, whether such dividends will be cumulative, and what preference such dividends shall have in relation to the dividends on other series or classes of stock; (iii) the rights, terms and conditions, if any, for conversion of such series of preferred stock into shares of other series or classes of stock; (iv) any right of Kemper to redeem the shares of such series of preferred stock, and the price, time, and conditions of such redemption, including the provisions for any sinking fund; and (v) the rights of holders of such series of preferred stock in relation to the rights of other series and classes of stock upon the liquidation, dissolution or distribution of Kemper's assets. Unless otherwise provided by the Kemper Board, upon redemption or conversion, shares of preferred stock will revert to authorized but unissued shares and may be reissued as shares of any series of preferred stock.

**Certain Statutory, Kemper Charter and Kemper Bylaws Provisions Affecting Stockholders**

Various provisions of the Kemper Charter, Kemper Bylaws, the DGCL and state insurance laws could have the effect of delaying, deferring or discouraging another party from acquiring control of Kemper. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage, or could have the effect of encouraging, persons seeking to acquire control of Kemper to first negotiate with the Kemper Board.

The portions of the summary set forth below describing certain provisions of the Kemper Charter and Kemper Bylaws are qualified in their entirety by reference to the provisions of the Kemper Charter and Kemper Bylaws, copies of which are included as exhibits to the registration statement of which this joint proxy statement/prospectus forms a part, and the applicable provisions of the DGCL. See [Where You Can Find More Information](#) beginning on page 216.

*Kemper Charter and Kemper Bylaw Provisions*

**Special Meetings of Stockholders.** The Kemper Charter and Kemper Bylaws do not grant the Kemper stockholders the right to call a special meeting of stockholders. Under the Kemper Charter and Kemper Bylaws, special meetings of Kemper stockholders may be called only by the chairman of the Kemper Board or by a majority of the directors of the Kemper Board then in office.

**No Stockholder Action by Written Consent.** The Kemper Charter also provides that stockholders may not take any action by written consent.

**Advance Notice Requirements.** The Kemper Bylaws set forth advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or other business to be presented at meetings of stockholders. These procedures provide that notice of such stockholder proposals must be timely given in writing to the Secretary of Kemper prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be delivered to the Secretary of Kemper at the principal executive offices of Kemper not less than sixty (60) nor more than ninety (90) days prior to the anniversary of the preceding year's annual meeting. The notice must contain specified information concerning the person to be nominated or the business to be brought before the meeting and concerning the stockholder submitting the proposal. The advance notice requirement does not give the Kemper

Board any power to approve or disapprove stockholder director nominations or proposals but may have the effect of precluding the consideration of such nominations or proposals at a meeting if the proper notice procedures are not followed.

**Table of Contents**

**Blank Check Preferred Stock.** Kemper's preferred stock could be deemed to have an anti-takeover effect in that, if a hostile takeover situation should arise, shares of Kemper preferred stock could be issued to purchasers sympathetic with Kemper's management or others in such a way as to render more difficult or to discourage a merger, tender offer, proxy contest, the assumption of control by a holder of a large block of Kemper's securities or the removal of incumbent management.

The effects of the issuance of one or more series of the preferred stock on the holders of Kemper common stock could include:

reduction of the amount otherwise available for payments of dividends on common stock if dividends are payable on the series of preferred stock;

restrictions on dividends on Kemper common stock if dividends on the series of preferred stock are in arrears;

dilution of the voting power of Kemper common stock if the series of preferred stock has voting rights, including a possible veto power if the series of preferred stock has class voting rights;

dilution of the equity interest of holders of Kemper common stock if the series of preferred stock is convertible, and is converted, into Kemper common stock; and

restrictions on the rights of holders of Kemper common stock to share in Kemper's assets upon liquidation until satisfaction of any liquidation preference granted to the holders of the series of preferred stock.

**Business Combinations.** Article Seven of the Kemper Charter places certain restrictions on the following transactions, subject to certain exceptions, with a direct or indirect beneficial owner (including certain affiliates and former beneficial owners and successors to such beneficial owners) of more than 15% of the voting power of Kemper's outstanding voting stock (an ***Interested Stockholder***):

any merger or consolidation of Kemper or any subsidiary with any Interested Stockholder or any other person (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an affiliate of an Interested Stockholder;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any affiliate of any Interested Stockholder of any assets of Kemper or any subsidiary having an aggregate fair market value of \$10,000,000 or more;

the issuance or transfer by Kemper or any subsidiary (in one transaction or a series of transactions) of any securities of Kemper or any subsidiary to any Interested Stockholder or any affiliate of any Interested

Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$10,000,000 or more;

the adoption of any plan or proposal for the liquidation or dissolution of Kemper proposed by or on behalf of any Interested Stockholder or any affiliate of any Interested Stockholder; or

any reclassification of securities (including any reverse stock split or recapitalization of Kemper) or any merger or consolidation of Kemper with any of its subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of Kemper or any subsidiary beneficially owned by any Interested Stockholder or any affiliate of any Interested Stockholder.

Kemper may only enter into one of the transactions described above if:

the transaction has been approved by a majority of Kemper's continuing directors, being (i) members of Kemper's original board of directors, (ii) persons unaffiliated with an Interested Stockholder who

---

**Table of Contents**

were members of the Kemper Board prior to such person or entity becoming an Interested Stockholder or (iii) successors of continuing directors who were recommended to succeed continuing directors by a majority of continuing directors then on the Kemper Board; or

(i) the transaction has been approved by the affirmative vote of 75% of the voting power of Kemper's outstanding voting stock, voting together as a single class, (ii) the consideration to be received by the holders of each class or series of Kemper's capital stock is not less than the highest price paid by the Interested Stockholder for any shares of such class or series during the preceding 24 months and (iii) is either in cash or in the form of consideration previously used by the Interested Stockholder to acquire the largest number of shares of such class or series previously acquired by such Interested Stockholder, and certain other conditions have been met.

**Exclusive Forum Provision.** The Kemper Bylaws provide that, unless Kemper consents to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on Kemper's behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to Kemper or Kemper's stockholders by any of Kemper's directors, officers or other employees, (iii) any action asserting a claim against Kemper or any of Kemper's directors or officers or other employees arising pursuant to any provision of the DGCL or the Kemper Charter or Kemper Bylaws or (iv) any action asserting a claim against Kemper or any of Kemper's directors or officers or other employees governed by the internal affairs doctrine, shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants.

*Business Combination Statute*

Kemper is a Delaware corporation and consequently is also subject to certain anti-takeover provisions of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prevents a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for three (3) years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the corporation's board of directors or unless the business combination is approved in a prescribed manner. A business combination, in reference to Kemper, includes, among other things, a merger or consolidation of Kemper or one of its subsidiaries and an interested stockholder or the sale by Kemper or any of its subsidiaries to an interested stockholder of assets having an aggregate market value equal to 10% or more of either the aggregate market value of Kemper's consolidated assets or the aggregate market value of Kemper's outstanding stock. In general, in relation to Kemper, an interested stockholder is any person that is the owner of 15% or more of Kemper's outstanding voting stock and the affiliates and associates of such person. Section 203 of the DGCL makes it more difficult for an interested stockholder to effect various business combinations with a corporation for a three-year period. This statute could prohibit or delay mergers or other takeover or change in control attempts not approved in advance by the Kemper Board, and as a result could discourage attempts to acquire Kemper, which could depress the market price of Kemper common stock.

*Change in Control Requirements Under Insurance Laws*

State insurance laws impose requirements that must be met prior to a change of control of an insurance company or an entity that controls an insurance company; such laws will apply with respect to any state in which a controlled insurance company is domiciled or deemed commercially domiciled (based on the level of business conducted in the subject state). Kemper has insurance company subsidiaries domiciled, or deemed commercially domiciled, in Alabama, California, Illinois, Louisiana, Missouri, New York, Oklahoma, Oregon, Texas and Wisconsin, which means that any change of control of Kemper will be subject to the change of control statutes and related regulations in

each of these states. Under the insurance laws of these states, control is generally defined as the power to direct or cause the direction of the management and policies of a person and is



**Table of Contents**

presumed to exist through the ownership of 10% (5% in Alabama) or more of the voting securities of a subject entity. Consequently, any person who seeks to acquire Kemper voting securities that would result in such ownership level will be required to comply with the change of control regime in each of the aforementioned states, which may include the advance filing of specific comprehensive information with the state insurance regulators, including personal biographical and financial information, a public hearing on the filing, and the review and approval of the change of control by such regulators.

Many state statutes also require pre-acquisition notification to state insurance regulators of a change of control of a non-domestic insurance company licensed in the state if specific market concentration thresholds would be triggered by the acquisition. Such statutes authorize the issuance of a cease and desist order or other action with respect to the subject insurance company if certain conditions, such as undue market concentration, would result from the acquisition.

All of the foregoing regulatory requirements may deter, delay or prevent transactions affecting control of Kemper or its insurance company subsidiaries, or the ownership of Kemper's voting securities, including transactions that could be advantageous to Kemper's stockholders. Similarly, such requirements may dissuade certain investors from seeking to acquire a controlling interest in Kemper or purchase Kemper common stock, which could depress the market price of Kemper common stock.

---

**Table of Contents****COMPARISON OF RIGHTS OF KEMPER STOCKHOLDERS AND INFINITY SHAREHOLDERS**

The rights of Kemper stockholders are currently governed by the DGCL, the Kemper Charter and the Kemper Bylaws. The rights of the Infinity shareholders are currently governed by the OGCL, the Infinity Articles and the Infinity Regulations. Upon the closing, each share of Infinity common stock outstanding as of immediately prior to the effective time (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and extinguished and automatically converted into the Merger Consideration, which will include shares of Kemper common stock and/or cash, depending on the election of each Infinity shareholder. Following closing, the rights of the former Infinity shareholders will be governed by the DGCL, the Kemper Charter and the Kemper Bylaws.

The following summary is a discussion of the material differences of the current rights of Kemper stockholders and Infinity shareholders. This summary does not purport to be a complete statement of all differences, or a complete description of the specific provisions referred to in this summary, and is qualified in its entirety by reference to the DGCL, OGCL, Kemper Charter, Kemper Bylaws, Infinity Articles and Infinity Regulations. In addition, the identification of some of the differences in the rights of Kemper stockholders and Infinity shareholders as material is not intended to indicate or suggest that other differences are not equally material or do not exist. Kemper and Infinity urge you to read carefully this entire joint proxy statement/prospectus, the relevant provisions of the DGCL and the OGCL, and the other documents to which Kemper and Infinity refer in this joint proxy statement/prospectus for a more complete understanding of the differences between the rights of Kemper stockholders and Infinity shareholders. Kemper and Infinity have filed with the SEC their respective governing documents referenced in this summary comparison and will send copies of these documents to you, without charge, upon your request. See [Where You Can Find More Information](#) beginning on page 216. In addition, the Kemper Charter and Kemper Bylaws are included as exhibits to the registration statement of which this joint proxy statement/prospectus forms a part.

**Authorized Capital Stock*****Kemper***

The Kemper Charter authorizes the issuance of 120,000,000 shares, consisting of 100,000,000 shares of common stock, par value of \$0.10 per share, and 20,000,000 shares of preferred stock, par value of \$0.10 per share.

The Kemper Board is authorized to issue shares of preferred stock from time to time in one or more series, with such distinctive designation or title and in such number of shares as may be authorized by the Kemper Board. The Kemper Board is authorized to prescribe the designations, powers, preferences, and relative, participating, optional or other special rights, and qualifications, limitations and restrictions of any series so established, including but not limited to the following: (i) the voting powers, full, special, or limited, or no voting powers, of each such series; (ii) the rate, terms and conditions on which dividends will be paid, whether such dividends will be cumulative, and what preference such dividends shall have in relation to the dividends on other series or classes of stock; (iii) the rights, terms and conditions, if any, for conversion of such series of preferred stock into shares of other series or classes of stock; (iv) any right of Kemper to redeem the shares of such series of preferred stock, and the price, time, and conditions of such redemption, including the provisions for any sinking fund; and (v) the rights of holders of such series of preferred stock in relation to the rights of other series and classes of stock upon the liquidation, dissolution or distribution of Kemper's assets. Unless otherwise provided by the Kemper Board, upon redemption or conversion, shares of preferred stock will revert to authorized but unissued shares and may be reissued as shares of any series of preferred stock.

*Infinity*

The Infinity Articles authorize the issuance of 60,000,000 shares, consisting of 50,000,000 shares of common stock, no par value per share, and 10,000,000 shares of preferred stock, no par value per share.

## **Table of Contents**

The Infinity Board is authorized to issue preferred stock from time to time in one or more series and to determine and fix prior to the issuance thereof, the voting rights, dividend or distribution rights or entitlements, dividend or distribution rate or rates, dividend or distribution payment date or dates, redemption rights and price, sinking fund requirements, conversion or exchange rights and restrictions on issuance of shares of such series, to the fullest extent now or hereafter permitted by the laws of the State of Ohio. Before issuing any series of preferred stock, the Infinity Board will adopt resolutions creating and designating the series as a series of preferred stock, and the resolutions will be filed in a statement with respect to shares as an amendment to the Infinity Articles.

## **Voting**

### ***Kemper***

Under the DGCL and the Kemper Bylaws, each holder of Kemper common stock is entitled to one (1) vote per share of Kemper common stock.

### ***Infinity***

Each holder of Infinity common stock entitled to vote on a proposal at a meeting of Infinity shareholders shall be entitled to cast one (1) vote on each proposal submitted to the meeting for each share held on the applicable record date. Infinity shareholders also have the right to cumulate their votes in the election of directors. See Comparison of Rights of Kemper Stockholders and Infinity Shareholders Election of Directors.

## **Special Meetings of Stockholders and Shareholders**

### ***Kemper***

The Kemper Charter and Kemper Bylaws do not grant stockholders the right to call a special meeting of stockholders. Under the Kemper Charter and Kemper Bylaws, special meetings of stockholders may be called only by the Chairman of the Kemper Board or by a majority of directors then in office.

### ***Infinity***

The Infinity Regulations provide that a special meeting of shareholders may be called by the Chairman of the Infinity Board, the Chief Executive Officer, the President, a majority of directors or shareholders entitled to exercise fifty percent (50%) of all voting power of Infinity.

## **Stockholder and Shareholder Action by Written Consent**

### ***Kemper***

The Kemper Charter expressly prohibits stockholder action by written consent.

### ***Infinity***

The OGCL provides that, unless otherwise prohibited by a corporation's organizational documents, any action that may be taken by shareholders of an Ohio corporation at a meeting of shareholders may be taken without a meeting with the unanimous written consent of all shareholders entitled to vote at such meeting.

The Infinity Articles and Infinity Regulations do not prohibit shareholder action by written consent and, as a result, the relevant provisions of the OGCL govern.

## **Table of Contents**

### **Stockholder and Shareholder Vote Requirements**

#### ***Kemper***

Under the Kemper Bylaws, any matter to be decided by Kemper stockholders other than the election of directors shall be decided by the majority of votes cast with respect to such matter (with abstentions and broker non-votes not counted as a vote cast either for or against such matter), unless a different vote is required by the DGCL, the Kemper Charter or the Kemper Bylaws.

For the vote required to elect directors to the Kemper Board, see [Comparison of Rights of Kemper Stockholders And Infinity Shareholders Election of Directors](#) .

For certain corporate actions requiring a supermajority vote of Kemper stockholders, see [Comparison of Rights of Kemper Stockholders and Infinity Shareholders Supermajority Vote Requirements](#).

#### ***Infinity***

The Infinity Regulations provide that, at any meeting at which a quorum is present, all business which may properly come before an Infinity meeting shall be determined by a majority of votes cast, except when a greater proportion is required by law, the Infinity Articles or the Infinity Regulations; provided, however, that no action required by law, the Infinity Articles or the Infinity Regulations to be authorized or taken by the holders of a designated proportion of the shares or voting power of Infinity may be authorized or taken by a lesser proportion. Abstentions and broker non-votes are not counted as a vote cast either for or against such matter.

For the vote required to elect directors to the Infinity Board see [Comparison of Rights of Kemper Stockholders and Infinity Shareholders Election of Directors](#) .

For certain corporate actions requiring a supermajority vote of Infinity shareholders, see [Comparison of Rights of Kemper Stockholders and Infinity Shareholders Supermajority Vote Requirements](#).

### **Stockholder and Shareholder Proposals; Nomination of Candidates for Election to the Board of Directors**

#### ***Kemper***

The Kemper Bylaws provide that nominations of persons for election to the Kemper Board and the proposal of business to be considered by stockholders may be made at an annual meeting of stockholders by any stockholder of record if such stockholder is entitled to vote at the meeting and complies with the procedural requirements contained in the Kemper Bylaws.

The Kemper Bylaws set forth advance notice procedures with regard to stockholder proposals relating to the nomination of persons for election as directors or other business to be considered by stockholders at meetings of Kemper stockholders. These procedures provide that notice of such stockholder proposals must be timely given in writing to the Secretary of Kemper prior to the meeting at which the action is to be taken. To be timely, notice must be delivered to the secretary at the principal executive offices of Kemper not less than sixty (60) nor more than ninety (90) days prior to the anniversary of the preceding year's annual meeting. However, if the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from such anniversary date, notice must be delivered to the secretary not earlier than the ninetieth (90th) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or the tenth (10th) day

following the day on which a public announcement (as defined in the Kemper Bylaws) of the date of such meeting is first made.

The notice must contain specified information concerning the person to be nominated or the business to be brought before the meeting and concerning the stockholder submitting the proposal as required by the Kemper

---

## **Table of Contents**

Bylaws. The advance notice requirement does not give the Kemper Board any power to approve or disapprove stockholder director nominations or proposals but may have the effect of precluding the consideration of such nominations or proposals at a meeting if the proper notice procedures are not followed.

### ***Infinity***

The Infinity Regulations provide that shareholder proposals regarding the nomination of candidates for election as directors and the proposal of other business may be made by Infinity shareholders before annual meetings and special meetings, but in the case of special meetings if, and only if, the notice of a special meeting provides for business to be brought before the meeting by shareholders. For shareholder proposals to be properly brought before any meeting by a shareholder, such shareholder must have given timely notice thereof in writing to the secretary of Infinity.

*Annual Meeting Notice.* To be timely, a shareholder proposal to be presented at an annual meeting shall be received by the secretary at Infinity's principal executive offices not less than one hundred twenty (120) calendar days in advance of the date that Infinity's proxy statement was released to shareholders in connection with the previous year's annual meeting of shareholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) calendar days from the date contemplated at the time of the previous year's proxy statement, notice by the shareholder to be timely must be received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

*Special Meeting Notice.* To be timely, a shareholder proposal to be presented at a special meeting (assuming the notice of the special meeting provides for business to be brought by shareholders) shall be received by the secretary at Infinity's principal executive offices not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

In either case, the notice must set forth all information regarding the proposed business and the proposing shareholder and any associated person as required under the Infinity Regulations.

For nominations for election to the Infinity Board before an annual meeting, the shareholder must have given timely notice as described above.

## **Notice of Stockholder and Shareholder Meetings**

### ***Kemper***

The DGCL requires written notice to stockholders of the place (if any), date, hour and means of remote communication, if any, of each annual and special meeting of stockholders at least ten (10) days, but no more than sixty (60) days, before the meeting date, unless other provisions of the DGCL require a different notice period. Pursuant to the DGCL, notice of a meeting to vote on a merger agreement, a sale, lease or exchange of all or substantially all assets, a conversion to another form of entity or a transfer, domestication or conveyance to a foreign jurisdiction must be given at least twenty (20) days before the date of such meeting.

The Kemper Bylaws provide that notice, in writing or by electronic transmission, of an annual or special meeting shall be given to each stockholder entitled to vote as of the applicable record date, not less than ten (10) nor more than sixty (60) days before the date of the meeting, except as otherwise provided in the DGCL, the Kemper Charter or the Kemper Bylaws.



*Infinity*

The OGCL requires written notice to shareholders stating the time, place, if any, and purposes of a meeting of shareholders, and the means, if any, of remote communications, be provided, not less than seven (7) nor more

## **Table of Contents**

than sixty (60) days before the date of the meeting unless a longer period is specified by a company's articles of incorporation or code of regulations.

The Infinity Regulations provide that written notice of the time, place and purposes of any meeting of Infinity shareholders shall be given to each shareholder of record as of the applicable record date not less than seven (7) days nor more than sixty (60) days before the date fixed for the meeting and as prescribed by law.

## **Supermajority Vote Requirements**

### ***Kemper***

The Kemper Charter requires that each of the following transactions, subject to certain exceptions, with an Interested Stockholder be approved by the affirmative vote in person or by proxy of the holders of not less than seventy-five percent (75%) of the voting power of all then-outstanding shares of capital stock entitled to vote in the election of directors, voting together as a single class:

any merger or consolidation of Kemper or any subsidiary with any Interested Stockholder or any other person (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an affiliate of an Interested Stockholder;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any affiliate of any Interested Stockholder of any assets of Kemper or any subsidiary having an aggregate fair market value of \$10,000,000 or more;

the issuance or transfer by Kemper or any subsidiary (in one transaction or a series of transactions) of any securities of Kemper or any subsidiary to any Interested Stockholder or any affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$10,000,000 or more;

the adoption of any plan or proposal for the liquidation or dissolution of Kemper proposed by or on behalf of any Interested Stockholder or any affiliate of any Interested Stockholder; or

any reclassification of securities (including any reverse stock split or recapitalization of Kemper) or any merger or consolidation of Kemper with any of its subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of Kemper or any subsidiary beneficially owned by any Interested Stockholder or any affiliate of any Interested Stockholder.

Kemper may only enter into one of the transactions described above if, in addition to certain other conditions described in the Kemper Charter, the following conditions are met:

the transaction has been approved by a majority of Kemper's continuing directors, being (i) members of Kemper's original board of directors, (ii) persons unaffiliated with an Interested Stockholder who were members of the Kemper Board prior to such person or entity becoming an Interested Stockholder, or (iii) successors of continuing directors who were recommended to succeed continuing directors by a majority of continuing directors then on the Kemper Board; or

the consideration to be received by the holders of each class or series of Kemper's capital stock is (i) not less than the highest price paid by the Interested Stockholder for any shares of such class or series during the preceding twenty-four (24) months and (ii) is either in cash or in the form of consideration previously used by the Interested Stockholder to acquire the largest number of shares of such class or series previously acquired by such Interested Stockholder, and certain other conditions have been met.

Additionally, the affirmative vote in person or by proxy of the holders of not less than seventy-five percent (75%) of the voting power of all then-outstanding shares of capital stock entitled to vote in the election of

## **Table of Contents**

directors, voting together as a single class, shall be required to alter, amend or repeal the articles in the Kemper Charter with respect to (i) shareholder action by written consent (Article Six), (ii) the calling of special meetings and procedures for removing the Chairman of the Kemper Board (Article Six) and (iii) business combinations and related transactions (Article Seven).

### ***Infinity***

Under the OGCL, in the case of most mergers, sales of all or substantially all the assets of a corporation and amendments to a corporation's articles of incorporation, the affirmative vote of two-thirds of the voting power of the corporation is required unless the corporation's articles of incorporation provide for a lower amount (but, in such case, not less than a majority is required).

The Infinity Articles require only that the affirmative vote of shareholders entitled to exercise a majority of the voting power of Infinity shall be required to amend the Infinity Articles, approve mergers and to take any other action which by law must be approved by a specified percentage of all outstanding shares entitled to vote or of the voting power of Infinity.

### **Number of Directors; Vacancies**

#### ***Kemper***

The Kemper Board currently has ten (10) directors.

Pursuant to the Kemper Charter and Kemper Bylaws, the number of directors which shall constitute the Kemper Board shall be not less than three (3) nor more than twelve (12), with the number of directors to be determined exclusively by resolution of the Kemper Board. The Kemper Board shall designate one of its members as Chairman to serve until his resignation or removal. The Chairman may be removed only by a majority of directors.

The Kemper Charter and Kemper Bylaws provide that, subject to the rights of the holders of preferred stock and to the requirements of law, unless the Kemper Board otherwise determines, newly created director positions resulting from any increase in the authorized number of directors or any vacancies resulting from any cause may be filled only by a majority of the directors then in office, even where less than a quorum. No decrease in the number of authorized directors constituting the Kemper Board shall shorten the term of any incumbent director.

#### ***Infinity***

The Infinity Board currently has ten (10) directors.

Pursuant to the Infinity Regulations, the number of directors of the Infinity Board shall not be less than two (2). The number of directors may be fixed or changed at a meeting of the shareholders called for the purposes of electing directors at which a quorum is present by a majority of the votes cast by shareholders at such meeting. In addition, the number of directors may be fixed or changed by action of the directors at any meeting at which a quorum is present by a majority vote of the directors present at such meeting.

Subject to the rights of holders of any series of preferred stock, in the event of any vacancies or newly created director position in the Infinity Board for any reason, the remaining directors, though less than a majority of the whole Infinity Board, may fill any such vacancy for the unexpired term.

**Classified Board**

*Kemper*

The DGCL permits a classified board of directors, but the Kemper Board is not divided into classes.

## **Table of Contents**

### ***Infinity***

The OGCL permits a classified board of directors, but the Infinity Board is not divided into classes.

### **Election of Directors**

#### ***Kemper***

Under the Kemper Bylaws, in an election of directors at a meeting of Kemper stockholders at which a quorum is present, a nominee for director shall be elected to the Kemper Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election (with abstentions and broker non-votes not counted as a vote cast either for or against such nominee's election). However, in the event the secretary of Kemper has received one or more stockholder notices nominating at least one person for election and the number of nominees for director is greater than the number of directors to be elected, directors shall be elected by a plurality of the votes cast. An election by plurality vote means that the nominees receiving the greatest number of votes cast shall be elected.

#### ***Infinity***

Under the Infinity Regulations, the election of directors shall be determined by a majority of the votes cast, provided that a quorum is present. Votes cast shall include direction to withhold authority in each case and shall exclude abstentions and broker non-votes with respect to that director's election.

In voting to elect directors, shareholders are entitled to cumulate their votes and to give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by the shareholder, or to distribute their votes on the same principle among as many candidates as the shareholder so desires. In order to invoke cumulative voting, notice of cumulative voting must be given in writing by a shareholder to Infinity's secretary not less than forty-eight (48) hours prior to the time fixed for holding the meeting to elect directors.

If the number of nominees exceeds the number of directors to be elected or if cumulative voting is in effect, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

### **Duties of Directors**

#### ***Kemper***

Standards of conduct for directors under the DGCL have developed through written opinions of the Delaware courts. Generally, directors of Delaware corporations are subject to a duty of loyalty and a duty of care. The duty of care requires that directors act in an informed and deliberate manner and inform themselves, before making a business decision, of all relevant material information reasonably available to them. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of corporate employees. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner that the director reasonably believes to be in the best interests of the corporation and its stockholders. When directors act consistently with their duties of loyalty and care, their decisions generally are presumed to be valid under the business judgment rule.

Under the DGCL, a director, or a member of any committee designated by the board of directors, will, in the performance of such director's duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation's

officers or employees, or committees of the board of directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

## **Table of Contents**

### ***Infinity***

The OGCL provides that directors shall perform their duties as a director, including duties as members of any committee, in good faith, in a manner the director reasonably believes to be in or not opposed to the best interests of the corporation, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. The OGCL has a general presumption of business judgment that defers to the decisions of a board of directors, but this presumption is rebutted if the board of directors acts in bad faith or is self-interested, in which case the board of directors must show that the transaction is fair and reasonable by a preponderance of the evidence.

### **Removal of Directors**

#### ***Kemper***

Under the DGCL, directors may generally be removed from office, with or without cause, by a vote of a majority of the shares then entitled to vote at an election of directors. The Kemper Charter and the Kemper Bylaws are silent with respect to the removal of directors and such removal is therefore governed by the applicable provisions of the DGCL.

#### ***Infinity***

Under the OGCL, unless a corporation's articles or regulations provide that no director may be removed from office or that removal of directors requires a greater vote than that specified in this division, directors may be removed from office, without assigning any cause, by the vote of the holders of a majority of the voting power entitling them to elect directors in place of those to be removed, except that, unless all the directors, or all the directors of a particular class, are removed, no individual director shall be removed if the votes of a sufficient number of shares are cast against the director's removal that, if cumulatively voted at an election of all the directors, or all the directors of a particular class, as the case may be, would be sufficient to elect at least one director.

The Infinity Articles and Infinity Regulations are silent with respect to the removal of directors and such removal is therefore governed by the applicable provisions of the OGCL.

### **Limitation on Liability of Directors for Breach of Fiduciary Duty**

#### ***Kemper***

The DGCL provides that a corporation's certificate of incorporation may limit the personal liability of a director to the company or its stockholders for monetary damages for breach of fiduciary duty as a director. However, no such limit would apply for (a) any breach of the director's duty of loyalty to the company or its stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) payment of a dividend or approval of a stock repurchase or redemption in violation of the DGCL or (d) any transaction from which the director derived any improper personal benefit.

The Kemper Charter and Kemper Bylaws eliminate the personal liability of directors to Kemper or its stockholders for monetary damages for breach of fiduciary duty as a director, but not with regard to a director's liability for breach of duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, willful or negligent violation of DGCL provisions regarding dividend payments or stock purchase or redemption, or any transaction from which the director derived an improper personal benefit.

#### ***Infinity***



Under the OGCL, directors and officers are not liable for damages unless clear and convincing evidence shows that they acted with deliberate intent to cause injury to the corporation or with reckless disregard for the best interests of the corporation.

---

**Table of Contents****Indemnification and Advancement of Expenses*****Kemper***

Under the DGCL, a corporation may only offer indemnification to indemnified persons if such indemnified persons reasonably acted in good faith and in a manner reasonably believed to be in, or not opposed, to the best interests of the corporation, and in the case of any criminal action or proceeding, such indemnified persons must have had no reasonable cause to believe their conduct was unlawful. In the case of an action by or in the right of the corporation, the corporation may not indemnify indemnified persons if they are adjudged to be liable to the corporation, unless the Delaware Court of Chancery or other applicable court determines that such person is fairly and reasonably entitled to indemnification. The DGCL also requires corporations to indemnify current or former directors or officers against expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense of any action, suit or proceeding or in defense of any claim, issue or matter therein to extent that such person has been successful on the merits or otherwise.

The Kemper Charter provides that each person who was or is made a party to or is threatened to be made a party to or is involuntarily involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a ***Proceeding***), by reason of the fact that he or she is or was a director or officer of Kemper, or is or was serving (during his or her tenure as director and/or officer) at the request of Kemper as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such Proceeding is an alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by Kemper to the fullest extent authorized by the DGCL (or other applicable law), as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, Employee Retirement Income Security Act of 1974, as amended (***ERISA***)) excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection with such Proceeding. Such director or officer shall have the right to be paid by Kemper for expenses incurred in defending any such Proceeding in advance of its final disposition; provided, however, that, if the DGCL (or other applicable law) requires, the payment of such expenses in advance of the final disposition of any such Proceeding shall be made only upon receipt by Kemper of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that he or she is not entitled to be indemnified pursuant to the relevant provisions of the Kemper Charter.

If a claim as described above is not paid in full by Kemper within ninety (90) days after a claim has been received by Kemper, the claimant may at any time thereafter bring suit against Kemper to recover the unpaid amount of the claim, together with interest thereon, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim, including reasonable attorneys' fees incurred in connection therewith.

The Kemper Charter provides that Kemper may, to the extent authorized from time to time by the Kemper Board, grant rights to indemnification, including the right to be paid by Kemper the expenses incurred in defending any action, suit or Proceeding in advance of its final disposition, to any employee or agent of Kemper to the fullest extent permitted by law.

***Infinity***

The Infinity Regulations provide that each person who was or is made a party to or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a ***proceeding***), by reason of the fact that he or she is or was a director or officer of Infinity or that, being or having been such a director or officer of

Infinity, he or she is or was serving at the request of the directors or an executive officer of Infinity as a director, officer, partner, employee or agent of another corporation or of a partnership, joint venture, trust, limited liability company or other enterprise, including service with respect to an employee benefit plan

---

**Table of Contents**

(hereinafter an *indemnitee* ), whenever the basis of such proceeding is alleged action in an official capacity as such a director, officer, partner, employee, or agent, shall be indemnified and held harmless by Infinity to the fullest extent permitted by the OGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits Infinity to provide broader indemnification rights than permitted prior thereto), or by other applicable law as then in effect, against all expense, liability and loss (including, without limitation, attorneys' fees, costs of investigation, judgments, fines, excise taxes or penalties arising under ERISA, rules or orders of the SEC or other federal or state acts, rules or regulations) actually incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors, and administrators. Subject to certain exceptions in the Infinity Regulations, Infinity shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized or ratified by Infinity or the Infinity Board.

The right to indemnification conferred by the Infinity Regulations includes the right to be paid by Infinity the expenses incurred in defending or prosecuting any such proceeding in advance of its final disposition (hereinafter an *advancement of expenses* ). An advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee including, without limitation, service to an employee benefit plan) shall be made only upon delivery to Infinity of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it is proved by clear and convincing evidence in a court of competent jurisdiction that his or her omission or failure to act involved an act or omission undertaken with deliberate intent to cause injury to Infinity or undertaken with reckless disregard for the best interests of Infinity. An advancement of expenses shall not be made if the Infinity Board makes a good faith determination that such payment would violate applicable law.

**Transactions with Related Parties***Kemper*

The DGCL generally provides that no transaction between a corporation and one or more of its directors or officers, or between a corporation and any other corporation or other organization in which one or more of its directors or officers, are directors or officers, or have a financial interest, will be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee that authorizes the transaction, or solely because any such director's or officer's votes are counted for such purpose, if: (1) the material facts as to the director's or officer's interest and as to the transaction are known to the board of directors or the committee, and the board or committee in good faith authorizes the transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum; (2) the material facts as to the director's or officer's interest and as to the transaction are disclosed or are known to the stockholders entitled to vote thereon, and the transaction is specifically approved in good faith by vote of the stockholders; or (3) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee or the stockholders.

The Kemper Charter and Kemper Bylaws are silent with respect to related party transactions involving a director or officer, and such related party transactions are therefore governed by the applicable provisions of the DGCL.

*Infinity*

The Infinity Regulations state that directors are not barred from providing professional or other services to Infinity. Moreover, no contract, action or transaction shall be void or voidable with respect to Infinity for the reason that it is

between or affects Infinity and one or more of its directors, or between or affects Infinity and any other person in which one or more of its directors are directors, trustees or officers or have a financial or personal interest or for the reason that one or more interested directors participate in or vote at the meeting of the directors

## **Table of Contents**

or committee thereof that authorizes such contract, action or transaction, if, in any such case, any of the following apply:

the material facts as to the directors' relationship or interest and as to the contract, action or transaction are disclosed or are known to the directors or the committee and the directors or committee, in good faith, reasonably justified by such facts, authorize the contract, action or transaction by the affirmative vote of a majority of disinterested directors, even though the disinterested directors constitute less than a quorum;

the material facts as to the director's relationship or interest and as to the contract, action or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract, action or transaction is specifically approved at a meeting of the shareholders held for such purpose by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of Infinity held by persons not interested in the contract, action or transaction; or

the contract, action or transaction is fair as to Infinity as of the time it is authorized or approved by the directors, a committee thereof or the shareholders.

## **Anti-Takeover Legislation**

### ***Kemper***

Subject to certain exceptions, Section 203 of the DGCL prevents a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for three (3) years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the corporation's board of directors or unless the business combination is approved in a prescribed manner.

A business combination, in reference to Kemper includes, among other things, a merger or consolidation of Kemper or one of its subsidiaries and an interested stockholder or the sale by Kemper or any of its subsidiaries to an interested stockholder of assets having an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of Kemper's consolidated assets or the aggregate market value of Kemper's outstanding stock. In general, in relation to Kemper, an interested stockholder is any person that is the owner of fifteen percent (15%) or more of Kemper's outstanding voting stock and the affiliates and associates of such person. For additional information regarding interested stockholders and potential business combinations involving Kemper, see Comparison of Rights of Kemper Stockholders And Infinity Shareholders Supermajority Vote Requirements.

### ***Infinity***

The Infinity Articles state that Section 1701.831 ( Control share acquisitions procedures ) and Chapter 1704 ( Transactions involving interested shareholders ) of the OGCL shall not apply to Infinity. Section 1701.831 of the OGCL requires shareholder authorization for any control share acquisition of an issuing public corporation and Chapter 1704 of the OGCL prevents a public corporation from engaging in certain transactions with interested shareholders for three (3) years after an interested shareholder acquires shares.

## **Appraisal and Dissenters' Rights**

*Kemper*

Under the DGCL, a stockholder who does not vote in favor of certain mergers or consolidations and who is entitled to demand and has properly demanded appraisal of his or her shares in accordance with, and who complies in all respects with the requirements of Section 262 of the DGCL shall be entitled to an appraisal by the Delaware Court of Chancery of the fair value of his or her shares. However, stockholders do not have appraisal rights if the shares of stock they hold, at the record date for determination of stockholders entitled to receive

---

**Table of Contents**

notice of the meeting of stockholders to act upon the merger or consolidation are either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Further, no appraisal rights are available to stockholders of the surviving corporation if the merger did not require the vote of the stockholders of the surviving corporation. Notwithstanding the foregoing, appraisal rights are available if stockholders are required by the terms of the merger agreement to accept for their shares anything other than (a) shares of stock of the surviving corporation, (b) shares of stock of another corporation that will either be listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash instead of fractional shares or (d) any combination of clauses (a) (c). Appraisal rights are also available under the DGCL in certain other circumstances, including in certain parent-subsiary corporation mergers and in certain circumstances where the certificate of incorporation so provides.

The Kemper Charter does not provide appraisal rights in any additional circumstance.

***Infinity***

Under the OGCL, shareholders of an Ohio corporation may be entitled to dissenters' rights as dissenting shareholders in connection with:

the lease, sale, exchange, transfer or other disposition of all or substantially all of the assets of the corporation;

certain amendments to the corporation's articles of incorporation;

the corporation being merged into or consolidated with another corporation; and

any merger, combination or majority share acquisition in which the corporation is the acquiring corporation, if the shareholders of the corporation are entitled to voting rights in connection with such transaction.

The OGCL provides that (i) if a corporation provides notice not later than twenty (20) days before the date of the meeting at which a proposal will be submitted to the shareholders that may entitle shareholders to relief as a dissenting shareholder, a shareholder electing to be eligible as a dissenting shareholder must deliver to the corporation before the vote on the proposal is taken a written demand for the payment of the fair cash value of the shares as to which the shareholder seeks relief and (ii) if a corporation does not provide such notice, a shareholder of an Ohio corporation must deliver such written demand to the corporation not later than ten (10) days after the taking of the vote on the matter giving rise to dissenters' rights in order to retain those rights.

Shareholders are not entitled to dissenters' rights where: (i) the corporation is being merged or converted and (A) the shares of the corporation for which the shareholder would be dissenting are listed on a national securities exchange as of the day immediately preceding the date on which the vote on the proposal is taken at the meeting of the shareholders and (B) the consideration to be received by the shareholders consists of shares or shares and cash in lieu of fractional shares that, immediately following the effective time of the merger, consolidation or conversion, as applicable, are listed on a national securities exchange and for which no proceedings are pending to delist the shares from the national securities exchange as of the effective time of the merger, consolidation or conversion, as applicable or (ii) the corporation is the surviving corporation in a merger or the acquiring corporation in a combination or majority share acquisition and the shareholders are entitled to vote on the merger proposal, and the shares so entitling



them to vote are listed on a national securities exchange both as of the day immediately preceding the date on which the vote on the proposal is taken at the meeting of the shareholders and immediately following the effective time of the merger, combination or share acquisition, and there are no proceedings pending to delist the shares from the national securities exchange as of the effective time of the merger, combination or share acquisition.

## **Table of Contents**

### **Dividends**

#### ***Kemper***

The Kemper Charter provides that, subject to all of the rights of any preferred stock, dividends may be paid on Kemper common stock, as and when declared by the Kemper Board, out of any funds of Kemper legally available for the payment of such dividends. Currently, Kemper does not have any preferred stock outstanding.

#### ***Infinity***

The Infinity Articles provide that, except as otherwise provided in the express terms of any series of any preferred stock, after full dividends or distributions upon all series of preferred stock have been paid for all past and current dividend and distributions, dividends may be declared upon, or distributions may be made on, the Infinity common stock at such rate as the Infinity Board may determine. Currently, Infinity does not have any preferred stock outstanding.

### **Exclusive Forum**

#### ***Kemper***

The Kemper Bylaws provide that, unless Kemper consents in writing to an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Kemper, (ii) any action asserting a claim of breach of a fiduciary duty owed to Kemper or Kemper's stockholders by any director, officer or other employee of Kemper, (iii) any action asserting a claim against Kemper or any director or officer or other employee of Kemper arising pursuant to any provision of the DGCL, the Kemper Charter or the Kemper Bylaws, or (iv) any action asserting a claim against Kemper or any director or officer or other employee of Kemper governed by the internal affairs doctrine.

#### ***Infinity***

The Infinity Articles and Infinity Regulations do not place restrictions on the forum in which certain actions may be brought.

### **Amendment of Certificate of Incorporation**

#### ***Kemper***

Under the DGCL, the certificate of incorporation may generally be amended by resolution of the Kemper Board together with the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote thereon; provided, however, that no meeting or vote of stockholders is required to adopt an amendment that affects only the changes described in Section 242(a)(1) and/or Section 242(a)(7) of the DGCL. Any amendment that increases or decreases the aggregate number of authorized shares of a class, increases or decreases the par value of the shares of a class, or alters or changes the powers, preferences or special rights of the shares of a class as to affect them adversely also requires the separate vote of the class so affected; provided, however, that no separate vote of the outstanding shares of preferred stock, if any, is required to increase or decrease the number of authorized shares of preferred stock.

Under the Kemper Charter, Kemper reserves the right to repeal, alter, amend, or rescind any provision contained in the Kemper Charter, in the manner now or hereafter prescribed by statute.

Additionally the affirmative vote in person or by proxy of the holders of not less than seventy-five percent (75%) of the voting power of all then-outstanding shares of capital stock entitled to vote in the election of

## **Table of Contents**

directors, voting together as a single class, shall be required to alter, amend or repeal the articles in the Kemper Charter with respect to (i) stockholder authority to act by written consent (Article Six), (ii) the calling of special meetings and procedures for removing the Chairman of the Kemper Board (Article Six) and (iii) business combinations and related transactions (Article Seven).

### ***Infinity***

The OGCL permits amendments to the articles of incorporation to be adopted by the directors of an Ohio corporation in certain cases and by the shareholders, at a meeting held for that purpose, by the affirmative vote of the holders of two-thirds of the voting power of the corporation, or, if the articles permit, by the affirmative vote of a greater or lesser proportion, but not less than a majority, of such voting power, and, if so required by the articles of incorporation or if the amendment would have certain affects specified in the OGCL with respect to a class of shares, by the affirmative vote of the holders of shares of a particular class.

The Infinity Articles states that the affirmative vote of shareholders entitled to exercise a majority of the voting power of Infinity is required to amend the Infinity Articles.

## **Amendment of Kemper Bylaws and Infinity Regulations**

### ***Kemper***

The Kemper Charter provides that, in addition to any vote of the holders of any class or series of Kemper stock required by law or the Kemper Charter, the affirmative vote of the holders of at least a majority of the voting power of all the then-outstanding shares of capital stock entitled to vote in elections of directors, voting together as a single class, is required to adopt, amend or repeal any provision of the Kemper Bylaws. Alternatively, the Kemper Charter may be amended or repealed by a majority of directors then in office.

### ***Infinity***

The Infinity Regulations provide that they may be amended, restated or modified by the affirmative vote or the written consent of the shareholders entitled to exercise a majority of the voting power on any proposal to amend the Infinity Regulations. However, the Infinity Regulations require a vote of a majority of disinterested shares (determined as specified in Section 1704.01(C)(9) of the OGCL) then entitled to vote to amend, restate or modify the following articles of the Infinity Regulations:

Article II (Directors), Sections 2 (Number and Qualifications of Directors) and 3 (Term of Office of Directors);

Article IV (Indemnification); and

Article V (Amendments).

Alternatively, the Infinity Regulations may be amended, restated or modified by the affirmative vote of a majority of the directors to the extent permitted by Ohio law at the time of such amendment, restatement or modification.



---

**Table of Contents**

**KEMPER CORPORATION AND INFINITY PROPERTY AND CASUALTY CORPORATION  
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined financial statements (the *pro forma financial statements*) are based on the separate historical consolidated financial statements of Kemper and Infinity after giving effect to the Merger and the assumptions and adjustments described in the accompanying notes to the pro forma financial statements. The unaudited pro forma condensed combined balance sheet as of December 31, 2017 is presented as if the Merger had occurred on December 31, 2017. The unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 is presented as if the Merger had occurred on January 1, 2017. The historical consolidated financial statements have been adjusted to give effect to pro forma events that are (i) directly attributable to the Merger, (ii) factually supportable items and (iii) with respect to the unaudited pro forma condensed combined statement of income, expected to have a continuing impact on the combined results.

The preparation of the pro forma financial statements and related adjustments require certain assumptions and estimates. The pro forma financial statements should be read together with:

the accompanying notes to the pro forma financial statements contained in this joint proxy statement/prospectus;

Kemper's audited historical consolidated financial statements and accompanying notes included in Kemper's Annual Report on Form 10-K for the year ended December 31, 2017; and

Infinity's audited historical consolidated financial statements and accompanying notes included in Infinity's Annual Report on Form 10-K for the year ended December 31, 2017.

Kemper's Annual Report on Form 10-K for the year ended December 31, 2017 and Infinity's Annual Report on Form 10-K for the year ended December 31, 2017 are incorporated into this joint proxy statement/prospectus. See *Where You Can Find More Information*. The pro forma financial statements were prepared using the acquisition method of accounting for business combinations pursuant to the provisions of ASC 805, with Kemper considered the acquirer of Infinity for accounting purposes. Under the acquisition method of accounting, the purchase price is allocated to the assets acquired and liabilities assumed based on their respective fair values as of the closing date, with any excess purchase price allocated to goodwill. The pro forma financial statements set forth below give effect to, among other things, the following:

issuance of Kemper common stock to certain Infinity shareholders as a portion of the Merger Consideration;

payment of cash to certain Infinity shareholders as a portion of the Merger Consideration;

incurrence of debt to fund a portion of the cash payable in connection with the Merger Consideration;

liquidation of certain Kemper investments to fund a portion of the cash payable in connection with the Merger Consideration; and

transaction fees incurred in connection with the Merger.

The fair values of assets acquired and liabilities assumed presented in the pro forma financial statements are based on preliminary estimates. Determining fair values requires the use of estimates and assumptions including, but not limited to, estimates of future cash flows and direct costs in addition to developing the appropriate discount rates. Kemper believes the estimated fair values recognized for the assets to be acquired and the liabilities to be assumed are based on reasonable estimates and assumptions currently available. The final determination of the fair values of assets acquired and liabilities assumed will be based on the estimated fair value of such assets and liabilities that exist as of the closing date, and, therefore, cannot be made prior to the closing date. In addition, the value of the portion of the Merger Consideration consisting of Kemper common stock will be determined based on the closing price of Kemper common stock on the closing date. Accordingly, the purchase

**Table of Contents**

price and the amounts allocated to the fair value of assets acquired and liabilities assumed and the resulting goodwill could change significantly from the amounts used in the pro forma financial statements presented below. Any increases or decreases in the fair value of relevant balance sheet amounts upon completion of the final valuations will result in adjustments, which could be material, to the pro forma financial statements.

The pro forma adjustments and related assumptions are described in the accompanying notes to the pro forma financial statements. Kemper believes that the assumptions used to derive the pro forma adjustments are reasonable given the information available. However, the adjustments that will be recorded as of the closing may differ materially from the information presented in the pro forma financial statements due to a variety of factors, including those discussed in the section entitled **Risk Factors** in this joint proxy statement/prospectus.

The pro forma financial statements have been prepared by Kemper in accordance with Article 11 of Regulation S-X promulgated by the SEC and are not necessarily indicative of the consolidated financial position or results of operations that might have been achieved had the Merger been completed as of the dates indicated, nor are they meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the Merger. Neither Kemper nor Infinity can provide any assurance that the results indicated in the pro forma financial statements will be realized or that Kemper's or Infinity's future financial results will not materially vary from the pro forma financial statements. In addition, the accompanying unaudited pro forma condensed combined statement of income does not include any pro forma adjustments to give effect to expected synergies, expected cost savings or restructuring actions that may be achievable or the impact of any non-recurring activity and one-time Merger-related costs.

Certain financial information of Infinity, as presented in its historical consolidated financial statements, has been reclassified to conform to the historical presentation in Kemper's consolidated financial statements. Refer to Note 4 of the unaudited pro forma condensed combined financial statements for an explanation of these reclassifications.



Table of Contents**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

As of December 31, 2017

(Dollars in Millions)	Historical Kemper	Historical Infinity (1)	Acquisition Adjustments	Ref.	Financing Adjustments	Ref.	Pro Forma As Adjusted
<b>Assets:</b>							
<b>Investments:</b>							
Fixed Maturities at Fair Value	\$ 5,382.7	\$ 1,441.1	\$		\$		\$ 6,823.8
Equity Securities at Fair Value	526.0	96.0					622.0
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	161.0						161.0
Fair Value Option Investments	77.5				(77.5)	(6q)	
Short-term Investments at Cost which Approximates Fair Value	235.5	2.5			(100.3)	(6r)	137.7
Other Investments	422.2						422.2
<b>Total Investments</b>	<b>6,804.9</b>	<b>1,539.6</b>			<b>(177.8)</b>		<b>8,166.7</b>
Cash and Cash Equivalents	45.7	107.6	(563.1)	(6a)	604.8	(6s)	195.0
Receivables from Policyholders	366.0	508.1					874.1
Other Receivables	194.3	46.2	(0.6)	(6b)			239.9
Deferred Policy Acquisition Costs	365.3	88.3	(88.3)	(6c)			365.3
Intangible Assets			343.9	(6d)			343.9
Goodwill	323.0	75.2	436.6	(6e)			834.8
Current Income Tax Assets	6.1	(4.8)					1.3
Deferred Income Tax Assets		14.2	(14.2)	(6f)			
Other Assets	270.9	99.0	(3.5)	(6g)			366.4
<b>Total Assets</b>	<b>\$ 8,376.2</b>	<b>\$ 2,473.4</b>	<b>\$ 110.8</b>		<b>\$ 427.0</b>		<b>\$ 11,387.4</b>
<b>Liabilities and Shareholders</b>							
<b>Equity:</b>							
<b>Liabilities:</b>							
<b>Insurance Reserves:</b>							
Life and Health	\$ 3,521.0	\$	\$		\$		\$ 3,521.0
Property and Casualty	1,016.8	715.1	(12.0)	(6h)			1,719.9
<b>Total Insurance Reserves</b>	<b>4,537.8</b>	<b>715.1</b>	<b>(12.0)</b>				<b>5,240.9</b>
Unearned Premiums	653.9	627.6					1,281.5
Deferred Income Tax Liabilities	14.8		37.6	(6i)			52.4
Liabilities for Unrecognized Tax Benefits	8.1						8.1
Debt, Current and Non-current	592.3	273.8	17.0	(6j)	427.0	(6t)	1,310.1

Accrued Expenses and Other Liabilities	453.7	136.6	43.9	(6k)	634.2
<b>Total Liabilities</b>	<b>6,260.6</b>	<b>1,753.1</b>	<b>86.5</b>	<b>427.0</b>	<b>8,527.2</b>
<b>Shareholders Equity:</b>					
Common Stock	5.1	21.9	(20.6)	(6l)	6.4
Paid-in Capital	673.1	383.6	379.2	(6m)	1,435.9
Retained Earnings	1,243.0	797.5	(817.0)	(6n)	1,223.5
Accumulated Other Comprehensive Income	194.4	19.8	(19.8)	(6o)	194.4
Treasury Stock, at Cost		(502.5)	502.5	(6p)	
<b>Total Shareholders Equity</b>	<b>2,115.6</b>	<b>720.3</b>	<b>24.3</b>		<b>2,860.2</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 8,376.2</b>	<b>\$ 2,473.4</b>	<b>\$ 110.8</b>	<b>\$ 427.0</b>	<b>\$ 11,387.4</b>

(1) Historical Infinity financial information has been conformed to the historical presentation in Kemper's consolidated financial statements. Refer to Note 4.

The accompanying notes to the unaudited pro forma condensed combined financial statements are an integral part of these financial statements.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME****Year Ended December 31, 2017**

(Dollars in Millions, Except for Per Share Amounts)	<b>Historical Kemper</b>	<b>Historical Infinity (1)</b>	<b>Acquisition Adjustments</b>	<b>Ref.</b>	<b>Financing Adjustments</b>	<b>Ref.</b>	<b>Pro Forma As Adjusted</b>
<b>Revenues:</b>							
Earned Premiums	\$ 2,350.0	\$ 1,371.3	\$		\$		\$ 3,721.3
Net Investment Income	327.2	37.3	(0.8)	(7a)	(3.0)	(7f)	360.7
Other Income	4.0	1.4					5.4
Net Realized Gains on Sales of Investments	56.5	5.3					61.8
Net Impairment Losses Recognized in Earnings	(14.3)	(3.1)					(17.4)
<b>Total Revenues</b>	<b>2,723.4</b>	<b>1,412.2</b>	<b>(0.8)</b>		<b>(3.0)</b>		<b>4,131.8</b>
<b>Expenses:</b>							
Policyholders Benefits and Incurred Losses and Loss Adjustment Expenses	1,837.4	1,053.7	(6.7)	(7b)			2,884.4
Insurance Expenses	644.3	251.5	34.5	(7c)			930.3
Interest and Other Expenses	80.6	26.3	(1.6)	(7d)	9.3	(7g)	114.6
<b>Total Expenses</b>	<b>2,562.3</b>	<b>1,331.5</b>	<b>26.2</b>		<b>9.3</b>		<b>3,929.3</b>
Income from Continuing Operations before Income Taxes	161.1	80.7	(27.0)		(12.3)		202.5
Income Tax Benefit(Expense)	(41.2)	(35.3)	9.5	(7e)	4.3	(7h)	(62.7)
<b>Income from Continuing Operations</b>	<b>\$ 119.9</b>	<b>\$ 45.4</b>	<b>\$ (17.5)</b>		<b>\$ (8.0)</b>		<b>\$ 139.8</b>
<b>Income from Continuing Operations Per Unrestricted Share:</b>							
Basic	\$ 2.32	\$ 4.13					\$ 2.15
Diluted	\$ 2.31	\$ 4.10					\$ 2.14

(1) Historical Infinity financial information has been conformed to the historical presentation in Kemper's consolidated financial statements. Refer to Note 4.

The accompanying notes to the unaudited pro forma condensed combined financial statements are an integral part of these financial statements.

---

**Table of Contents****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS****Note 1. Description of the Merger**

The Merger Agreement provides that, pursuant to the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Infinity, with Infinity continuing as the surviving corporation and as a wholly owned subsidiary of Kemper. The Merger Agreement and the consummation of the transactions contemplated by the Merger Agreement have been unanimously approved by the Kemper Board and the Infinity Board. The closing is expected to occur during the third quarter of 2018, subject to the satisfaction or waiver of applicable closing conditions.

**Note 2. Basis of Presentation**

The unaudited pro forma condensed combined balance sheet as of December 31, 2017 and the unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 are based on the historical consolidated financial statements of Kemper and Infinity after giving effect to the closing and the assumptions and adjustments described in the accompanying notes. Such pro forma adjustments are (1) factually supportable, (2) directly attributable to the Merger and (3) with respect to the unaudited pro forma condensed combined statement of income, expected to have a continuing impact on the results of operations of the combined company.

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting pursuant to the provisions of ASC 805, which requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the closing date.

The acquisition method of accounting uses the fair value concepts defined in ASC 820, Fair Value Measurement, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is an exit price concept for the valuation of an asset or liability. Market participants are assumed to be buyers or sellers in the most advantageous market for the asset or liability. Fair value measurement for an asset assumes the highest and best use by these market participants. Fair value measurements can be highly subjective, and it is possible that participants applying reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

At this preliminary stage, the estimated identifiable finite-lived intangible assets include VOBA, agency relationships, trade name and internal-use software. The estimated identifiable indefinite-lived intangible assets include insurance licenses, which are not amortized, but will be subject to periodic impairment testing and are subject to the same risks and uncertainties noted for the identifiable finite-lived intangible assets. Goodwill represents the excess of the estimated purchase price over the estimated fair value of Infinity's assets acquired and liabilities assumed.

Upon the closing and the completion of a formal valuation study, the estimated fair values of the assets acquired and liabilities assumed will be updated, including the estimated fair values and useful lives of the tangible assets and identifiable intangible assets and allocation of the excess purchase price to goodwill.

The pro forma financial statements are presented solely for informational purposes and are not necessarily indicative of the combined financial position or results of operations that might have been achieved had the Merger been completed as of the dates indicated, nor are they meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the Merger. In addition, the accompanying unaudited pro forma condensed combined statement of income does not reflect expected revenue synergies, expected cost savings or restructuring actions that may be achievable or the impact of any non-recurring activity and one-time Merger-related costs.



---

**Table of Contents****Note 3. Accounting Policies**

As part of preparing the pro forma financial statements, Kemper conducted a review of the accounting policies of Infinity to determine if differences in accounting policies require restatement or reclassification of results of operations or reclassification of assets or liabilities to conform to Kemper's accounting policies and classifications. During the preparation of these pro forma financial statements, Kemper did not become aware of any material differences between accounting policies of Kemper and Infinity, except for certain reclassifications necessary to conform Infinity's historical consolidated financial statements to Kemper's financial presentation, and accordingly, these pro forma financial statements do not assume any material differences in accounting policies between Kemper and Infinity, except as disclosed in Note 4. Upon the closing, a more comprehensive review of the accounting policies of Infinity will be performed, which may identify other differences between the accounting policies of Kemper and Infinity that, when conformed, could have a material impact on the pro forma financial statements.

**Note 4. Historical Infinity Conforming Adjustments**

Financial information of Infinity in the Historical Infinity column of the pro forma financial statements has been conformed to the historical presentation in Kemper's consolidated financial statements. Installment and Other Fees of \$105.8 million in Infinity's historical statement of income for the year ended December 31, 2017 were reclassified to Insurance Expenses.

**Note 5. Preliminary Purchase Price Allocation**

Upon closing, each share of Infinity common stock issued and outstanding immediately prior to the effective time (other than shares owned by Kemper or any of its wholly owned subsidiaries or Infinity or any of its subsidiaries and shares held by any holder of Infinity common stock who is entitled to demand and properly demands appraisal of such shares under Ohio law) will be cancelled and converted into, at the election of the holder of such share, subject to proration and adjustment as described below and in the Merger Agreement, either (i) the Mixed Consideration (equal to 1.2019 shares of Kemper common stock and \$51.60 in cash, without interest and subject to any required withholding of taxes), (ii) the Cash Consideration (equal to \$129.00, without interest and subject to any required withholding of taxes), or (iii) the Stock Consideration (equal to 2.0031 shares of Kemper common stock). Holders of Infinity common stock who do not make an election will receive the Mixed Consideration. The consideration to be paid to Infinity shareholders electing to receive the Cash Consideration or the Stock Consideration is subject, pursuant to the terms of the Merger Agreement, to automatic adjustment, as applicable, to ensure that the total amount of cash paid and the total number of shares of Kemper common stock issued in the Merger is approximately the same as what would be paid and issued if all Infinity shareholders were to receive the Mixed Consideration. No fractional shares of Kemper common stock will be issued in the Merger, and Infinity shareholders will receive cash in lieu of any fractional shares of Kemper common stock.

**Table of Contents**

The preliminary estimate of the purchase price has been calculated based on the Mixed Consideration using the number of shares of Infinity common stock and performance shares issued and outstanding as of February 9, 2018 and the closing price per share of Kemper common stock as of February 12, 2018, the day prior to the date of media publications regarding the proposed Merger.

**(Dollars in Millions, Except for Number of Shares and Per Share Amounts)**

Purchase Price Consideration Shareholders of Unrestricted Infinity Common Stock:	
Unrestricted Shares of Infinity Common Stock Outstanding as of February 9, 2018	10,913,441
Mixed Election Stock Exchange Ratio	1.2019
Preliminary Estimate of Shares of Kemper Common Stock to be Issued to Shareholders of Unrestricted Infinity Common Stock	
Price Per Share of Kemper Common Stock as of February 12, 2018	\$ 57.75
Preliminary Estimate of Stock Portion of Merger Consideration	\$ 757.5
Unrestricted Shares of Infinity Common Stock Outstanding as of February 9, 2018	10,913,441
Mixed Election Cash Price Per Infinity Share	\$ 51.60
Preliminary Estimate of Cash Portion of Merger Consideration to be Paid by Kemper to Shareholders of Unrestricted Infinity Common Stock	\$ 563.1
Total Purchase Price Consideration Shareholders of Unrestricted Infinity Stock	\$ 1,320.6
Preliminary Estimate of Fair Value of Shares of Kemper Common Stock to be Issued to Replace Infinity Performance Share Awards Expected to Vest upon the Closing	\$ 5.8
Preliminary Estimate of Fair Value of Replacement Equity-based Awards Attributable to the Pre-Merger Period	\$ 0.8
<b>Preliminary Estimate of the Purchase Price</b>	<b>\$ 1,327.2</b>

The pro forma allocation of the preliminary estimate of the purchase price to Infinity's assets acquired and liabilities assumed as of December 31, 2017 based on their respective preliminary fair values is presented below.

**(Dollars in Millions)****Preliminary Estimate of Assets Acquired and Liabilities Assumed**

<b>Assets:</b>	
Investments	\$ 1,539.6
Cash and Cash Equivalents	107.6
Receivables from Policyholders	508.1
Other Receivables	45.6
Intangible Assets	343.9
Other Assets	95.5
<b>Liabilities:</b>	



Insurance Reserves	(703.1)
Unearned Premiums	(627.6)
Current Income Tax Liabilities	(4.8)
Deferred Income Tax Liabilities	(37.6)
Debt, Current and Non-current	(290.8)
Accrued Expenses and Other Liabilities	(161.0)
<b>Total Identifiable Net Assets Acquired</b>	<b>815.4</b>
Goodwill	511.8
<b>Preliminary Estimate of Purchase Price</b>	<b>\$ 1,327.2</b>

Intangible assets were identified that met either the separability criterion or the contractual-legal criterion described in ASC 805. The VOBA intangible asset represents the present value of the expected underwriting

**Table of Contents**

profit within policies that were in-force at the assumed closing date. Agency relationships represent the network through which Infinity conducted its operations and existing Infinity policyholder relationships. The fair value of agency relationships was estimated using the income approach. Critical inputs into the valuation model for agency relationships include sales field force cost and time estimates to recreate the number of acquired agents and an estimate of lost underwriting profit during this time to recreate the agents acquired. Internal-use software relates to Infinity's software used internally and was estimated using the cost approach. The Infinity trade name was estimated using the relief-from-royalty method under the income approach. Licenses, which represents the regulatory licenses held by Infinity, was valued using the market approach. The preliminary allocation to intangible assets is as follows:

<u>(Dollars in Millions)</u>	<b>Dec. 31, 2017</b>
VOBA	\$ 114.6
Agency Relationships	52.5
Internal-use Software	68.8
Trade Name	100.0
Licenses	8.0
<b>Total Identified Intangible Assets</b>	<b>\$ 343.9</b>

The expected amortization related to the preliminary fair value of the acquired finite lived intangible assets for the five years following the Merger is shown in the table below:

<u>(Dollars in Millions)</u>	<b>Year Following the Acquisition</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Benefit from the Fair Value Adjustment to Recoverable from Reinsurers	\$ (6.7)	\$ (2.7)	\$ (1.2)	\$ (0.5)	\$ (0.2)
<b><u>Amortization of Intangibles:</u></b>					
VOBA	110.5	2.4	0.9	0.4	0.2
Agency Relationships	3.5	3.5	3.5	3.5	3.5
Internal-use Software	7.8	7.8	7.8	7.8	7.8
Trade Name	4.0	4.0	4.0	4.0	4.0
<b>Total</b>	<b>\$ 119.1</b>	<b>\$ 15.0</b>	<b>\$ 15.0</b>	<b>\$ 15.2</b>	<b>\$ 15.3</b>

The actual purchase price will fluctuate with changes in the price of Kemper common stock until the closing, and the final valuation could differ significantly from the current estimate. The following table illustrates the impact of a 10% increase or decrease in the share price of Kemper common stock on purchase consideration and goodwill:

<u>(Dollars in Million)</u>	<b>Purchase Price Consideration</b>	<b>Goodwill</b>
Using Closing Price of Kemper Common Stock as of February 12, 2018	\$ 1,327.2	\$ 511.8
10% Increase in Price of Kemper Common Stock	1,403.6	588.2
10% Decrease in Price of Kemper Common Stock	1,250.8	435.4



**Table of Contents****Note 6. Preliminary Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments**

Adjustments included in the Acquisition Adjustments column in the accompanying unaudited pro forma condensed combined balance sheet as of December 31, 2017 are as follows:

(Dollars in Millions)	Increase (Decrease) as of Dec 31, 2017
<b>Assets:</b>	
(6a) Adjustment to Reflect the Cash Portion of the Merger Consideration Paid by Kemper to Infinity Shareholders to Effect the Merger Funded by Available Cash Resources	\$ (563.1)
(6b) Adjustment to Other Receivables to Reflect Infinity's Recoverable from Reinsurers at Fair Value	(0.6)
(6c) Adjustment to Eliminate Infinity's Deferred Policy Acquisition Costs	(88.3)
(6d) Adjustment to Record Intangible Assets Acquired	343.9
(6e) Adjustments to Goodwill:	
To Eliminate Infinity's Historical Goodwill	(75.2)
To Record Goodwill Determined as the Preliminary Acquisition Consideration Paid to Effect the Merger in Excess of the Estimated Fair Value of the Net Assets Acquired	511.8
<b>Total Goodwill Adjustments</b>	<b>436.6</b>
(6f) Adjustment to Reclassify Infinity's Deferred Income Tax Assets to Deferred Income Tax Liabilities	(14.2)
(6g) Adjustment to Reflect Infinity's Property and Equipment at Fair Value	(3.5)
<b>Total Adjustments to Assets</b>	<b>\$ 110.8</b>
<b>Liabilities:</b>	
(6h) Adjustment to Reflect Infinity's Unpaid Losses and Loss Adjustment Expenses at Fair Value	\$ (12.0)
(6i) Adjustments to Deferred Income Tax Liabilities:	
To Reclassify Infinity's Deferred Income Tax Assets to Deferred Income Tax Liabilities	(14.2)
To Eliminate Infinity's Historical Deferred Tax Liability Associated with Deferred Policy Acquisition Costs	(18.5)
To Reflect Deferred Tax Asset Associated with the Fair Value Adjustment of Infinity's Property and Equipment	(0.7)
To Reflect Deferred Tax Asset Associated with the Fair Value Adjustment of Infinity's Recoverable from Reinsurers	(0.1)
To Reflect Deferred Tax Liability Associated with the Fair Value Adjustment of Infinity's Unpaid Losses and Loss Adjustment Expenses	2.5
To Reflect Deferred Tax Asset Associated with the Fair Value Adjustment of Infinity's Debt	(3.6)
To Reflect Deferred Tax Liability for the Intangible Assets Being Acquired	72.2

	Total Adjustments to Deferred Income Tax Liabilities	37.6
(6j)	Adjustment to reflect Infinity's debt at fair value	17.0
(6k)	Adjustment to reflect transaction costs expected to be incurred by Kemper and Infinity	43.9
	<b>Total Adjustments to Liabilities</b>	<b>\$ 86.5</b>

200

**Table of Contents**

<u>(Dollars in Millions)</u>	<b>Increase (Decrease) as of Dec 31, 2017</b>
<b>Shareholders Equity:</b>	
(6l) Adjustments to Common Stock:	
To Eliminate the Historical Outstanding Infinity Common Stock	\$ (21.9)
To Record the Par Value of Kemper Common Stock Issued as Part of the Merger Consideration to Effect the Merger	1.3
	(20.6)
(6m) Adjustments to Paid-in Capital:	
To Eliminate Infinity's Historical Paid-in Capital	(383.6)
To Record the Paid-in Capital of Kemper Common Stock Issued as Part of the Merger Consideration to Effect the Merger	762.8
	379.2
(6n) Adjustments to Retained Earnings:	
To Eliminate Infinity's Historical Retained Earnings	(797.5)
Adjustment to Reflect Transaction Costs Expected to be Incurred by Kemper	(19.5)
	(817.0)
(6o) To Eliminate Infinity's Historical Accumulated Other Comprehensive Income	(19.8)
(6p) To Eliminate Infinity's Historical Treasury Stock at Cost	502.5
<b>Total Adjustments to Shareholders Equity</b>	<b>\$ 24.3</b>

**Table of Contents**

Adjustments included in the Financing Adjustments column in the accompanying unaudited pro forma condensed combined balance sheet as of December 31, 2017 are as follows:

<u>(Dollars in Millions)</u>	<b>Increase (Decrease) as of Dec 31, 2017</b>
<b>Assets:</b>	
(6q) To Reflect Sale of Fair Value Option Investments to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	\$ (77.5)
(6r) To Reflect Sale of Short-term Investments to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	(100.3)
(6s) Adjustments to Cash and Cash Equivalents:	
To Reflect the Cash Inflow from Sale Of Kemper's Fair Value Option Investments to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	77.5
To Reflect the Cash Inflow from Sale of Kemper's Short-Term Investments to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	100.3
To Reflect the Cash Inflow from the Short-Term Borrowing to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	160.0
To Reflect the Cash Inflow from the Borrowing Under Existing Credit Facilities or a New Unsecured Bank Loan, Net Of Debt Financing Costs, to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect The Merger	267.0
<b>Total Adjustments to Cash and Cash Equivalents</b>	<b>604.8</b>
<b>Total Adjustments to Assets</b>	<b>\$ 427.0</b>
<b>Liabilities</b>	
(6t) Adjustment to Reflect the Short-Term Borrowing to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	\$ 160.0
Adjustment to Reflect the Borrowing Under Existing Credit Facilities or a New Unsecured Bank Loan, Net Of Debt Financing Costs, to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	267.0
<b>Total Adjustments to Debt</b>	<b>427.0</b>
<b>Total Adjustments to Liabilities</b>	<b>\$ 427.0</b>

**Table of Contents****Note 7. Preliminary Unaudited Pro Forma Condensed Combined Statement of Income Adjustments**

Adjustments included in the Acquisition Adjustments column in the accompanying unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 are as follows:

(Dollars in Millions)	<b>Increase (Decrease) for the Year Ended Dec 31, 2017</b>
<b>Revenues:</b>	
(7a) Adjustment to Net Investment Income to Amortize the Fair Value Adjustment to Infinity's Investments in Fixed Maturities	\$ (0.8)
<b>Total Adjustment to Revenue</b>	<b>\$ (0.8)</b>
<b>Expenses:</b>	
(7b) Adjustment to Amortize the Difference Between the Estimated Fair Value and Historical Value of Infinity's Unpaid Losses And Loss Adjustment Expenses	\$ (6.7)
(7c) Adjustments to Insurance Expenses:	
Adjustment to Eliminate Infinity's Historical Amortization of Deferred Policy Acquisition Costs Following the Write-Off of the Deferred Policy Acquisition Costs	(91.1)
To Eliminate Infinity's Historical Depreciation Expense Following the Fair Value Adjustment of Property and Equipment Acquired by Kemper	(0.2)
To Amortize Certain Identifiable Finite Lived Intangible Assets Acquired in Connection with the Merger	125.8
	34.5
(7d) Adjustments to Interest and Other Expenses:	
To Reflect Interest Expense as a Result of the Fair Value Related to Infinity's Long-Term Debt Assumed by Kemper	(3.3)
To Record Incremental Stock-Based Compensation Expense for Replacement Awards in Connection with the Merger	1.7
	(1.6)
<b>Total Adjustments to Expenses</b>	<b>\$ 26.2</b>
(7e) Adjustment to Reflect the Income Tax Impact on the Unaudited Pro Forma Adjustments using the U.S. Statutory Tax Rate of 35%	\$ 9.5
<b>Total Adjustments to Income from Continuing Operations</b>	<b>\$ (17.5)</b>





**Table of Contents**

Adjustments included in the Financing Adjustments column in the accompanying unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 are as follows:

<u>(Dollars in Millions)</u>	<b>Increase (Decrease) for the Year Ended Dec 31, 2017</b>
<b>Revenues:</b>	
(7f) Adjustments to Net Investment Income:	
To Reflect the Impact on Historical Net Investment Income Based on the Average Annual Yield of Kemper's Fair Value Option Investments which will be Sold to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	\$ (1.2)
To Reflect the Impact on Historical Net Investment Income Based on the Average Annual Yield of Kemper's Short-Term Investments which will be Sold to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	(1.0)
To Reflect the Impact on Historical Net Investment Income Based on the Average Annual Yield of Infinity's Cash and Cash Equivalents which will be Used to Repay the Short-term Borrowing to Effect the Merger	(0.8)
	(3.0)
<b>Total Adjustments to Revenues</b>	<b>\$ (3.0)</b>
<b>Expenses:</b>	
(7g) Adjustment to Record the Estimated Interest Expense on the New Debt Raised to Fund Part of the Cash Portion of the Merger Consideration Paid to Effect the Merger	\$ 9.3
<b>Total Adjustment to Expenses</b>	<b>\$ 9.3</b>
(7h) Adjustment to Reflect the Income Tax Impact on the Unaudited Pro Forma Adjustments Using the U.S. Statutory Tax Rate of 35%	\$ 4.3
<b>Total Adjustments to Income from Continuing Operations</b>	<b>\$ (8.0)</b>

**Note 8. Preliminary Unaudited Pro Forma Income from Continuing Operations per Unrestricted Share**

The preliminary unaudited pro forma basic and diluted income from continuing operations per unrestricted share calculations are based on Kemper's basic and diluted weighted average number of unrestricted shares outstanding for the year ended December 31, 2017. The pro forma weighted average number of shares outstanding reflects the following adjustments as if the Merger had occurred on January 1, 2017:

elimination of Infinity common stock;

the estimated issuance of Kemper common stock to Infinity shareholders, calculated using the 1.2019 exchange ratio, based on Infinity's common stock outstanding as of February 9, 2018;

pursuant to the terms of the Merger Agreement, the effects of the vesting of the Infinity performance share awards; and

pursuant to the terms of the Merger Agreement, the treatment of the Rollover RSUs.

**Table of Contents**

The following table sets forth the calculation of pro forma basic and diluted income from continuing operations per unrestricted share for year ended December 31, 2017:

**Numerator Dollars in Millions**

Pro Forma Income from Continuing Operations	\$ 139.8
Less: Pro Forma Income from Continuing Operations Attributed to Participating Awards	(0.9)

Pro Forma Income from Continuing Operations Attributed to Unrestricted Shares	\$ 138.9
---	----------

**Denominator Shares in Thousands**

Kemper's Historical Weighted Average Unrestricted Shares Outstanding	51,345.6
Shares of Infinity Common Stock Converted Into Shares of Kemper Common Stock	13,116.9
Infinity's Performance Share Awards Expected to Vest Upon the Closing of the Merger Converted into Shares of Kemper Common Stock	100.0

Pro Forma Weighted Average Shares Outstanding - Basic	64,562.5
Kemper's Historical Equity-Based Compensation Equivalent Shares	232.2

Pro Forma Weighted Average Shares Outstanding - Diluted	64,794.7
---	----------

**Income from Continuing Operations Per Unrestricted Share In Whole Dollars**

Basic	\$ 2.15
-------	---------

Diluted	\$ 2.14
---------	---------

**Note 9. Preliminary Unaudited Pro Forma Debt**

The historical and preliminary unaudited pro forma debt of Kemper and Infinity is summarized as follows:

	<b>Historical Kemper</b>	<b>Historical Infinity</b>	<b>Pro Forma As Adjusted</b>
4.35% Senior Notes due February 2025	\$ 448.1	\$	\$ 448.1
7.35% Subordinated Debentures due February 2054	144.2		144.2
5.0% Senior Notes due September 2022		273.8	290.8
Short-Term Financing Under Existing Credit Facilities (a)			160.0
Financing Under Existing Credit Facilities or New Unsecured Bank Loan, due 2 Years After Closing (a)			267.0
<b>Total</b>	<b>\$ 592.3</b>	<b>\$ 273.8</b>	<b>\$ 1,310.1</b>

(a)

Kemper currently anticipates borrowing under its available credit facilities and/or incurring indebtedness under an unsecured bank loan to fund a portion of the cash payable in connection with the Merger Consideration. Short-term financing is assumed to be paid within a week of the closing using unencumbered cash and short-term investments acquired in the purchase.

---

**Table of Contents****CERTAIN UNAUDITED PROSPECTIVE FINANCIAL INFORMATION**

Given the unpredictability of the underlying assumptions and estimates inherent in preparing financial projections, neither Kemper nor Infinity as a matter of general practice publicly discloses detailed projections as to its anticipated financial position or results of operations, other than Infinity providing, from time to time, guidance with respect to the then-current fiscal year for certain expected financial results and operational metrics in its regular earnings press releases and communications and other investor materials.

In connection with the evaluation of a possible transaction:

Kemper management prepared and provided to the Kemper Board forward-looking financial information of Kemper with respect to fiscal years 2018 through 2020, assuming Kemper's continued operation on a standalone, pre-Merger basis (the *Kemper financial projections*), which is summarized below. The Kemper financial projections were also provided to Goldman Sachs for its use in connection with its financial analysis and fairness opinion with respect to the Merger Consideration. Certain key items from the Kemper financial projections and certain updated financial information relating thereto noted below were provided to Infinity's senior management and representatives of Deutsche Bank in connection with Infinity's due diligence investigation with respect to Kemper and evaluation of a possible transaction.

Infinity management prepared and provided to the Infinity Board forward-looking financial information of Infinity with respect to fiscal years 2018 through 2022, assuming Infinity's continued operation on a standalone, pre-Merger basis (the *Infinity financial projections*), which is summarized below. The Infinity financial projections were also provided to Deutsche Bank for its use in connection with its financial analysis and fairness opinion with respect to the Merger Consideration and to Kemper and Goldman Sachs in connection with Kemper's due diligence investigation with respect to Infinity and evaluation of a possible transaction.

Kemper management additionally prepared and provided to the Kemper Board: (i) forward-looking financial information regarding Infinity with respect to fiscal years 2018 through 2020, assuming Infinity's continued operation on a standalone basis and reflecting certain information that is either publicly available or included in the Infinity financial projections and certain adjustments thereto made by Kemper management in light of, among other things, a review of publicly available information and the Infinity financial projections, discussions with Infinity management regarding its business and future prospects, Kemper management's views on Infinity's businesses and future prospects and certain macro economic and industry trends and Kemper management's judgment that its best available estimates regarding Infinity's business and future prospects were with respect to fiscal years 2018 through 2020 (the *Kemper-prepared Infinity financial projections (without synergies)*), which is summarized below; (ii) a version of the Kemper-prepared Infinity financial projections (without synergies), reflecting certain estimated synergies that Kemper management projected to be likely to result from the Merger (the *Kemper-prepared Infinity financial projections (with synergies)*), which is summarized below; and (iii) forward-looking unaudited pro forma financial information of the combined company with respect to fiscal years 2018 through 2020, assuming the operation of the combined company on a post-Merger basis and reflecting the combination of the Kemper financial projections and the Kemper-prepared Infinity financial projections (with synergies) and taking into account the estimated financial impact of the Merger that Kemper management projected to be likely to

result from the Merger (the *combined company financial projections* ), which is summarized below. The Kemper-prepared Infinity financial projections (without synergies), the Kemper-prepared Infinity financial projections (with synergies) and the combined company financial projections were also provided to Goldman Sachs for its use in connection with its financial analysis and fairness opinion with respect to the Merger Consideration, but, except for the assumption noted below regarding pre-tax synergies included in the Kemper-prepared Infinity financial projections (with synergies), were not provided to Infinity or Deutsche Bank.

---

**Table of Contents**

The Kemper financial projections, the Infinity financial projections, the Kemper-prepared Infinity financial projections (without synergies), the Kemper-prepared Infinity financial projections (with synergies) and the combined company financial projections are referred to herein collectively as the *financial projections*.

None of the financial projections were intended for public disclosure. Summaries of the financial projections are included in this joint proxy statement/prospectus only because certain of the financial projections were made available to Kemper, the Kemper Board and Goldman Sachs and Infinity, the Infinity Board and Deutsche Bank, as applicable. The inclusion of the financial projections in this joint proxy statement/prospectus does not constitute an admission or representation by Kemper or Infinity that the financial projections or the information contained therein is material.

The financial projections are unaudited and were not prepared with a view toward public disclosure or compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP or the published guidelines of the SEC regarding projections and the use of non-GAAP financial measures. None of Kemper's nor Infinity's independent registered public accounting firm or any other independent accountant has compiled, examined or performed any procedures with respect to the financial projections or expressed any opinion or any other form of assurance on the financial projections or their achievability, and each of Kemper's and Infinity's independent registered public accounting firms assumes no responsibility for, and disclaims any association with, the financial projections.

In the view of Kemper management, (i) the Kemper financial projections were prepared on a reasonable basis reflecting Kemper management's best available estimates and judgments regarding Kemper's future financial performance at the time of their preparation, (ii) the Kemper-prepared Infinity financial projections (without synergies) were prepared on a reasonable basis reflecting Kemper management's best available estimates and judgments regarding Infinity's future financial performance (without synergies related to the Merger) at the time of their preparation, (iii) the Kemper-prepared Infinity financial projections (with synergies) were prepared on a reasonable basis reflecting Kemper management's best available estimates and judgments regarding Infinity's future financial performance and certain synergies likely to result from the Merger and (iv) the combined company financial projections were prepared on a reasonable basis reflecting Kemper management's best available estimates and judgments regarding the combined company's future financial performance and the likely financial impact of the Merger. In the view of Infinity management, the Infinity financial projections were prepared on a reasonable basis reflecting Infinity management's best available estimates and judgments regarding Infinity's future financial performance (without synergies related to the Merger) at the time of their preparation. The financial projections are not facts and should not be relied upon as necessarily predictive of actual future results. You are cautioned not to place undue reliance upon the financial projections. Some or all of the assumptions that have been made in connection with the preparation of the financial projections may have changed since the date the financial projections were prepared. In addition, certain information below provides summaries of the key assumptions and does not purport to be a comprehensive overview of all assumptions reflected in the financial projections. The ultimate performance of Kemper or Infinity could be materially different than the applicable financial projections. None of Kemper, Infinity or any of their respective affiliates, advisors or other representatives assumes any responsibility for the validity, reasonableness, accuracy or completeness of the financial projections or the ultimate performance of Kemper or Infinity relative to the financial projections. Except as required by applicable law, none of Kemper, Infinity or any of their respective affiliates, advisors or other representatives intends to, and each of them disclaims any obligation to, update, correct or otherwise revise the financial projections if any or all of them have changed or change or otherwise are or become inaccurate (even in the short term). These considerations should be taken into account if reviewing or evaluating the financial projections, which were prepared as of an earlier date.

The financial projections do not necessarily reflect changes in general business or economic conditions since the time they were prepared, changes in Kemper's or Infinity's businesses or prospects or any other transactions or events that



have occurred or that may occur and that were not anticipated at the time the financial projections were prepared, and the financial projections are not necessarily indicative of current values or predictive of future performance, which may be significantly more favorable or less favorable than as set forth

**Table of Contents**

therein and should not be regarded as a representation that the financial forecasts, projected results or other estimates and assumptions therein will be achieved.

Because the financial projections reflect subjective judgment in many respects, they are susceptible to multiple interpretations and frequent revisions based on actual experience and business developments. The financial projections also cover multiple fiscal years, and such information by its nature becomes less predictive with each succeeding fiscal year. The financial projections constitute forward-looking information and are subject to a wide variety of significant risks and uncertainties that could cause the actual results to materially differ from the projected results, including, without limitation, the factors described in **Risk Factors** beginning on page 35, the factors described in the section entitled **Risk Factors** in Kemper's Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 13, 2018, and in Kemper's other public filings with the SEC, and the factors described in the section entitled **Risk Factors** in Infinity's Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 15, 2018, and in Infinity's other public filings with the SEC. For additional information on factors that may cause Kemper's or Infinity's future financial results to materially vary from the projected results summarized below, see **Cautionary Statement Concerning Forward-Looking Statements** beginning on page 1. Accordingly, there can be no assurance that the projected results summarized below will be realized or that actual results will not differ materially from the projected results summarized below, and the financial projections cannot be considered a guarantee of future operating results and should not be relied upon as such. No representation is made by Kemper or Infinity or any of their respective affiliates, advisors or other representatives or any other person to any Kemper stockholder or Infinity shareholder or any other person regarding the actual performance of Kemper or Infinity compared to the results included in the financial projections or otherwise.

The financial projections should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding Kemper and Infinity, as applicable, contained in their respective public filings with the SEC and herein. See **Where You Can Find More Information** beginning on page 216. In addition, stockholders of Kemper and shareholders of Infinity are urged to review **Risk Factors** beginning on page 35. The financial projections do not take into account any circumstances or events occurring after the date they were prepared, including the effect of the Merger, any failure of the Merger to be consummated and related matters, and should not be viewed in any manner in that context.

**Kemper Financial Projections**

The following table presents a summary of the Kemper financial projections:

**Kemper Financial Projections (Prepared by Kemper Management) (Unaudited)****Fiscal Years (Dollars in Millions, Except For Per Share Amounts)**

	<b>2018P</b>	<b>2019P</b>	<b>2020P</b>
Kemper Net Premiums Earned	\$ 2,495	\$ 2,676	\$ 2,898
Kemper Total Revenues	2,809	2,997	3,227
Kemper Net Income (1)	212	233	264
Kemper Earnings Per Share (2)	4.01	4.39	4.98
Kemper Total Dividends to Stockholders (3)	49	49	49
Ending Book Value (4)	2,278	2,462	2,676

Return on Equity (5)	9.7%	9.8%	10.3%
----------------------	------	------	-------

- (1) Represents net income from continuing operations. In addition to calculating and providing such figures to the Kemper Board, Goldman Sachs, Infinity and Deutsche Bank, Kemper management continued to incorporate updates for the passage of time into its calculations reflecting the impact of the determination of the actual financial results of Kemper for the fourth quarter of 2017 and other immaterial refinements and provided to Infinity and Deutsche Bank updated financial information reflecting net income from continuing operations of \$231 million for fiscal year 2019 and \$261 million for fiscal year 2020.

**Table of Contents**

- (2) Represents net income from continuing operations, divided by the weighted average number of fully diluted outstanding shares of Kemper common stock.
- (3) Represents the annual dividend per outstanding share of Kemper common stock based upon a quarterly dividend of \$0.24 per share of Kemper common stock, multiplied by the number of basic outstanding shares of Kemper common stock.
- (4) Represents book value as of December 31 of the prior year, plus net income from continuing operations for the applicable year, minus total dividends to stockholders for the applicable year. Includes accumulated other comprehensive income. In addition to calculating and providing such figures to the Kemper Board and Goldman Sachs, Kemper management continued to incorporate updates for the passage of time into its calculations reflecting the impact of the determination of the actual financial results of Kemper for the fourth quarter of 2017 and other immaterial refinements and provided to Infinity and Deutsche Bank updated financial information reflecting ending book value of \$2.460 billion for fiscal year 2019 and \$2.672 billion for fiscal year 2020.
- (5) Represents net income from continuing operations for the applicable year, divided by the average of book value as of December 31 of the prior year and book value as of December 31 of the applicable year. At the direction of Kemper management and as reviewed by the Kemper Board, Goldman Sachs calculated and used an estimated return on equity of Kemper for fiscal year 2021 of 10.4% based on the assumptions set forth below provided by Kemper management to Goldman Sachs in connection with Goldman Sachs' financial analyses. See *The Merger Opinion of Kemper's Financial Advisor* beginning on page 83. The assumptions provided by Kemper management to Goldman Sachs solely for Goldman Sachs' calculation and use of estimated return on equity of Kemper for fiscal year 2021 included estimated 10% growth in net income from continuing operations from fiscal year 2020 to fiscal year 2021 and estimated total dividends to stockholders of \$49 million. In addition to the calculation and provision of such figures to the Kemper Board, Kemper management incorporated updates for the passage of time into the calculations reflecting the impact of the determination of the actual financial results of Kemper for the fourth quarter of 2017 and other immaterial refinements and provided to Infinity and Deutsche Bank updated financial information reflecting return on equity of 10.2% for fiscal year 2020.

The Kemper financial projections reflect various estimates, assumptions and methodologies of Kemper management, all of which are difficult to predict and many of which are beyond Kemper's control, including, among others, assumptions with respect to industry performance, general business, economic, regulatory, litigation, market and financial conditions and matters specific to Kemper's businesses. Such estimates, assumptions and methodologies of Kemper management include, but are not limited to, the following:

Kemper's continued operation on a standalone, pre-Merger basis;

a compound annual growth rate of 7.8% for net premiums earned during fiscal years 2018 through 2020;

a compound annual growth rate of 2.1% for net investment income during fiscal years 2018 through 2020;

a compound annual growth rate of 7.6% for losses and loss adjustment expenses and a compound annual growth rate of 5.1% for underwriting expenses during fiscal years 2018 through 2020;

an effective tax rate of 19.4% for fiscal year 2018, 19.1% for fiscal year 2019 and 18.9% for fiscal year 2020

a book value for Kemper of \$2,116 million as of December 31, 2017; and

a weighted average total of 51.5 million basic outstanding shares of Kemper common stock and a total of 52.9 million fully diluted outstanding shares of Kemper common stock during fiscal years 2018 through 2020.

**Table of Contents****Infinity Financial Projections**

The following table presents a summary of the Infinity financial projections:

**Infinity Financial Projections (Prepared by Infinity Management) (Unaudited)****Fiscal Years (Dollars in Millions, Except For Per Share Amounts)**

	<b>2018P</b>	<b>2019P</b>	<b>2020P</b>	<b>2021P</b>	<b>2022P</b>
Infinity Net Premiums Earned	\$ 1,468	\$ 1,606	\$ 1,751	\$ 1,908	\$ 2,080
Infinity Total Revenues	\$ 1,621	\$ 1,776	\$ 1,942	\$ 2,123	\$ 2,313
Infinity Net Income	\$ 73	\$ 83	\$ 97	\$ 111	\$ 123
Infinity Earnings Per Share diluted (1)	\$ 6.63	\$ 7.69	\$ 9.04	\$ 10.39	\$ 11.43
Infinity Total Dividends to Shareholders (2)	\$ 26	\$ 27	\$ 29	\$ 30	\$ 31
Share Repurchase	\$ 15	\$ 15	\$ 0	\$ 0	\$ 0
Ending Book Value (3)	\$ 752	\$ 792	\$ 861	\$ 942	\$ 1,033
Return on Equity (4)	9.9%	10.8%	11.7%	12.3%	12.4%

- (1) Represents net income, divided by the weighted average number of fully diluted outstanding shares of Infinity common stock.
- (2) Represents an annual dividend per basic outstanding share of Infinity common stock based upon quarterly dividends of \$0.61, \$0.64, \$0.67, \$0.71 and \$0.74 per share of Infinity common stock during fiscal years 2018, 2019, 2020, 2021 and 2022, respectively.
- (3) Represents book value as of December 31 of the prior year, plus net income for the applicable year, minus total dividends to shareholders for the applicable year, minus share repurchase for the applicable year. Includes other comprehensive income.
- (4) Represents net income for the applicable year, divided by the average of book value as of December 31 of the prior year and book value as of December 31 of the applicable year.

The Infinity financial projections reflect various estimates, assumptions and methodologies of Infinity management, all of which are difficult to predict and many of which are beyond Infinity's control, including, among others, assumptions with respect to industry performance, general business, economic, regulatory, litigation, market and financial conditions and matters specific to Infinity's businesses. Such estimates, assumptions and methodologies of Infinity management include, but are not limited to, the following:

Infinity's continued operation on a standalone, pre-Merger basis;

a compound annual growth rate of 9.1% for net premiums earned during fiscal years 2018 through 2022;

a compound annual growth rate of 16.7% for net investment income during fiscal years 2018 through 2022;

a compound annual growth rate of 9.1% for losses and loss adjustment expenses and a compound annual growth rate of 9.1% for underwriting expenses during fiscal years 2018 through 2022;

an effective tax rate of 18.3% for fiscal year 2018, 18.7% for fiscal year 2019, 19.2% for fiscal year 2020, 19.6% for fiscal year 2021 and 19.9% for fiscal year 2022;

a book value for Infinity of \$720 million as of December 31, 2017; and

a weighted average total of 10.8 million, 10.7 million, 10.6 million, 10.6 million and 10.6 million basic outstanding shares of Infinity common stock and a weighted average total of 11.0 million, 10.8 million, 10.7 million, 10.7 million, and 10.7 million fully diluted outstanding shares of Infinity common stock during fiscal years 2018, 2019, 2020, 2021 and 2022, respectively.

**Table of Contents****Kemper-prepared Infinity Financial Projections**

The following table presents a summary of the Kemper-prepared Infinity financial projections (without synergies):

**Kemper-prepared Infinity Financial Projections (Without Synergies) (Prepared by Kemper Management)  
(Unaudited)**

**Fiscal Years (Dollars in Millions, Except For Per Share Amounts)**

	<b>2018P</b>	<b>2019P</b>	<b>2020P</b>
Infinity Net Premiums Earned	\$ 1,479	\$ 1,600	\$ 1,718
Infinity Underwriting Profit	54	57	59
Infinity Net Income	58	62	69
Infinity Total Dividends to Shareholders (1)	155	0	23
Ending Book Value (2)	623	686	732
Return on Equity (3)	8.6%	9.5%	9.8%

- (1) With respect to fiscal year 2018, represents ordinary dividends assumed to be paid during the first half of the fiscal year and an extraordinary dividend assumed to be paid during the second half of the fiscal year, while maintaining statutory surplus levels assumed to be required and taking into consideration other assumed operating leverage and insurance regulatory restrictions and operating requirements. With respect to fiscal years 2019 and 2020, represents dividends assumed to be paid, while maintaining statutory surplus levels assumed to be required and taking into consideration other assumed operating leverage and insurance regulatory restrictions and operating requirements.
- (2) Represents book value as of December 31 of the prior year, plus net income for the applicable year, minus total dividends to shareholders for the applicable year. Includes accumulated other comprehensive income.
- (3) Represents net income for the applicable year, divided by the average of book value as of December 31 of the prior year and book value as of December 31 of the applicable year. At the direction of Kemper management and as reviewed by the Kemper Board, Goldman Sachs calculated and used an estimated return on equity of Infinity for fiscal year 2021 of 10.1% based on the assumptions set forth below provided by Kemper management to Goldman Sachs in connection with Goldman Sachs financial analyses. See The Merger Opinion of Kemper's Financial Advisor beginning on page 83. The assumptions provided by Kemper management to Goldman Sachs solely for Goldman Sachs calculation and use of estimated return on equity of Infinity for fiscal year 2021 included estimated 10% growth in net income from fiscal year 2020 to fiscal year 2021 and estimated total dividends to stockholders of \$38 million.

The following table presents a summary of the Kemper-prepared Infinity financial projections (with synergies):

**Kemper-prepared Infinity Financial Projections (With Synergies) (Prepared by Kemper Management)  
(Unaudited)**

**Fiscal Years (Dollars in Millions, Except For Per Share Amounts)**

**2018P                      2019P                      2020P**



Edgar Filing: KEMPER Corp - Form S-4

Infinity Net Premiums Earned	\$ 1,479	\$ 1,600	\$ 1,718
Infinity Underwriting Profit	65	93	111
Infinity Net Income	68	97	121
Infinity Total Dividends to Shareholders (1)	192	24	64
Ending Book Value (2)	548	583	640
Return on Equity (3)	10.8%	17.2%	19.7%

- (1) With respect to fiscal year 2018, represents ordinary dividends assumed to be paid during the first half of the fiscal year and an extraordinary dividend assumed to be paid during the second half of the fiscal year,

**Table of Contents**

while maintaining statutory surplus levels assumed to be required and taking into consideration other assumed operating leverage and insurance regulatory restrictions and operating requirements. With respect to fiscal years 2019 and 2020, represents dividends assumed to be paid, while maintaining statutory surplus levels assumed to be required and taking into consideration other assumed operating leverage and insurance regulatory restrictions and operating requirements.

- (2) Represents book value as of December 31 of the prior year, plus net income for the applicable year, minus total dividends to shareholders for the applicable year. With respect to fiscal years 2018 and 2019, additionally includes restructuring charges of \$49 million and \$38 million, respectively, expected to be incurred in connection with the Merger. Includes accumulated other comprehensive income.
- (3) Represents net income for the applicable year, divided by the average of book value as of December 31 of the prior year and book value as of December 31 of the applicable year. At the direction of Kemper management and as reviewed by the Kemper Board, Goldman Sachs calculated and used an estimated return on equity of Infinity for fiscal year 2021 of 20.3% based on the assumptions set forth below provided by Kemper management to Goldman Sachs in connection with Goldman Sachs financial analyses. See The Merger Opinion of Kemper's Financial Advisor beginning on page 83. The assumptions provided by Kemper management to Goldman Sachs solely for Goldman Sachs calculation and use of estimated return on equity of Infinity for fiscal year 2021 included estimated 10% growth in net income from fiscal year 2020 to fiscal year 2021 and estimated total dividends to stockholders of \$105 million.

The Kemper-prepared Infinity financial projections (without synergies) and the Kemper-prepared Infinity financial projections (with synergies) reflect various estimates, assumptions and methodologies of Kemper management and, with respect to certain matters incorporated from the Infinity financial projections, Infinity management, all of which are difficult to predict and many of which are beyond Kemper's and Infinity's control, including, among others, assumptions with respect to industry performance, general business, economic, regulatory, litigation, market and financial conditions and matters specific to Kemper's and Infinity's businesses. Such estimates, assumptions and methodologies of Kemper management and Infinity management include, but are not limited to, the following:

the completion of the Merger as of June 30, 2018, but with Infinity's continued operation on a standalone basis (and, solely in the case of the Kemper-prepared Infinity financial projections (with synergies), reflecting certain estimated synergies that Kemper management projected to be likely to result from the Merger);

a compound annual growth rate of 7.6% for net premiums written during fiscal years 2018 through 2020;

a compound annual growth rate of 7.8% for net premiums earned during fiscal years 2018 through 2020;

an increase in new money investment yields from 2.3% in fiscal year 2018 to 3.0% in fiscal year 2020;

with respect to the Kemper-prepared Infinity financial projections (without synergies), a compound annual growth rate of 8.0% for losses and loss adjustment expenses and a compound annual growth rate of 7.6% for underwriting expenses (including fee income) during fiscal years 2018 through 2020 and, with respect to the Kemper-prepared Infinity financial projections (with synergies), a compound annual growth rate of 7.4% for losses and loss adjustment expenses and a compound annual growth rate of 3.1% for underwriting expenses

(including fee income) during fiscal years 2018 through 2020;

with respect to the Kemper-prepared Infinity financial projections (without synergies), a compound annual growth rate of 10.5% for net investment income during fiscal years 2018 through 2020 and, with respect to the Kemper-prepared Infinity financial projections (with synergies), a compound annual growth rate of 13.2% for net investment income during fiscal years 2018 through 2020;

an effective tax rate of 19.7% for each fiscal year during fiscal years 2018 through 2020;

a book value for Infinity of \$720 million as of December 31, 2017; and

**Table of Contents**

with respect to the Kemper-prepared Infinity financial projections (with synergies), the realization of approximately \$60 million of annual pre-tax synergies (which was provided to Infinity and Deutsche Bank in connection with Infinity's due diligence investigation with respect to Kemper and evaluation of a possible transaction), reflecting (i) decreases in expense ratio by 1.8% and in loss adjustment expense ratio by 1.1% (each 50% realized from the completion of the Merger through the end of the second quarter of 2019 and fully realized by the end of the second quarter of fiscal year 2020), (ii) a decrease in annual corporate overhead expenses of \$10 million (fully realized by the end of the first quarter of fiscal year 2020) and (iii) an increase in incremental annual investment income of \$5 million (fully realized by the end of the second quarter of fiscal year 2020).

**Combined Company Financial Projections**

The following table presents a summary of the combined company financial projections:

**Combined Company Financial Projections (Prepared by Kemper Management) (Unaudited)****Fiscal Years (Dollars in Millions, Except For Per Share Amounts)**

	<b>2018P</b>	<b>2019P</b>	<b>2020P</b>
Combined Company Net Premiums Earned	\$ 3,234	\$ 4,276	\$ 4,616
Combined Company Total Revenues	3,567	4,637	4,994
Combined Company Net Income (1)	232	304	369
Combined Company Earnings Per Share (2)	3.90	4.59	5.57
Combined Company Total Dividends to Stockholders (3)	56	62	62
Ending Book Value (4)	3,092	3,296	3,602
Return on Equity (5)	8.9%	9.5%	10.7%

- (1) Represents net income from continuing operations. Excludes transaction costs of \$38 million and non-recurring restructuring charges of \$72 million incurred in connection with the realization of synergies.
- (2) At the direction of Kemper management and as reviewed by the Kemper Board, Goldman Sachs calculated and used earnings per share based on the combined company financial projections and the weighted average number of fully diluted outstanding shares of combined company common stock expected to be outstanding as described below in connection with Goldman Sachs' financial analyses. See The Merger Opinion of Kemper's Financial Advisor beginning on page 83. Represents net income from continuing operations for the applicable year, divided by the number of fully diluted outstanding shares of combined company common stock expected to be outstanding after the proposed Merger. Excludes transaction costs of \$38 million and non-recurring restructuring charges of \$72 million incurred in connection with the realization of synergies.
- (3) Represents the annual dividend per outstanding share of combined company common stock, multiplied by the number of basic outstanding shares of combined company common stock.
- (4) Represents book value as of December 31 of the prior year, plus net income for the applicable year from continuing operations, minus total dividends to stockholders for the applicable year. With respect to fiscal year 2018, additionally includes value of Kemper common stock expected to be issued in the Merger of \$850 million. With respect to fiscal years 2018 and 2019, additionally includes restructuring charges of \$49 million and \$38 million, respectively, expected to be incurred in connection with the Merger. Includes accumulated other comprehensive income.

- (5) Represents net income from continuing operations for the applicable year, divided by the average of book value as of December 31 of the prior year and book value as of December 31 of the applicable year. At the direction of Kemper management and as reviewed by the Kemper Board, Goldman Sachs calculated and used an estimated return on equity of the combined company for fiscal year 2021 of 10.7% based on the assumptions set forth below provided by Kemper management to Goldman Sachs in connection with Goldman Sachs' financial analyses. See *The Merger Opinion of Kemper's Financial Advisor* beginning on page 83. The assumptions provided by Kemper management to Goldman Sachs solely for Goldman Sachs' calculation and use of estimated return on equity of the combined company for fiscal year 2021

---

**Table of Contents**

included 10% growth in net income from fiscal year 2020 to fiscal year 2021 and estimated total dividends to stockholders of \$62 million.

Except as set forth below and in certain other circumstances, the combined company financial projections reflect the same estimates, assumptions and methodologies of Kemper management and Infinity management made in connection with the preparation of the Kemper financial projections, as described above under Kemper Financial Projections beginning on page 208, and the Kemper-prepared Infinity financial projections (with synergies), as described above under Kemper-prepared Infinity Financial Projections beginning on page 211. The combined company financial projections also reflect various other estimates, assumptions and methodologies of Kemper management, all of which are difficult to predict and many of which are beyond Kemper's control, including, among others, assumptions with respect to industry performance, general business, economic, regulatory, litigation, market and financial conditions and matters specific to Kemper's, Infinity's and the combined company's businesses. Such estimates, assumptions and methodologies of Kemper management include, but are not limited to, the following:

the completion of the Merger as of June 30, 2018 and the combined company's subsequent operation as a combined company on a post-Merger basis;

a compound annual growth rate of 19.5% for net premiums earned during fiscal years 2018 through 2020;

a compound annual growth rate of 6.7% for net investment income during fiscal years 2018 through 2020;

a compound annual growth rate of 20.0% for losses and loss adjustment expenses and a compound annual growth rate of 12.4% for underwriting expenses during fiscal years 2018 through 2020;

annual pre-tax amortization of identifiable intangibles, excluding value of business acquired, of \$16 million;

an effective tax rate of 19.3% for fiscal year 2018, 19.2% for fiscal year 2019 and 19.1% for fiscal year 2020;

a book value for Kemper of \$2,116 million as of December 31, 2017 and a book value for Infinity of \$720 million as of December 31, 2017; and

a weighted average total of 58.2 million, 64.7 million and 64.7 million basic outstanding shares of combined company common stock for fiscal year 2018, fiscal year 2019 and fiscal year 2020, respectively, and a weighted average total of 59.5 million, 66.1 million and 66.1 million fully diluted outstanding shares of combined company common stock for fiscal year 2018, fiscal year 2019 and fiscal year 2020, respectively (which weighted average totals of fully diluted outstanding shares of combined company common stock were calculated and used, at the direction of Kemper management and as reviewed by the Kemper Board, by Goldman Sachs in connection with its calculation of the earnings per share of the combined company during fiscal years 2018 through 2020 as described above).

**NONE OF KEMPER, INFINITY NOR ANY OF THEIR RESPECTIVE AFFILIATES INTENDS TO, AND EACH OF THEM DISCLAIMS ANY OBLIGATION TO, UPDATE, CORRECT OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING OR EVENTS OCCURRING AFTER THE RESPECTIVE DATES WHEN THE FINANCIAL PROJECTIONS WERE PREPARED OR TO REFLECT THE EXISTENCE OF FUTURE CIRCUMSTANCES OR THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS ARE INACCURATE OR NO LONGER APPROPRIATE.**

---

**Table of Contents**

**STOCKHOLDER AND SHAREHOLDER PROPOSALS**

**Kemper Stockholder Proposals**

Kemper's 2018 annual meeting of stockholders is scheduled for [X], 2018 (the *2018 Annual Meeting*).

As disclosed in Kemper's definitive proxy statement for its 2017 annual meeting of stockholders and in accordance with the advance notice requirements of the Kemper Bylaws, any Kemper stockholder of record desiring to nominate one or more directors or bring other business to be considered by stockholders at the 2018 Annual Meeting must have submitted such proposals in writing to Kemper no later than March 5, 2018. In the event the date of the 2018 Annual Meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from the first anniversary of the 2017 annual meeting date (i.e., May 3, 2018), then such nominations and proposals must be delivered in writing to the Company no earlier than ninety (90) days prior to the 2018 Annual Meeting and no later than the close of business on the later of (a) the sixtieth (60th) day prior to the 2018 Annual Meeting, or (b) the tenth (10th) day following the day on which public announcement of the date of the 2018 Annual Meeting is first made. In the event of such advancement or delay, all stockholder proposals and notices should be submitted to the Secretary of Kemper at One East Wacker Drive, Chicago, Illinois 60601.

Pursuant to Rule 14a-8 of the Exchange Act and the regulations of the SEC that are currently in effect as disclosed in Kemper's definitive proxy statement for its 2017 annual meeting of stockholders, Kemper stockholders desiring to submit proposals for inclusion in Kemper's proxy materials for the 2018 Annual Meeting must have submitted such proposals to the Secretary of Kemper Corporation, at One East Wacker Drive, Chicago, Illinois 60601, by November 22, 2017.

Kemper stockholders are not entitled to bring any proposals before the Kemper special meeting.

**Infinity Shareholder Proposals**

If the Merger is consummated, Infinity will not have public shareholders and there will be no public participation in any future meeting of shareholders. However, if the Merger is not completed, Infinity will hold a 2018 annual meeting of shareholders.

As disclosed in Infinity's definitive proxy statement for its 2017 annual meeting of shareholders and in accordance with the advance notice requirements of the Infinity Regulations, any Infinity shareholder of record desiring to nominate one or more directors or bring other business to be considered by Infinity shareholders at the 2018 annual meeting, should such annual meeting be held, must have submitted such proposals in writing to the Secretary of Infinity, at 2201 4th Avenue North Birmingham, Alabama 35203, no later than December 12, 2017. In the event the date of the 2018 annual meeting, should such meeting be held, is changed by more than thirty (30) calendar days from the date contemplated at the time of the previous year's proxy statement (i.e. on or about May 17, 2018)], or in the event of a special meeting, notice by any shareholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the 2018 annual meeting was mailed or such public disclosure was made.

Any Infinity shareholder who intends to submit a proposal for the 2018 annual meeting of shareholders for inclusion in Infinity's proxy materials, should such annual meeting be held, may do so in accordance with Rule 14a-8 and such proposal must have been received by Infinity's Corporate Secretary, at 2201 4th Avenue North Birmingham, Alabama 35203, no later than December 12, 2017.



Infinity shareholders are not entitled to bring any proposals before the Infinity special meeting.

---

**Table of Contents**

**LEGAL MATTERS**

The validity of Kemper common stock offered by this joint proxy statement/prospectus is being passed upon for Kemper by Sidley Austin LLP, Chicago, Illinois.

**EXPERTS**

The consolidated financial statements and the related financial statement schedules of Kemper Corporation incorporated in this joint proxy statement/prospectus by reference to Kemper Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, and the effectiveness of Kemper Corporation's internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Infinity Property and Casualty Corporation incorporated by reference in Infinity Property and Casualty Corporation's Annual Report (Form 10-K) for the year ended December 31, 2017 (including schedules appearing therein) and the effectiveness of Infinity Property and Casualty Corporation's internal control over financial reporting as of December 31, 2017, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, incorporated by reference therein, and incorporated by reference herein. Such consolidated financial statements are incorporated by reference herein in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

Kemper and Infinity file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these reports, statements or other information filed by either Kemper or Infinity at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings of Kemper and Infinity are also available to the public from commercial document retrieval services and at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, you may obtain copies of some of this information by accessing Kemper's website at [www.investors.kemper.com](http://www.investors.kemper.com) under the link SEC Filings. You may also obtain copies of some of this information by accessing Infinity's website at [www.ir.infinityauto.com](http://www.ir.infinityauto.com) under the heading IR Menu, and then under the link SEC Filings. Kemper is not incorporating the contents of the websites of the SEC, Kemper, Infinity or any other entity into this joint proxy statement/prospectus. These websites are provided only for your convenience.

Kemper has filed a registration statement on Form S-4 to register with the SEC the Kemper common stock to be issued to Infinity shareholders in the Merger. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of Kemper, in addition to being a proxy statement of Kemper and Infinity for their respective special meetings. The registration statement, including the attached annexes and exhibits, contains additional relevant information about Kemper, Kemper common stock and Infinity. The rules and regulations of the SEC allow Kemper and Infinity to omit certain information included in the registration statement from this joint proxy statement/prospectus.

The SEC allows Kemper and Infinity to incorporate by reference certain information into this joint proxy statement/prospectus. This means that important information can be disclosed to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for any information superseded by information in this joint proxy



**Table of Contents**

statement/prospectus or in later filed documents incorporated by reference into this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates by reference the documents set forth below that Kemper and Infinity have, respectively, previously filed with the SEC and any additional documents that either company may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this joint proxy statement/prospectus and the respective dates of the Kemper and Infinity special meetings (other than, in each case, those documents, or the portions of those documents or exhibits thereto, deemed to be furnished and not filed in accordance with SEC rules). These documents contain important information about Kemper and Infinity and their respective financial performance.

This joint proxy statement/prospectus incorporates by reference the documents listed below that have previously been filed with the SEC by Kemper (File No. 001-18298):

Kemper's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 13, 2018;

Kemper's Definitive Proxy Statement on Schedule 14A for its 2017 Annual Meeting of Stockholders, filed with the SEC on March 24, 2017;

Kemper's Current Reports on Form 8-K, filed with the SEC on February 12, 2018, February 13, 2018, February 14, 2018 and March 13, 2018;

Any description of Kemper's capital stock contained in a registration statement filed pursuant to the Exchange Act and any amendment or report filed for the purpose of updating such description.

This joint proxy statement/prospectus incorporates by reference the documents listed below that have previously been filed with the SEC by Infinity (File No. 000-50167):

Infinity's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 15, 2018;

Infinity's Definitive Proxy Statement on Schedule 14A for its 2017 Annual Meeting of Shareholders, filed with the SEC on April 11, 2017;

Infinity's Current Reports on Form 8-K, filed with the SEC on February 13, 2018 and February 14, 2018;

Any description of Kemper's capital stock contained in a registration statement filed pursuant to the Exchange Act and any amendment or report filed for the purpose of updating such description.

The Merger Agreement attached to this joint proxy statement/prospectus as Annex A is also incorporated by reference herein.

Kemper has supplied all information contained in or incorporated by reference into this joint proxy statement/prospectus relating to Kemper, and Infinity has supplied all information contained in this joint proxy statement/prospectus relating to Infinity. Neither Kemper nor Infinity has authorized anyone to give any information or make any representation about the transaction that is different from, or in addition to, that contained in this joint proxy statement/prospectus or in any of the materials that have been incorporated by reference into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you. The information contained in this document speaks only as of the date of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.

Documents incorporated by reference are available from Kemper or Infinity, as the case may be, without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference

**Table of Contents**

into this joint proxy statement/prospectus. Documents incorporated by reference are also available at *www.sec.gov*. Kemper stockholders or Infinity shareholders, as applicable, may obtain these documents incorporated by reference by requesting them in writing or by telephone from the appropriate party at the following addresses and telephone numbers:

Kemper Corporation

One East Wacker Drive

Chicago, Illinois 60601

Attention: Investor Relations

Telephone: (312) 661-4930

Infinity Property and Casualty Corporation

2201 4th Avenue North

Birmingham, Alabama 35203

Attention: Investor Relations

Telephone: (205) 803-8186

**To obtain timely delivery of the documents, you must request them no later than five business days before the date of the applicable special meeting. Therefore, if you would like to request documents from Kemper, please do so by [X], 2018 in order to receive them before the Kemper special meeting. If you would like to request documents from Infinity, please do so by [X], 2018 in order to receive them before the Infinity special meeting.**

**Table of Contents****DEFINED TERMS**

2018 Annual Meeting	215
401(k) and Retirement Plan	45
401(k) Deadline	46
advancement of expenses	187
AOCI	86
appraisal shares	116
ASC 805	26
available cash election amount	116
BV	86
capital stock adjustment event	116
CAPM	87
Cash Consideration	4
cash electing share	116
cash election amount	116
cash fraction	117
closing	3
closing date	115
Code	103
combined company	14
combined company financial projections	206
confidentiality agreement	129
Court	164
DB Group	95
Debt Financing	146
Deutsche Bank	18
DF King	53
DGCL	27
Director Restricted Shares	15
dissenting shares	163
Dodd-Frank	4
DOJ	22
effective time	115
Election Deadline	10
EPS	86
ERISA	186
excess cash amount	117
Exchange Act	1
exchange agent	11
exchange ratio	4
Executive Committee	62
FASB	108
FATCA	107
FFI Agreement	107
financial projections	207

fixed volume-weighted average price	122
Form of Election	9
FTC	22
GAAP	128
Gober Employment Agreement	112
Goldman Sachs	17
HSR Act	21
IBES	86
IGA	107
Incremental Systems Conversions Synergies	88
indemnitee	187
Infinity	1
Infinity acceptable confidentiality agreement	129
Infinity acquisition proposal	130
Infinity adverse recommendation change	130
Infinity Articles	4
Infinity Articles	27
Infinity Board	3
Infinity common stock	3
Infinity competing proposal	156
Infinity expenses	156
Infinity financial projections	206
Infinity intervening event	135
Infinity meeting adjournment proposal	58
Infinity performance share awards	15
Infinity recommendation	130
Infinity record date	49
Infinity Regulations	27
Infinity restricted shares	15
Infinity selected companies	95
Infinity shareholder approval	127
Infinity special meeting	3
Infinity superior proposal	131
Infinity Voting and Support Agreements	16
Innisfree	47
Interested Stockholder	175
IRS	103
Kemper	1
Kemper acceptable confidentiality agreement	131
Kemper acquisition proposal	133
Kemper adverse recommendation change	133
Kemper Board	3
Kemper Bylaws	27
Kemper Charter	27
Kemper common stock	3
Kemper competing proposal	156
Kemper expenses	156
Kemper financial projections	206
Kemper intervening event	137
Kemper meeting adjournment proposal	55
Kemper Plan	110



Kemper recommendation	133
Kemper record date	43
Kemper selected companies	98

**Table of Contents**

Kemper special meeting	3
Kemper stockholder approval	127
Kemper superior proposal	133
Kemper Voting and Support Agreements	16
Kemper-prepared financial projections	84
Kemper-prepared Infinity financial projections (with synergies)	206
Kemper-prepared Infinity financial projections (without synergies)	206
KMK	62
Letter Agreements	110
materially burdensome condition	22
Merger	3
Merger Agreement	3
Merger Consideration	4
merger proposal	56
Merger Sub	13
Mixed Consideration	4
mixed consideration electing share	116
mixed election stock exchange ratio	117
NASDAQ	20
non-binding compensation advisory proposal	57
non-electing share	116
non-U.S. holder	105
NYSE	4
OGCL	20
Operating Synergies	84
outside date	153
P/BV	87
P/E	87
per share cash election consideration	116
Post-Termination Benefit Period	111
pro forma financial statements	192
required information	148
requisite regulatory approvals	125
ROE	87
Rollover RSUs	16
SAP	128
SEC	1
Securities Act	1
selected transactions	97
share issuance proposal	54
Stock Consideration	4
stock electing share	117
stock fraction	117
Synergies	84
target share amount	15
TBV	86
Term	110
Term Sheet Committee	63

termination fee	155
U.S. holder	104
USRPHC	106
VOBA	42
VWAP	86
written demand	163

Table of Contents

**EXECUTION VERSION**

**ANNEX A AGREEMENT AND PLAN OF MERGER**

**among**

**KEMPER CORPORATION,**

**VULCAN SUB, INC.**

**and**

**INFINITY PROPERTY AND CASUALTY CORPORATION**

**Dated as of February 13, 2018**

**Table of Contents****TABLE OF CONTENTS**

	Page
<b>ARTICLE I THE MERGER</b>	<b>A-1</b>
Section 1.1 The Merger	A-1
Section 1.2 Closing	A-2
Section 1.3 Effective Time	A-2
Section 1.4 Directors and Officers of the Surviving Corporation	A-2
<b>ARTICLE II MERGER CONSIDERATION; CONVERSION OF STOCK</b>	<b>A-2</b>
Section 2.1 Effect on Capital Stock	A-2
Section 2.2 Exchange of Certificates	A-4
Section 2.3 Company Election Procedures	A-7
Section 2.4 Treatment of Company Stock Awards	A-8
<b>ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY</b>	<b>A-9</b>
Section 3.1 Organization, Standing and Power; Subsidiaries	A-9
Section 3.2 Capital Stock	A-10
Section 3.3 Authority	A-11
Section 3.4 No Conflict; Consents and Approvals	A-11
Section 3.5 SEC Reports; Financial Statements	A-12
Section 3.6 No Undisclosed Liabilities	A-14
Section 3.7 Information Supplied	A-14
Section 3.8 Absence of Certain Changes or Events	A-15
Section 3.9 Litigation	A-15
Section 3.10 Compliance with Laws; Permits	A-15
Section 3.11 Benefit Plans	A-16
Section 3.12 Labor Matters	A-18
Section 3.13 Environmental Matters	A-19
Section 3.14 Taxes	A-19
Section 3.15 Contracts	A-21
Section 3.16 Insurance	A-23
Section 3.17 Properties	A-24
Section 3.18 Intellectual Property; Software	A-24
Section 3.19 Insurance Matters	A-28
Section 3.20 Reserves	A-30
Section 3.21 Company Reinsurance Agreements	A-30
Section 3.22 Underwriting Standards	A-30
Section 3.23 Affiliate Transactions	A-30
Section 3.24 Brokers	A-30
Section 3.25 Takeover Statutes	A-30
Section 3.26 Fairness Opinion	A-31
Section 3.27 No Other Representations or Warranties	A-31
<b>ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB</b>	<b>A-31</b>

Edgar Filing: KEMPER Corp - Form S-4

Section 4.1	Organization, Standing and Power; Subsidiaries	A-31
Section 4.2	Capital Stock	A-32
Section 4.3	Authority	A-33
Section 4.4	No Conflict; Consents and Approvals	A-33
Section 4.5	SEC Reports; Financial Statements	A-34
Section 4.6	No Undisclosed Liabilities	A-35

A-i

**Table of Contents****TABLE OF CONTENTS**

(Continued)

	Page	
Section 4.7	Information Supplied	A-35
Section 4.8	Absence of Certain Changes or Events	A-36
Section 4.9	Litigation	A-36
Section 4.10	Compliance with Laws; Permits	A-36
Section 4.11	Insurance Matters	A-37
Section 4.12	Reserves	A-38
Section 4.13	Ownership of Company Shares	A-39
Section 4.14	Ownership and Operations of Merger Sub	A-39
Section 4.15	Sufficient Funds	A-39
Section 4.16	Brokers	A-39
Section 4.17	Fairness Opinion	A-39
Section 4.18	No Parent Acquisition Proposal	A-39
Section 4.19	No Other Representations or Warranties	A-39
ARTICLE V COVENANTS		A-40
Section 5.1	Conduct of Business of the Company	A-40
Section 5.2	Conduct of Business of Parent	A-44
Section 5.3	Company Acquisition Proposals	A-45
Section 5.4	Parent Acquisition Proposals	A-49
Section 5.5	Preparation of the Form S-4 and Joint Proxy Statement; Shareholder and Stockholder Meetings	A-53
Section 5.6	Access to Information; Confidentiality	A-55
Section 5.7	Further Action; Efforts	A-55
Section 5.8	Employee Benefits Matters	A-57
Section 5.9	Notification of Certain Matters	A-59
Section 5.10	Indemnification, Exculpation and Insurance	A-59
Section 5.11	Section 16 Matters	A-60
Section 5.12	Takeover Statutes	A-60
Section 5.13	Control of Operations	A-60
Section 5.14	Certain Litigation	A-61
Section 5.15	Public Announcements	A-61
Section 5.16	Transfer Taxes	A-61
Section 5.17	Stock Exchange Listing	A-61
Section 5.18	FIRPTA Certificate	A-61
Section 5.19	Financing	A-61
Section 5.20	R&W Policy	A-65
Section 5.21	Company Debt	A-65
Section 5.22	Expenses	A-66
Section 5.23	Parent Board	A-66
ARTICLE VI CONDITIONS PRECEDENT		A-66

Edgar Filing: KEMPER Corp - Form S-4

Section 6.1	Conditions to Each Party's Obligations to Effect the Merger	A-66
Section 6.2	Conditions to Obligations of Parent and Merger Sub	A-67
Section 6.3	Conditions to Obligations of the Company	A-68
ARTICLE VII TERMINATION, AMENDMENT AND WAIVER		A-68
Section 7.1	Termination	A-68
Section 7.2	Effect of Termination	A-70

A-ii



**Table of Contents****TABLE OF CONTENTS**

(Continued)

	Page
Section 7.3	Fees and Expenses A-71
Section 7.4	Amendment or Supplement A-73
Section 7.5	Extension of Time; Waiver A-73
ARTICLE VIII GENERAL PROVISIONS A-73	
Section 8.1	Nonsurvival of Representations and Warranties A-73
Section 8.2	Notices A-74
Section 8.3	Certain Defined Terms A-74
Section 8.4	Interpretation A-78
Section 8.5	Entire Agreement A-79
Section 8.6	No Third Party Beneficiaries A-79
Section 8.7	Governing Law A-79
Section 8.8	Jurisdiction; Enforcement A-79
Section 8.9	Assignment; Successors A-80
Section 8.10	Remedies A-80
Section 8.11	Currency A-80
Section 8.12	Severability A-80
Section 8.13	Waiver of Jury Trial A-80
Section 8.14	Counterparts; Execution A-80
Section 8.15	Disclosure Letters A-81

A-iii

**Table of Contents**

**ANNEX AND EXHIBIT INDEX**

Annex I	Defined Term Index
Exhibit A	Form of Company Voting Agreement
Exhibit B	Form of Parent Voting Agreement
Exhibit C	Form of Articles of Incorporation of the Surviving Corporation

A-iv

---

**Table of Contents**

**AGREEMENT AND PLAN OF MERGER**

This AGREEMENT AND PLAN OF MERGER, dated as of February 13, 2018 (as amended in accordance with the terms hereof, this *Agreement* ), is by and among Kemper Corporation, a Delaware corporation ( *Parent* ), Vulcan Sub, Inc., an Ohio corporation and a wholly owned subsidiary of Parent ( *Merger Sub* ), and Infinity Property and Casualty Corporation, an Ohio corporation (the *Company* ).

**RECITALS**

WHEREAS, the respective boards of directors of Parent, Merger Sub and the Company have each unanimously approved the merger of Merger Sub with and into the Company with the Company as the Surviving Corporation (the *Merger* ), upon the terms and subject to the conditions set forth in this Agreement and in accordance with the Ohio General Corporation Law (the *OGCL* ), whereby each issued and outstanding share (each, a *Company Share* and, collectively, the *Company Shares* ) of common stock of the Company, no par value per share (the *Company Common Stock* ), other than Appraisal Shares and any Company Shares owned by any Parent Company or any Acquired Company, will be converted into the right to receive the Merger Consideration (subject to any required withholding of Taxes);

WHEREAS, each of Parent, Merger Sub and the Company desires to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger; and

WHEREAS, (a) as an inducement to and condition of Parent's and Merger Sub's willingness to enter into this Agreement, concurrently with the execution and delivery of this Agreement, each of the Persons listed on Schedule I is entering into a voting agreement with Parent, dated as of the date hereof, substantially in the form attached as Exhibit A (collectively, the *Company Voting Agreements* ) and (b) as an inducement to and condition of the Company's willingness to enter into this Agreement, concurrently with the execution and delivery of this Agreement, each of the Persons listed on Schedule II is entering into a voting agreement with the Company, dated as of the date hereof, substantially in the form attached as Exhibit B (collectively, the *Parent Voting Agreements* ).

NOW, THEREFORE, in consideration of the mutual covenants and premises contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**

**THE MERGER**

Section 1.1 The Merger.

(a) On the terms and subject to the conditions set forth in this Agreement, and in accordance with the OGCL, Merger Sub shall be merged with and into the Company at the Effective Time. At the Effective Time, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation (the *Surviving Corporation* ). The Merger shall have the effects set forth in this Agreement and specified in the OGCL.

(b) At the Effective Time, the Company Charter shall be amended and restated to read as set forth on Exhibit C and shall thereafter be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof, hereof and of the other organizational documents of the Surviving Corporation and applicable Law. At the Effective Time, the code of regulations of Merger Sub in effect immediately prior to the

Effective Time shall be the code of regulations of the Surviving Corporation (except that references to the name of Merger Sub shall be replaced by references to the name of the Surviving Corporation) until thereafter amended in accordance with the provisions thereof, hereof and of the articles of incorporation of the Surviving Corporation and applicable Law.

A-1

**Table of Contents**

Section 1.2 Closing. The closing (the *Closing*) of the transactions contemplated by this Agreement (such transactions, including the Merger and the Share Issuance, the *Transactions*) will take place at 10:00 a.m., Chicago, Illinois time, on a date to be specified by the parties, such date to be no later than the third Business Day after satisfaction or waiver of all of the conditions set forth in Article VI (other than conditions that may only be satisfied on the Closing Date, but subject to the satisfaction of such conditions), by electronic exchange of documents and signatures, unless another time, date or place is agreed to in writing by the parties hereto. The date on which the Closing actually occurs is referred to herein as the *Closing Date*.

Section 1.3 Effective Time. On the Closing Date (or on such other date as Parent and the Company may agree), the Company and Merger Sub shall cause to be filed with the Secretary of State of the State of Ohio a certificate of merger (the *Certificate of Merger*) executed and acknowledged in accordance with, and containing such information as is required by, the relevant provisions of the OGCL in order to effect the Merger. The Merger shall become effective at the time the Certificate of Merger shall have been duly filed with, and accepted by, the Secretary of State of the State of Ohio or such later date and time as is agreed upon by the parties and specified in the Certificate of Merger, such date and time hereinafter referred to as the *Effective Time*.

Section 1.4 Directors and Officers of the Surviving Corporation. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation, and the officers of Merger Sub immediately prior to the Effective Time and such other individuals as Parent may determine shall, from and after the Effective Time, be the officers of the Surviving Corporation, in each case until their respective successors shall have been duly elected or appointed and qualified, or until their earlier death, resignation or removal in accordance with the Surviving Corporation's articles of incorporation and code of regulations and applicable Law.

## ARTICLE II

### MERGER CONSIDERATION; CONVERSION OF STOCK

Section 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of any Company Shares or any shares of capital stock of Merger Sub:

- (a) Each issued and outstanding share of capital stock of Merger Sub shall be converted into and become one fully paid and nonassessable share of common stock, par value \$0.10 per share, of the Surviving Corporation.
- (b) Each Company Share that is owned by Parent, Merger Sub, any other direct or indirect wholly owned Subsidiary of Parent or any Acquired Company shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and no shares of Parent common stock, par value \$0.01 per share (*Parent Common Stock*), or other consideration shall be delivered or deliverable in exchange therefor.
- (c)
  - (i) Subject to Section 2.1(c)(ii), Section 2.1(d) and Section 2.2, each issued and outstanding Company Share (in each case, other than Appraisal Shares and Company Shares to be cancelled in accordance with Section 2.1(b)), which immediately prior to the Effective Time will be the only class of capital stock of the Company then outstanding, shall be cancelled and extinguished and automatically converted into the right to receive the following consideration, without interest thereon and subject to any required withholding of Taxes, and such certificated Company Share and the certificate that formerly represented such Company Share (a *Certificate*) or such non-certificated Company Share in book-entry form (*Company Book-Entry Shares*), as the case may be, shall thereafter represent only the right to

receive the following consideration, without interest thereon and subject to any required withholding of Taxes (in each case as applicable):

A-2

**Table of Contents**

(A) Each Company Share with respect to which an election to receive a combination of stock and cash (a **Mixed Election**) has been effectively made and not revoked or lost pursuant to Section 2.3 (each, a **Mixed Consideration Electing Share**) and each Non-Electing Company Share shall be converted into the right to receive the combination (which combination shall hereinafter be referred to as the **Mixed Consideration**) of (1) \$51.60 in cash (the **Per Share Cash Amount**) and (2) 1.2019 of a share of validly issued, fully paid and non-assessable shares of Parent Common Stock (the **Mixed Election Stock Exchange Ratio**), subject to adjustment in accordance with Section 2.1(c)(ii).

(B) Each Company Share with respect to which an election to receive only cash (a **Cash Election**) has been effectively made and not revoked or lost pursuant to Section 2.3 (each, a **Cash Electing Company Share**) shall be converted (provided that the Available Cash Election Amount equals or exceeds the Cash Election Amount) into the right to receive in cash, without interest, an amount (rounded to two decimal places) (the **Per Share Cash Election Consideration**) equal to the sum of (1) the Per Share Cash Amount plus (2) the product of the Mixed Election Stock Exchange Ratio multiplied by the Fixed Volume-Weighted Average Price; provided, however, that if (x) the product of the number of Cash Electing Company Shares and the Per Share Cash Election Consideration (such product being the **Cash Election Amount**) exceeds (y) the difference between (I) the product of the Per Share Cash Amount and the total number of Company Shares (other than Appraisal Shares and Company Shares to be cancelled in accordance with Section 2.1(b)) issued and outstanding immediately prior to the Effective Time minus (II) the product of the Per Share Cash Amount and the number of Mixed Consideration Electing Shares (including any Non-Electing Company Shares) (such difference being the **Available Cash Election Amount**), then each Cash Electing Company Share shall be converted into a right to receive (a) an amount of cash (without interest) equal to the product (rounded to two decimal places) of (i) the Per Share Cash Election Consideration and (ii) a fraction, the numerator of which shall be the Available Cash Election Amount and the denominator of which shall be the Cash Election Amount (such fraction being the **Cash Fraction**) and (b) a number of validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the product of (1) the Exchange Ratio and (2) one (1) minus the Cash Fraction.

(C) Each Company Share with respect to which an election to receive only stock consideration (a **Stock Election**) has been effectively made and not revoked or lost pursuant to Section 2.3 (each, a **Stock Electing Company Share**) shall be converted (provided that the Cash Election Amount equals or exceeds the Available Cash Election Amount) into a number of shares of validly issued, fully paid and non-assessable shares of Parent Common Stock (the **Exchange Ratio**), subject to adjustment in accordance with Section 2.1(c)(ii), equal to (1) the Mixed Election Stock Exchange Ratio plus (2) the quotient (rounded to four decimal places) of the Per Share Cash Amount divided by the Fixed Volume-Weighted Average Price; provided, however, that if the Available Cash Election Amount exceeds the Cash Election Amount, then each Stock Electing Company Share shall be converted into the right to receive (x) an amount of cash (without interest) equal to the amount (rounded to two decimal places) of such excess divided by the number of Stock Electing Company Shares and (y) a number of validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the product (rounded to four decimal places) of (I) the Exchange Ratio and (II) a fraction, the numerator of which shall be the Per Share Cash Election Consideration minus the amount calculated in clause (x) of this paragraph and the denominator of which shall be the Per Share Cash Election Consideration.

(ii) Notwithstanding anything in this Agreement to the contrary, if, from the date of this Agreement until the Effective Time, the outstanding shares of Parent Common Stock or the outstanding Company Shares or the securities convertible into or exercisable for shares of Parent Common Stock or Company Shares shall have been changed into a different number of shares or a different class by reason of any reclassification, stock split (including a reverse stock split), recapitalization, split-up, combination, exchange of shares, readjustment or other similar transaction, or a stock dividend or stock distribution thereon shall be declared with a record date within said period, the Merger Consideration and the Exchange Ratio and any other similarly dependent items, as the case may be, shall be appropriately adjusted to provide the holders of Company Shares the same economic effect as contemplated by this Agreement prior to such event.

A-3



**Table of Contents**

(iii) The shares of Parent Common Stock to be issued and cash payable upon the conversion of Company Shares pursuant to this Section 2.1(c) and cash in lieu of fractional shares of Parent Common Stock as contemplated by Section 2.2(e) are referred to herein, collectively, as the ***Merger Consideration***.

(d) Notwithstanding anything in this Agreement to the contrary, Company Shares that are outstanding immediately prior to the Effective Time, that have not been voted in favor of, or consented to, the adoption of this Agreement and that are held by any Person who is entitled to demand and properly demands appraisal and payment of the fair cash value of such Company Shares pursuant to, and who complies in all respects with, Sections 1701.84 and 1701.85 of the OGCL ( ***Appraisal Shares*** ) shall not be converted into Merger Consideration as provided in Section 2.1(c), but rather the holders of Appraisal Shares shall be entitled to only such rights as are provided by Sections 1701.84 and 1701.85 of the OGCL with respect to such Appraisal Shares; provided, however, that, if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose the right to appraisal under Sections 1701.84 and 1701.85 of the OGCL or if a court of competent jurisdiction shall finally determine that such holder is not entitled to the remedies provided by Sections 1701.84 and 1701.85 of the OGCL with respect to the Appraisal Shares, then the rights of such holder under Sections 1701.84 and 1701.85 of the OGCL with respect to such Appraisal Shares shall cease and such Appraisal Shares shall be deemed to be Mixed Consideration Electing Shares that have been converted as of the Effective Time into, and be deemed to have become exchangeable solely for the right to receive, the Merger Consideration as provided in Section 2.1(c)(i)(A), without interest and subject to any required withholding of Taxes. The Company shall serve prompt notice to Parent of any demands received by the Company for appraisal of any Company Shares, and Parent shall have the right to participate in and direct all negotiations and Actions with respect to such demands. Prior to the Effective Time, the Company shall not, without the prior written consent of Parent, make any payment with respect to, or settle or offer or commit to settle, any such demands, or agree to do any of the foregoing.

Section 2.2 Exchange of Certificates.

(a) Prior to the Effective Time, Parent shall make available with a nationally recognized financial institution designated by Parent and reasonably acceptable to the Company (the ***Exchange Agent*** ), for the benefit of the holders of Company Shares, for exchange in accordance with this Article II, through the Exchange Agent, the full number of shares of Parent Common Stock issuable pursuant to Section 2.1 in exchange for outstanding Company Shares based on a good faith estimate thereof. Prior to the Effective Time, Parent shall provide or shall cause to be provided to the Exchange Agent all of the cash necessary to pay the cash portion of the Merger Consideration, and shall, after the Effective Time on the appropriate payment date, if applicable, provide or cause to be provided to the Exchange Agent any dividends or other distributions payable on such shares of Parent Common Stock pursuant to Section 2.2(c) (such shares of Parent Common Stock and cash provided to the Exchange Agent, together with any dividends or other distributions with respect thereto, being hereinafter referred to as the ***Exchange Fund*** ). For the purposes of such deposit, Parent shall assume that there will not be any fractional shares of Parent Common Stock. In no event shall Parent be required to issue certificates or scrip, or make any book-entries, representing fractional shares of Parent Common Stock. Parent shall make available to the Exchange Agent, for addition to the Exchange Fund, from time to time as needed, cash sufficient to pay cash in lieu of fractional shares in accordance with Section 2.2(e). The Exchange Agent shall deliver the Parent Common Stock and cash contemplated to be issued pursuant to Section 2.1 out of the Exchange Fund. The Exchange Fund shall not be used for any other purpose.

(b) Parent shall instruct the Exchange Agent to mail, as soon as reasonably practicable after the Effective Time, to each holder of record of a Certificate whose Company Shares were converted into the right to receive the Merger Consideration pursuant to Section 2.1(c), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to any Certificates shall pass, only upon proper delivery of the Form of Election and any Certificates to the Exchange Agent and shall be in such form and have such other provisions as Parent may reasonably

specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration and matters relating thereto. Upon surrender of a Certificate for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Parent, together with

A-4

---

**Table of Contents**

such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the amount of cash and the number of whole shares of Parent Common Stock (which shall be in non-certificated book-entry form) which the aggregate number of Company Shares previously represented by such Certificate shall have been converted pursuant to Section 2.1(c) into the right to receive and cash in lieu of fractional shares of Parent Common Stock as set forth in Section 2.2(e), and the Certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of Company Common Stock that is not registered in the transfer records of the Company, payment may be made and shares of Parent Common Stock may be issued to a Person other than the Person in whose name the Certificate so surrendered is registered, if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such payment shall pay any transfer or other Taxes required by reason of the payment to a Person other than the registered holder of such Certificate or establish to the satisfaction of Parent that such Tax has been paid or is not applicable. Subject to Section 2.1(d) and the last sentence of Section 2.2(c), until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration into which the Company Common Stock theretofore represented by such Certificate has been converted pursuant to Section 2.1(c). No interest shall be paid or accrue on any cash payable upon surrender of any Certificate. Notwithstanding anything herein to the contrary, no holder of Company Book-Entry Shares shall be required to deliver a Certificate or an executed letter of transmittal to the Exchange Agent to receive the Merger Consideration that such holder is entitled to receive pursuant hereto. In lieu thereof, each registered holder of one or more Company Book-Entry Shares shall automatically upon the delivery of a Form of Election (and, in the case of Company Book-Entry Shares held via a depository, upon receipt by the Exchange Agent of any customary transmission or materials required by the Exchange Agent), be entitled to receive, the Merger Consideration. Payment of the Merger Consideration with respect to Company Book-Entry Shares shall only be made to the Person in whose name such Company Book-Entry Shares are registered.

(c) No dividends or other distributions with respect to Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any Certificate formerly representing Company Shares or Company Book-Entry Shares with respect to the shares of Parent Common Stock issuable upon surrender thereof, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 2.2(e), until the surrender of such Certificate or (in the case of Company Book-Entry Shares) delivery of a Form of Election (and, in the case of Company Book-Entry Shares held via a depository, upon receipt by the Exchange Agent of any customary transmission or materials required by the Exchange Agent), in accordance with this Article II. Subject to applicable Law, following surrender of any such Certificate or (in the case of Company Book-Entry Shares) delivery of a Form of Election (and, in the case of Company Book-Entry Shares held via a depository, upon receipt by the Exchange Agent of any customary transmission or materials required by the Exchange Agent), there shall be paid to the holder of the shares of Parent Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender or delivery, as the case may be, the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.2(e) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender or delivery, as the case may be, and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) The Merger Consideration issued (and paid) in accordance with the terms of this Article II upon conversion of any Company Shares shall be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to such Company Shares (other than the right to receive dividends or other distributions, if any, in accordance with Section 2.2(c)). After the Effective Time there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of Company Shares that were outstanding immediately prior to the Effective

Time. If, after the Effective Time, any Certificates formerly representing Company Shares are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be cancelled and exchanged as provided in this Article II.

A-5

---

**Table of Contents**

(e) No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the conversion of Company Shares pursuant to Section 2.1, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Parent Common Stock. For purposes of this Section 2.2(e), all fractional shares to which a single record holder would be entitled shall be aggregated, and calculations shall be rounded to three decimal places. In lieu of any such fractional shares, each holder of Company Shares who would otherwise be entitled to such fractional shares shall be entitled to an amount in cash, without interest, rounded down to the nearest cent, equal to the product of (i) the amount of the fractional share interest in a share of Parent Common Stock to which such holder is entitled under Section 2.1(c) (or would be entitled but for this Section 2.2(e)) and (ii) an amount equal to the Fixed Volume-Weighted Average Price. The amount of cash, if any, to be paid to holders of Company Common Stock in lieu of any fractional share interests in Parent Common Stock shall be paid by the Exchange Agent, without interest, to the holders of Company Common Stock entitled to receive such cash as soon as practicable after the determination of such amount.

(f) Any portion of the Exchange Fund that remains undistributed to the holders of Company Common Stock for twelve (12) months after the Effective Time shall be delivered to Parent, and any holder of Company Common Stock who has not theretofore complied with this Article II shall thereafter look only to Parent therefor for payment of its claim for the Merger Consideration and any dividends or distributions with respect to Parent Common Stock as contemplated by Section 2.1(c)(i).

(g) None of Parent, Merger Sub, the Company, the Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any shares of Parent Common Stock (or dividends or distributions with respect thereto) or cash from the Exchange Fund (including any amounts delivered to Parent in accordance with Section 2.2(f)) delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Immediately prior to the date on which any Merger Consideration or any dividends or distributions with respect to Parent Common Stock as contemplated by Section 2.2(c)(i) in respect of a Company Share would otherwise escheat to or become the property of any Governmental Entity, any such shares, cash, dividends or distributions in respect of such Company Share shall, to the extent permitted by Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(h) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Exchange Agent, the posting by such Person of a bond in such reasonable and customary amount as Parent or the Exchange Agent may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the shares of Parent Common Stock and the cash, unpaid dividends or other distributions that would be payable or deliverable in respect thereof pursuant to this Article II had such lost, stolen or destroyed Certificate been surrendered.

(i) The Exchange Agent shall invest any cash included in the Exchange Fund, as directed by Parent, on a daily basis; provided that no monetary losses on such investment thereof shall affect the Merger Consideration payable hereunder and, following any such losses, Parent shall promptly provide additional funds to the Exchange Agent, for the benefit of the holders of Company Shares, for exchange in accordance with this Article II, in the amount of such losses to the extent that the amount then in the Exchange Fund is insufficient to pay the cash portion of the Merger Consideration that remains payable. Any interest and other income resulting from such investments shall be paid to Parent.

(j) Parent, the Surviving Corporation or the Exchange Agent, as applicable, shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under the Internal Revenue Code of 1986 (the *Code*) or under any provision of U.S. state or local or non-U.S. Tax Law. To the extent that amounts are so

withheld and paid over to the appropriate Taxing authority, such amount deducted or withheld shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, and, in the case of any amounts withheld from any payments not consisting entirely of cash, Parent shall be treated as though it withheld an appropriate amount of the type of consideration otherwise payable pursuant to this Agreement to any holder of Company Common Stock, sold such consideration for an

A-6

---

**Table of Contents**

amount of cash equal to the fair market value of such consideration at the time of such deemed sale and paid such cash proceeds to the Person in respect of which such deduction or withholding was made.

**Section 2.3 Company Election Procedures.**

(a) Each Person who, on or prior to the Election Deadline, is a record holder of Company Shares, other than Appraisal Shares and Company Shares to be cancelled in accordance with Section 2.1(b), shall be entitled to specify the number of such holder's Company Shares with respect to which such holder makes a Cash Election, a Stock Election or a Mixed Election in accordance with the terms hereof.

(b) Parent shall prepare and file as an exhibit to the registration statement on Form S-4 to be filed with the SEC by Parent in connection with the Share Issuance (together with any amendment or supplements thereto, the **Form S-4**) a form of election (the **Form of Election**) in form and substance reasonably acceptable to the Company. The Form of Election shall specify that delivery shall be effected, and risk of loss and title to any Certificates shall pass, only upon proper delivery of the Form of Election and any Certificates to the Exchange Agent. The Company shall mail the Form of Election with the proxy statement relating to the adoption and approval of this Agreement by the Company's shareholders and the approval of the Share Issuance by Parent's stockholders (together with any amendment or supplements thereto, the **Joint Proxy Statement**) to all Persons who are record holders of Company Shares as of the record date for the Company Shareholder Meeting. The Form of Election shall be used by each record holder of Company Shares (or, in the case of nominee record holders, the beneficial owner through proper instructions and documentation) to make a Cash Election, a Stock Election or a Mixed Election. In the event that a holder fails to make a Cash Election, a Stock Election or a Mixed Election with respect to any Company Shares held or beneficially owned by such holder by the Election Deadline, then such holder shall be deemed to have made a Mixed Election with respect to those Company Shares (each such Company Share, a **Non-Electing Company Share**). The Company shall use its reasonable best efforts to make the Form of Election available to all Persons who become record holders of Company Shares during the period between the record date for the Company Shareholder Meeting and the Election Deadline.

(c) Any such holder's election shall have been properly made only if the Exchange Agent shall have received at its designated office by 5:00 p.m., New York City, New York time, on the date that is ten (10) Business Days preceding the Closing Date (the **Election Deadline**), a Form of Election properly completed and signed and accompanied by (i) Certificates representing the Company Shares represented by Certificates to which such Form of Election relates, duly endorsed in blank or otherwise in form acceptable for transfer on the books of the Company (or by an appropriate guarantee of delivery of such Certificates as set forth in such Form of Election from a firm that is an eligible guarantor institution (as defined in Rule 17Ad-15 under the Exchange Act); provided that such Certificates are in fact delivered to the Exchange Agent by the time set forth in such guarantee of delivery) or (ii) in the case of Company Book-Entry Shares, any documents required by the procedures set forth in the Form of Election. After a Cash Election, a Stock Election or a Mixed Election is validly made with respect to any Company Shares, no further registration of transfers of such Company Shares shall be made on the stock transfer books of the Company, unless and until such Cash Election, Stock Election or Mixed Election is properly revoked.

(d) Parent and the Company shall publicly announce the anticipated Election Deadline at least three (3) Business Days prior to the anticipated Election Deadline. If the Closing Date is delayed to a subsequent date, the Election Deadline shall be similarly delayed to a subsequent date, and Parent and the Company shall, as promptly as reasonably practicable, announce any such delay and, when determined, the rescheduled Election Deadline.

(e) Any Cash Election, Stock Election or Mixed Election may be revoked with respect to all or a portion of the Company Shares subject thereto by the holder who submitted the applicable Form of Election by written notice

received by the Exchange Agent prior to the Election Deadline. In addition, all Cash Elections, Stock Elections and Mixed Elections shall automatically be revoked if this Agreement is terminated in accordance with Article VII. If a Cash Election or Stock Election is revoked, the Company Shares as to which such election previously applied shall be treated as Mixed Consideration Electing Shares in accordance with Section 2.1(c)(i) unless a contrary election is submitted by the holder within the period during which elections are permitted to be made pursuant to Section 2.3(c).

A-7



---

**Table of Contents**

(f) The determination of the Exchange Agent (or the joint determination of Parent and the Company, in the event that the Exchange Agent declines to make any such determination) shall be conclusive and binding as to whether or not Cash Elections and Stock Elections shall have been properly made or revoked pursuant to this Section 2.3 and as to when Cash Elections, Stock Elections and revocations were received by the Exchange Agent. The Exchange Agent (or Parent and the Company jointly, in the event that the Exchange Agent declines to make the following computation) shall also make all computations contemplated by Section 2.1(c), and absent manifest error this computation shall be conclusive and binding. The Exchange Agent may, with the written agreement of Parent (subject to the consent of the Company, which shall not be unreasonably withheld, delayed or conditioned), make any rules as are consistent with this Section 2.3 for the implementation of the Cash Elections and Stock Elections provided for in this Agreement as shall be necessary or desirable to effect these Cash Elections and Stock Elections.

**Section 2.4 Treatment of Company Stock Awards.**

(a) As of the Effective Time: (i) each outstanding award of performance share units with respect to Company Common Stock ( ***Company Performance Share Awards*** ) granted pursuant to a Company Stock Plan that is outstanding and unvested immediately prior to the Effective Time shall vest with respect to the target number of Company Shares subject to such Company Performance Share Award (the ***Target Share Amount*** ) and shall be converted into shares of Parent Common Stock, which shall not be subject to any forfeiture restrictions, subject to any required withholding of Taxes (which may be paid with such shares of Parent Common Stock) (provided that any such shares of Parent Common Stock held after payment of required withholding of Taxes shall not be sold or transferred (and shall be restricted from being sold or transferred) prior to the first anniversary of the Closing Date), with the number of such shares of Parent Common Stock determined by multiplying the Target Share Amount by the Exchange Ratio; (ii) each outstanding award of restricted Company Shares ( ***Company Restricted Shares*** ) granted pursuant to a Company Stock Plan that is outstanding and unvested immediately prior to the Effective Time and held by a non-employee member of the Company Board ( ***Director Restricted Shares*** ) shall immediately vest in full and be eligible to receive the Merger Consideration; and (iii) each outstanding award of Company Restricted Shares (other than Director Restricted Shares) that is outstanding and unvested immediately prior to the Effective Time shall be cancelled without any acceleration of vesting in connection with the Transactions, and in exchange Parent shall grant, as soon as practicable following the Closing Date, a number of restricted stock units ( ***Rollover RSUs*** ) determined by multiplying the number of cancelled Company Restricted Shares by the Exchange Ratio, with such Rollover RSUs vesting in accordance with any applicable award or other agreement between the recipient of such Rollover RSUs and Parent (or an Affiliate thereof).

(b) Prior to the Effective Time, the Company shall take all actions necessary to terminate the Company Stock Purchase Plan and all outstanding rights thereunder as of immediately prior to the Effective Time; provided that from and after the date hereof, the Company shall take all actions necessary to (i) ensure that no new Payroll Deduction Period (as defined in the Company Stock Purchase Plan) commences after the date hereof, (ii) ensure that no new participants are permitted to participate in the Company Stock Purchase Plan and that the existing participants thereunder may not increase their elections with respect to the Payroll Deduction Period in effect on the date hereof (the ***Final Payment Period*** ) and (iii) provide notice to participants describing the treatment of the Company Stock Purchase Plan pursuant to this Section 2.4(b). If the Effective Time occurs during the Final Payment Period, the Final Payment Period shall terminate no later than the day that is ten (10) days prior to the Closing Date, and the Company shall cause the exercise date applicable to the Final Payment Period to accelerate and occur on such termination date with respect to any then-outstanding options. Notwithstanding anything to the contrary herein, (A) the amounts allocated to each participant's account under the Company Stock Purchase Plan at the end of the Final Payment Period shall be used to purchase whole Company Shares at the applicable price under the Company Stock Purchase Plan for such Final Payment Period, in accordance with the terms of the Company Stock Purchase Plan, which Company Shares shall be cancelled at the Effective Time and converted into the right to receive the Merger Consideration in

accordance with Section 2.1 and (B) as promptly as possible following the purchase of Company Common Stock in accordance with clause (A) above, each participant in the Company Stock Purchase Plan shall be returned the funds, if any, that remain in such Participant's account after such a purchase.

A-8

**Table of Contents**

(c) Prior to the Effective Time, the board of directors of the Company (the *Company Board*) (or an appropriate committee thereof) shall adopt such resolutions as are necessary for the treatment of the Company Performance Share Awards, the Company Restricted Shares and any other outstanding awards under the Company Stock Plans and rights under the Company Stock Purchase Plan (collectively, the *Company Stock Awards and Rights*) as contemplated by this Section 2.4.

**ARTICLE III****REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as (a) set forth in the corresponding section of the disclosure letter delivered by the Company to Parent prior to the execution and delivery of this Agreement (the *Company Disclosure Letter*), which shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article III (it being understood that the disclosure of any item in any section or subsection of the Company Disclosure Letter shall be deemed to qualify other sections in this Article III to the extent (and only to the extent) that it is reasonably apparent on the face of such disclosure that such disclosure also qualifies or applies to such other sections), or (b) disclosed in the Company SEC Documents (including exhibits and other information incorporated therein) filed with, or furnished to, the United States Securities and Exchange Commission (the *SEC*) and publicly available on the SEC's EDGAR website not less than two (2) Business Days prior to the date of this Agreement (excluding any disclosures contained in the *Risk Factors* section thereof, any disclosure contained in any forward-looking statements disclaimer or any other disclosure of risks or any other statements that are predictive or forward-looking in nature, in each case other than any specific factual information contained therein, which shall not be excluded) (provided, however, that any such disclosures in such Company SEC Documents shall be deemed to qualify a representation or warranty only if it is reasonably apparent on the face of such disclosure that such information is relevant to such representation or warranty; provided, further, that the disclosures in the Company SEC Documents shall not be deemed to qualify any representations or warranties made in Sections 3.1, 3.2, 3.3, 3.24, 3.25 or 3.26), the Company represents and warrants to Parent and Merger Sub as follows:

**Section 3.1 Organization, Standing and Power: Subsidiaries.**

(a) Section 3.1 of the Company Disclosure Letter contains a true, correct and complete list of the name and jurisdiction of organization of each Acquired Company (each of the Company and its Subsidiaries is referred to herein as an *Acquired Company* and, collectively, as the *Acquired Companies*), the Company's percentage ownership of each Acquired Company (other than the Company) that is not a wholly owned Subsidiary of the Company and the jurisdictions in which each Acquired Company is qualified to conduct business. The Company has no Subsidiaries other than the entities identified in Section 3.1 of the Company Disclosure Letter. None of the Acquired Companies has any equity interest in, or any interest convertible into or exchangeable or exercisable for any equity interest in, any other entity, other than those set forth in Section 3.1 of the Company Disclosure Letter. Each Acquired Company (i) is an entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, (ii) has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties and assets makes such qualification or licensing necessary, except, in the case of clause (iii) only, as, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

(b) The Company has made available to Parent true, correct and complete copies of the articles of incorporation of the Company, as amended to the date of this Agreement (as so amended, the *Company Charter*), the code of regulations of the Company, as amended to the date of this Agreement (as so amended, the *Company Regulations*), and the

comparable organizational documents of each Material Company Subsidiary, in each case as amended through the date of this Agreement. For purposes of this Agreement, ***Material Company Subsidiary*** means any Subsidiary of the Company that is listed in Section 3.1(b) of the Company Disclosure Letter.

A-9

---

**Table of Contents**

(c) The Company or another Acquired Company owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity interests of each of the Acquired Companies (other than the Company), free and clear of any security interests, liens, claims, pledges, agreements, limitations in voting rights, charges, mortgages or other encumbrances (collectively, *Liens*) of any nature whatsoever, except for restrictions on transfer under securities Laws, and all of such outstanding shares of capital stock or other equity interests have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Except for equity interests in the Acquired Companies and equity interests in another Person held by any of the Acquired Companies that consists of less than one percent (1%) of the outstanding capital stock or equivalent equity interests of such Person, no Acquired Company owns, directly or indirectly, any equity interest in any Person or has any obligation to acquire any such equity interest.

**Section 3.2 Capital Stock.**

(a) The authorized capital stock of the Company consists of 50,000,000 shares of Company Common Stock and 10,000,000 shares of preferred stock of the Company, no par value per share (the *Company Preferred Stock*). As of the close of business in New York City, New York on February 9, 2018 (the *Specified Time*), (i) 10,935,412 shares of Company Common Stock were issued and outstanding, all of which were duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights, (ii) no shares of Company Preferred Stock were issued and outstanding, (iii) 10,932,539 Company Shares were held in treasury and (iv) no Company Shares were held by any of the Company's Subsidiaries.

(b) As of the Specified Time, the Company had no Company Shares or shares of Company Preferred Stock reserved for issuance, except for (i) 598,075 Company Shares reserved for future grants pursuant to the Company Stock Plans and (ii) 923,474 Company Shares reserved for issuance pursuant to the Company Stock Purchase Plan. As of the Specified Time, there were 49,928 Company Shares subject to outstanding Company Performance Share Awards (and, if subject to the achievement of performance criteria and goals, assuming the achievement of performance criteria and goals at target levels). All grants of Company Stock Awards and Rights have been made in all material respects in accordance with the terms of the applicable Company Stock Plan, the applicable requirements of the NASDAQ Stock Market (*NASDAQ*), the Exchange Act and all other applicable Laws. The Company has made available to Parent true, correct and complete copies of all equity plans pursuant to which the Company has granted Company Stock Awards and Rights and the forms of all award agreements evidencing such grants. Section 3.2(b) of the Company Disclosure Letter sets forth the following information with respect to each Company Stock Award and Right outstanding as of the Specified Time: (A) the Company Stock Plan pursuant to which such Company Stock Award and Right was granted; (B) the name of the holder of such Company Stock Award and Right; (C) the type of Company Stock Award and Right; (D) the number of Company Shares subject to such Company Stock Award and Right; (E) the date on which such Company Stock Award and Right was granted; (F) the extent to which such Company Stock Award and Right is vested or converted as of the date of this Agreement and the times and extent to which such Company Stock Award and Right is scheduled to become vested or converted after the date of this Agreement; (G) the performance criteria or goals upon which the vesting or conversion of such Company Stock Award and Right is based; and (H) the impact of the consummation of the Merger on the vesting or conversion of each such Company Stock Award and Right.

(c) As of the date of this Agreement, except for the Company Performance Share Awards referred to in Section 3.2(b) and the related award agreements, there are no authorized, issued, outstanding or existing: (i) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company; (ii) options, calls, warrants, pre-emptive rights, anti-dilution rights or other rights, rights agreements, shareholder rights plans or other agreements, arrangements or commitments of any character (other than publicly traded options listed on a national exchange) relating to the issued or unissued capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company; (iii) obligations of the

Company to repurchase, redeem or otherwise acquire any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary;

A-10

**Table of Contents**

(iv) contingent value rights, phantom stock, restricted stock units or other contractual rights the value of which is determined in whole or in part by reference to the value of any capital stock of the Company and there are no outstanding stock appreciation rights issued by the Company with respect to the capital stock of the Company (any such rights described in this clause (iv), ***Company Stock Equivalents*** ); (v) other than the Company Voting Agreements, voting trusts, proxies or other agreements or understandings to which the Company or any of its officers or directors is a party with respect to the voting or registration of capital stock of the Company; or (vi) bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable or exercisable for, securities having the right to vote) on any matter on which the shareholders or other equity holders of the Company may vote ( ***Company Voting Debt*** ).

(d) Since the Specified Time through the date hereof, the Company has not issued, granted, delivered, sold, pledged, disposed of or encumbered any shares of its capital stock, except in connection with the vesting of Company Restricted Shares and shares subject to Company Performance Share Awards in accordance with the terms of such instruments.

(e) As of the date of this Agreement, there are no accrued and unpaid dividends with respect to any outstanding Company Shares.

Section 3.3 **Authority**.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject, in the case of the Merger, to the adoption of this Agreement by the holders of at least a majority of the outstanding Company Common Stock entitled to vote thereon (the ***Company Shareholder Approval*** ), to consummate the Transactions. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Transactions have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to approve this Agreement or to consummate the Transactions, subject to obtaining the Company Shareholder Approval and filing the Certificate of Merger with the Secretary of State of the State of Ohio as required by the OGCL. This Agreement has been duly executed and delivered by the Company and (assuming the due authorization, execution and delivery by the counterparties hereto) constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except to the extent that enforceability (i) may be limited by applicable bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar Laws affecting or relating to creditors' rights generally (whether now or hereafter in effect) and (ii) is subject to general principles of equity (the ***Enforceability Limitations*** ).

(b) The Company Board, at a meeting duly called and held, duly and unanimously adopted resolutions (i) approving this Agreement, the Merger and the other Transactions, (ii) determining that the terms of the Merger and the other Transactions are in the best interests of the Company and its shareholders, (iii) directing that this Agreement be submitted to the shareholders of the Company for adoption and (iv) recommending that the Company's shareholders adopt this Agreement. The Company Board has taken all action so that Parent will not be an interested shareholder or prohibited from entering into or consummating a business combination with the Company (in each case, as such term is used in Chapter 1704 of the OGCL) as a result of the execution of this Agreement or the consummation of the Transactions in the manner contemplated hereby. The Company Shareholder Approval is the only vote of the holders of any class or series of capital stock or other securities of the Company required under applicable Law, the Company Charter, the Company Regulations, Contract or otherwise to approve the Transactions, and such vote is not necessary to consummate any Transaction other than the Merger.

Section 3.4 **No Conflict: Consents and Approvals**.

(a) The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the Transactions, do not and will not (i) conflict with or violate the Company Charter, the Company Regulations or the comparable organizational documents of any Material Company Subsidiary, (ii) assuming that all consents, approvals and authorizations contemplated by clauses (i) through (iv) of

A-11



**Table of Contents**

Section 3.4(b) have been obtained and all filings and notifications described in such clauses have been made and any waiting periods related thereto have terminated or expired, conflict with or violate any U.S. or non-U.S. federal, state or local law, statute, code, directive, ordinance, rule, regulation, order, judgment, writ, stipulation, award, injunction or decree (collectively, **Law** ), in each case that is applicable to any Acquired Company or by which any of its assets or properties is subject or bound, (iii) result in any breach or violation of, or constitute a default (or an event which with notice or lapse of time or both would become a default), or result in a right of payment or loss of a benefit under, or give rise to any right of termination, cancellation, amendment or acceleration of, any Material Company Contract, (iv) result in any breach or violation of any Company Plan (including any award agreement thereunder) or (v) result in the creation of any Lien upon any of the material properties or assets of any of the Acquired Companies (or any properties or assets of any of the Parent Companies, other than the Acquired Companies, following the Effective Time), other than, in the case of clauses (ii), (iii) and (iv) above, any such items that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect or materially impair the ability of the Company to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions.

(b) The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the Transactions, do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any U.S. or non-U.S. governmental or regulatory authority (including any stock exchange or self-regulatory organization), agency, court, commission or other governmental body (each, a **Governmental Entity** ), except for (i) compliance with the applicable requirements of the Securities Act of 1933 (the **Securities Act** ) and the Securities Exchange Act of 1934 (the **Exchange Act** ), including the filing with the SEC of the Form S-4 and Joint Proxy Statement, (ii) compliance with any applicable international, federal or state securities or blue sky Laws, (iii) the filing of a premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the **HSR Act** ) and the receipt, termination or expiration, as applicable, of waivers, consents, approvals, waiting periods or agreements required under Regulatory Laws, (iv) such filings as are necessary to comply with the rules and regulations of the applicable requirements of NASDAQ and the New York Stock Exchange (the **NYSE** ), (v) the filing of an application for the approval of a Statement Regarding the Acquisition of Control, or Form A statement, with receipt of the approval of, the Specified Insurance Regulators, (vi) the filing with the Secretary of State of the State of Ohio of the Certificate of Merger as required by the OGCL and (vii) where the failure to obtain such consents, approvals, orders, licenses, authorizations or permits of, or to make such filings, registrations or declarations with or notifications to, any Governmental Entity, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect or materially impair the ability of the Company to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions.

Section 3.5 SEC Reports; Financial Statements.

(a) The Company has filed or furnished all forms, reports, statements, schedules, certifications and other documents (including all exhibits, amendments and supplements thereto) required to be filed or furnished by the Company with the SEC since January 1, 2015 (all such forms, reports, statements, schedules, certifications, exhibits and other information incorporated therein, and other documents, collectively, the **Company SEC Documents** ). As of their respective dates, or, if amended, as of the date of the last such amendment filed prior to the date hereof, each of the Company SEC Documents complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 ( **SOX** ), each as in effect on the date so filed. Except to the extent that information in any Company SEC Document has been revised or superseded by a Company SEC Document filed prior to the date hereof, none of the Company SEC Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. No Acquired Company (other than the Company) is

subject to the periodic reporting requirements of the Exchange Act and no Acquired Company (other than the Company) is subject to the periodic reporting requirements of any non-U.S. Governmental Entity that performs a similar function to that of the SEC or any securities exchange or quotation system.

A-12

---

**Table of Contents**

(b) The audited consolidated financial statements of the Company and its consolidated Subsidiaries (including any related notes thereto) that are included in the Company SEC Documents (i) comply as to form in all material respects with the published rules and regulations of the SEC applicable thereto, (ii) have been prepared in accordance with United States generally accepted accounting principles ( *GAAP* ) applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and (iii) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries at the respective dates thereof and the consolidated results of their operations, cash flows and shareholders' equity for the periods indicated. The unaudited consolidated financial statements of the Company and its consolidated Subsidiaries (including any related notes thereto) that are included in the Company SEC Documents (A) comply as to form in all material respects with the published rules and regulations of the SEC applicable thereto, (B) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto or may be permitted by the SEC under the Exchange Act) and (C) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the respective dates thereof and the consolidated results of their operations, cash flows and shareholders' equity for the periods indicated.

(c) Section 3.5(c) of the Company Disclosure Letter sets forth the following statutory financial statements, in each case together with the exhibits, schedules and notes thereto (collectively, the *Company Statutory Financial Statements* ), as applicable: (i) the audited and unaudited annual statement of each Company Insurance Subsidiary as of and for the annual period ended December 31, 2016, in each case as filed with the Insurance Regulator of the jurisdiction of domicile of such Company Insurance Subsidiary; and (ii) the audited and unaudited quarterly statements of each Company Insurance Subsidiary as of and for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017, in each case as filed with the Insurance Regulator of the jurisdiction of domicile of such Company Insurance Subsidiary. The Company Statutory Financial Statements have been prepared in accordance in all material respects with the statutory accounting practices prescribed or permitted by the Insurance Regulator of the jurisdiction in which the applicable Company Insurance Subsidiary is domiciled ( *SAP* ) and fairly present in all material respects, in accordance with SAP, the statutory financial position, results of operations, assets, liabilities, capital and surplus, changes in statutory surplus and cash flows of the Company Insurance Subsidiary as at the respective dates thereof and for the periods referred to therein.

(d) The Company maintains a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) as required by Rule 13a-15 under the Exchange Act and sufficient to provide reasonable assurances regarding the reliability of financial reporting for the Acquired Companies. The Company has designed disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) to provide reasonable assurance that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company's management has completed an assessment of the effectiveness of the Company's internal controls over financial reporting in compliance with the requirements of Section 404 of SOX and, based on the most recent such assessment, concluded that such controls were effective. Since January 1, 2015, the Company has not identified any significant deficiency, material weakness or fraud, whether or not material, that involved management or other employees.

(e) Since January 1, 2015: (i) the then-acting Chief Executive Officer and the Chief Financial Officer of the Company have signed, and the Company has furnished to the SEC, all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX; (ii) the statements contained in such certifications are accurate; (iii) such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn; and (iv) neither the Company nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, form or manner of filing or submission

of such certifications.

A-13

---

**Table of Contents**

(f) Since January 1, 2015, (i) no Acquired Company nor, to the knowledge of the Company, any director, officer, employee, auditor, accountant or representative of any of the Acquired Companies has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of any of the Acquired Companies or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that any of the Acquired Companies has engaged in questionable accounting or auditing practices, and (ii) no attorney representing any of the Acquired Companies, whether or not employed by any of the Acquired Companies, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the Company Board or any committee thereof or to any director or officer of the Company.

(g) The Company has made available to Parent true, correct and complete copies of all written comment letters from the staff of the SEC received since January 1, 2015 relating to the Company SEC Documents and all written responses of the Company thereto other than with respect to requests for confidential treatment. The Company has timely responded to all comment letters from the staff of the SEC, and the SEC has not asserted that any of such responses is inadequate, insufficient or otherwise non-responsive. There are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to any Company SEC Documents and, to the knowledge of the Company, none of the Company SEC Documents (other than confidential treatment requests) is the subject of ongoing SEC review. There are no internal investigations, or to the knowledge of the Company, SEC inquiries or investigations or other governmental inquiries or investigations pending or threatened, in each case regarding any accounting practices of any of the Acquired Companies.

(h) The Company is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of NASDAQ.

(i) Section 3.5(i) of the Company Disclosure Letter sets forth a true, correct and complete list, as of the date of this Agreement, of the Acquired Companies' indebtedness for borrowed money with a principal amount outstanding of greater than \$1,000,000 in the aggregate (including any guarantee of any indebtedness of borrowed money of any Person).

Section 3.6 No Undisclosed Liabilities. No Acquired Company has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, except for liabilities and obligations (a) reflected or reserved against in the Company's consolidated balance sheet as at January 1, 2017 (or the notes thereto), (b) incurred in the ordinary course of business since January 1, 2017 consistent with past practice, (c) arising out of or in connection with this Agreement or the Transactions or (d) that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

Section 3.7 Information Supplied. None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in (a) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading or (b) the Joint Proxy Statement will, at the date it is first mailed to the Company's shareholders and Parent's stockholders or at the time of the Company Shareholder Meeting or the Parent Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 and the Joint Proxy Statement and any other documents filed by the Company with the SEC in connection herewith will comply as to form in all material respects with the requirements of applicable Law, including the Exchange Act, except that no representation is made by the

Edgar Filing: KEMPER Corp - Form S-4

Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Merger Sub for inclusion or incorporation by reference in the Form S-4 or the Joint Proxy Statement.

A-14

**Table of Contents**

Section 3.8 Absence of Certain Changes or Events. Since January 1, 2017 through the date of this Agreement, (a) the businesses of the Acquired Companies have been conducted in the ordinary course of business consistent with past practice in all material respects, (b) there has not been any event, development, change or state of circumstances that, individually or in the aggregate, has had, or would reasonably be expected to have, a Company Material Adverse Effect and (c) there has not been any action taken or not taken that, if taken or not taken after the date hereof and prior to the earlier of the Closing and the termination of this Agreement, would have resulted in a breach of Section 5.1(a) or Section 5.1(b)(i), (ii), (iv), (vi) to (xi), (xv), (xvi), (xx), (xxv) to (xxvii) or (xxix) (in the case of such clause (xxix), solely with respect to the foregoing clauses of Section 5.1(b)).

Section 3.9 Litigation.

(a) (i) Other than claims arising under insurance contracts of any Company Insurance Subsidiary within the ordinary course of business consistent with past practice and that are not part of any class action litigation, there is no suit, claim, action, proceeding, arbitration, mediation, audit, hearing, investigation, civil investigative demand, inquiry or request for documents commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity (each, an *Action* ) pending or, to the knowledge of the Company, threatened against any Acquired Company, any Acquired Company's properties or assets or any Acquired Company's present or former officers, directors or, to the knowledge of the Company, representatives (in their capacities as such), that (A) would reasonably be expected to involve an amount in excess of \$1,000,000, (B) seeks or imposes any material injunctive relief, (C) was commenced by a Governmental Entity or (D) individually or in the aggregate, has had, or would reasonably be expected to have, a Company Material Adverse Effect and (ii) no Acquired Company nor any of its properties or assets nor any Acquired Company's present or former officers, directors or, to the knowledge of the Company, representatives (in their capacities as such) is subject to any material judgment, order, injunction, ruling or decree of any Governmental Entity.

(b) There is no Action pending or, to the knowledge of the Company, threatened against any Acquired Company, by a private party or Governmental Entity, that would, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the consummation of the Transactions.

Section 3.10 Compliance with Laws: Permits.

(a) The Acquired Companies are in, and at all times since January 1, 2015, have been in, compliance with all Laws applicable to them or by which any of their assets or properties are bound, except for such violations or noncompliance, individually or in the aggregate, that have not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Since January 1, 2015, none of the Acquired Companies has received any written communication from a Governmental Entity that alleges that any Acquired Company is not in compliance with any Law in any material respect.

(b) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, the Acquired Companies and their respective Affiliates, directors, officers and employees are in, and, at all times since January 1, 2015, have been in, compliance in all material respects with the U.S. Foreign Corrupt Practices Act of 1977 (15 U.S.C. §§ 78a et seq. (1997 and 2000)) and any other applicable foreign or domestic anticorruption or anti-bribery Laws (collectively, the *Fraud and Bribery Laws* ) and none of the Acquired Companies nor any of their respective Affiliates, directors, officers, employees, agents or other representatives acting on any Acquired Company's behalf have directly or indirectly, in each case, in violation of the Fraud and Bribery Laws: (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) offered, promised, paid or delivered any fee, commission or other sum of money or item of value, however characterized, to any finder, agent or other party acting on behalf of or under the auspices of a

governmental or political employee or official or governmental or political entity, political agency, department, enterprise or instrumentality, in the United States or any other country; (iii) made any payment to any policyholder, Company Agent or supplier, or to any officer, director, partner, employee or agent of any such policyholder, Company Agent or supplier, for the unlawful

A-15



---

**Table of Contents**

sharing of fees to any such policyholder, Company Agent or supplier or any such officer, director, partner, employee or agent for the unlawful rebating of charges; (iv) engaged in any other unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such policyholder, Company Agent or supplier or any such officer, director, partner, employee or agent; or (v) taken any action or made any omission in violation of any applicable law governing imports into or exports from the United States or any other country, or relating to economic sanctions or embargoes, corrupt practices, money laundering or compliance with unsanctioned foreign boycotts.

(c) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, the Acquired Companies and their respective Affiliates, directors, officers and employees are in, and, at all times since January 1, 2015, have been in, compliance in all material respects with applicable United States and foreign export control laws and regulations, including the United States Export Administration Act and implementing Export Administration Regulations, the Arms Export Control Act and implementing International Traffic in Arms Regulations and the various economic sanctions laws administered by the Office of Foreign Assets Control of the U.S. Treasury Department. Without limiting the foregoing, there are no pending or, to the knowledge of the Company, threatened claims or investigations by any Governmental Entity of potential violations against any of the Acquired Companies with respect to export activity or export licenses that, individually or in the aggregate, have had, or would reasonably be expected to have, a Company Material Adverse Effect.

(d) The Acquired Companies have in effect all permits, licenses, grants, easements, clearances, variances, exceptions, consents, certificates, exemptions, registrations, authorizations, franchises, orders and approvals of all Governmental Entities (collectively, *Permits* ) necessary for them to own, lease, operate or use their properties and to carry on their businesses as now conducted, except for any Permits the absence of which, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect. All Permits of the Acquired Companies are in full force and effect, except where the failure to be in full force and effect, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, (i) no Permit of any Acquired Company has been revoked, suspended, terminated or impaired in any manner since January 1, 2015 and (ii) no Acquired Company is the subject of any pending or, to the knowledge of the Company, threatened Action seeking the revocation, suspension, termination or impairment of any Permit of any Acquired Company.

**Section 3.11 Benefit Plans.**

(a) Section 3.11(a) of the Company Disclosure Letter sets forth a true, correct and complete list of each material Company Plan. For purposes of this Agreement, *Company Plan* means any employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ( *ERISA* ), including any multiemployer plan (within the meaning of ERISA Section 3(37)), and any stock purchase, stock option, other equity-based compensation, severance, change-in-control, bonus, incentive, deferred compensation, pension, retirement, profit-sharing, savings, sick leave, vacation pay, disability, health or medical, life insurance, material fringe benefit, flexible spending account, employment or other compensation, incentive or employee benefit plan, agreement, program, payroll practice, policy or other arrangement, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the Transactions or otherwise) under which any current or former employee, director or independent contractor of any of the Acquired Companies has any present or future right to benefits or for which any of the Acquired Companies has any current or future potential liability (including contingent liability) to or on behalf of any current or former employee, officer, director or independent contractor of any of the Acquired Companies (including an obligation to make contributions). With respect to each Company Plan, the Company has made available to Parent a true, correct and complete copy thereof

and, to the extent applicable: (i) all plan documents, including all amendments; (ii) all related trust agreements or other funding instruments, insurance contracts and material administrative contracts; (iii) the most recent determination or opinion letter issued by the U.S. Internal Revenue Service (the **IRS** ) with respect to such plan; (iv) the current summary plan description and other equivalent

A-16

---

**Table of Contents**

written communications by the Company to their respective employees concerning the extent of the benefits provided under each Company Plan, including any summaries of material modifications; (v) audited financial reports and Forms 5500 (including all schedules thereto), as filed, for the most recent plan year; (vi) all material correspondence with any Governmental Entity relating to any Action or potential Action involving a Company Plan; and (vii) any discrimination, coverage or similar annual tests performed during the three (3) most recent plan years.

(b) With respect to the Company Plans:

(i) each Company Plan has been established and administered in all material respects in accordance with its terms and in material compliance with ERISA, the Code and all other applicable Laws, including all filing and disclosure requirements, and no material non-exempt prohibited transaction, as described in Section 406 of ERISA or Section 4975 of the Code, or any accumulated funding deficiency, as defined in Section 302 of ERISA or Section 412 of the Code, has occurred with respect to any Company Plan, and all material contributions required to be made under the terms of any Company Plan and any applicable Laws have been timely made and all obligations in respect of each Company Plan as of the date hereof (including all premiums, fees and administrative expenses required to be paid under or in connection with each Company Plan) have been accrued and reflected in the Company's financial statements to the extent required by GAAP applied on a consistent basis;

(ii) each Company Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination, advisory or opinion letter, as applicable, from the IRS that it is so qualified and, to the knowledge of the Company, nothing has occurred and no fact or circumstance exists that would reasonably be expected to cause any such Company Plan to not be so qualified;

(iii) there is no material Action (including any investigation, audit or other administrative proceeding) by the Department of Labor, the Pension Benefit Guaranty Corporation, the IRS or any other Governmental Entity or by any plan participant or beneficiary pending, or, to the knowledge of the Company, threatened, relating to any of the Company Plans or to the assets of any of the trusts under any of the Company Plans (other than routine claims for benefits), nor are there facts or circumstances that exist that would reasonably be expected to give rise to any such Actions;

(iv) to the knowledge of the Company, each Company Plan which is a nonqualified deferred compensation plan within the meaning of, and subject to, Section 409A of the Code has been at all times administered, operated and maintained in all material respects in accordance with its terms and according to the requirements of Section 409A of the Code and the regulations promulgated thereunder and no Person is entitled to receive any additional payment from any of the Acquired Companies as a result of the imposition of a Tax under Section 409A of the Code;

(v) each Company Plan subject to the Affordable Care Act ( ACA ) has been maintained in material compliance with the ACA, except as disclosed in Section 3.11(b) of the Company Disclosure Letter; and

(vi) each Company Plan subject to the Laws of any jurisdiction outside of the United States (A) has been maintained and operated in all material respects in accordance with all applicable requirements of such Laws, (B) if intended to qualify for special Tax treatment, has met all requirements for such treatment and (C) if intended to be funded or book-reserved, is fully funded or book-reserved, as appropriate, based upon reasonable actuarial assumptions, and the Acquired Companies have complied with all their respective obligations under such non-United States Law. The execution of this Agreement and performance of the Transactions will not (either alone or upon the occurrence of any additional or subsequent events) result in the requirement, by any trustee or Governmental Entity or representative, that any of the Acquired Companies make any additional contributions to any such Company Plans.

(c) No Company Plan is subject to Title IV of ERISA and neither the Company nor any of its ERISA Affiliates has any liability, whether direct, indirect, contingent or otherwise, under Section 412 of the Code or Title IV of ERISA. Neither the Company nor any of its ERISA Affiliates has, at any time during the last six (6) years, contributed to or been obligated to contribute to any multiemployer plan, as defined in Section 3(37)

A-17

---

**Table of Contents**

of ERISA, or any employee benefit plan, program or arrangement that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code, a multiple employer plan subject to Section 4063 or 4064 of ERISA or a multiple employer welfare benefit arrangement (as defined in Section 3(40(A) of ERISA).

(d) No Acquired Company has any obligations for post-employment health or life benefits for any of their respective retired, former or current employees, except as required by Law or provided during any post-employment severance period. No Acquired Company has any obligation to provide welfare benefits to any person who is not a current or former director, officer or employee of any of the Acquired Companies, or a beneficiary thereof.

(e) Neither the Company nor any of its ERISA Affiliates has any material liability, to the knowledge of the Company, whether direct, indirect or contingent, (i) on account of any violation of the health care requirements of Part 6 or 7 of Subtitle B of Title I of ERISA or Section 4980B or 4980D of the Code or (ii) under Section 502(i) or 502(l) of ERISA.

(f) The Transactions will not, either alone or together with any other event, (i) entitle any current or former employee, director or independent contractor of any of the Acquired Companies to any bonus, incentive, severance or other compensatory payment or benefit or (ii) accelerate the time of payment or vesting, or trigger any payment or funding (whether through a grantor trust or otherwise) of compensation or benefits under, or increase the amount allocable or payable or trigger any other material obligation pursuant to, any Company Plan except to the extent Parent requires the termination of a Company Plan pursuant to Section 5.8(b).

(g) There is no contract, plan or arrangement (written or otherwise) covering any current or former employee of any of the Acquired Companies or any other person that, individually or in the aggregate, could, as a result of the consummation of the Transactions (either alone or in connection with any other event), give rise to the payment of any amount that will not be deductible by any of the Acquired Companies under Section 280G of the Code and no person is entitled to receive any additional payment as a result of the imposition of any excise Tax under Section 4999 of the Code.

Section 3.12 Labor Matters.

(a) No Acquired Company is a party to, or is bound by, any collective bargaining agreement with any labor union, labor organization or works council, or any other agreement regarding the rates of pay or working conditions of any employees, and no Acquired Company has been a party to or bound by any such agreement since January 1, 2016. No Acquired Company is obligated under any agreement to recognize or bargain with any labor organization, representative or union. Since January 1, 2016, there has been no labor dispute, strike, picketing, work stoppage or lockout, organizational activity or, to the knowledge of the Company, threat thereof, by or with respect to any employees of any of the Acquired Companies, whether engaged in collective action or not. Each Acquired Company has complied in all material respects with all applicable Laws and administrative and regulatory requirements relating to wages, hours, immigration, discrimination in employment and collective bargaining as well as the Workers Adjustment and Retraining Notification Act and comparable state, local and federal Laws, whether domestic or international ( **WARN** ), and all other state, local and federal Laws pertaining to employment and labor, and is not liable for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing, except for such failures to comply that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Further, there are no Actions or material charges, grievances, complaints or investigations pending or, to the knowledge of the Company, threatened by or on behalf of any employee or group of employees of any of the Acquired Companies, including any charges, grievances, complaints or investigations alleging material violations of state or federal Laws related to labor or employment, whether domestic or international, including Laws related to wages and hours (including the Fair Labor Standards Act and comparable state or local

Laws), immigration, discrimination in employment, collective bargaining, workplace health and safety, plant layoffs or shutdowns (including WARN) or any other Action before or under the jurisdiction of any court, arbitrator or tribunal, the Office of Federal Contract Compliance, the National Labor Relations Board, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission or the U.S. or any State Department of Labor,

A-18

---

**Table of Contents**

in each case, except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Without limiting the generality of the foregoing, the Acquired Companies have complied in all material respects with applicable Laws concerning each such current and former employee's employment eligibility verification, including with respect to Forms I-9. No Acquired Company is a federal, state or local government contractor or subcontractor, nor otherwise required to comply with any affirmative action obligations or other requirements.

(b) Section 3.12(b) of the Company Disclosure Letter sets forth a true, correct and complete list of all of the employees of the Acquired Companies, including, with respect to each such employee, his or her name, position, date of hire, location, annual salary or base compensation, bonus opportunity, status as full-time or part-time, status as exempt or non-exempt and status as active or inactive.

**Section 3.13 Environmental Matters.**

(a) Except as, individually or in the aggregate, has not resulted in, and would not reasonably be expected to result in, a material liability under Environmental Laws: (i) each Acquired Company is, and, at all times subject to the relevant statute of limitations, has been, in material compliance with all applicable Environmental Laws and possesses and is in material compliance with all Environmental Permits necessary for its operations; (ii) there are no Materials of Environmental Concern present within any Company Real Property or on, under or emanating from any property currently or, to the knowledge of the Company, formerly owned, leased or operated by any of the Acquired Companies; (iii) there are no above-ground or under-ground storage tanks which are regulated under any Environmental Laws at the Owned Company Real Property or utilized by any of the Acquired Companies at any real property currently leased, licensed or occupied under any Company Real Property Lease, and the Acquired Companies have made all required material filings and notifications in connection with any of their use or storage of Materials of Environmental Concern required by Environmental Laws; (iv) no Acquired Company has received any written notification alleging that it is liable for, or has received a request for information pursuant to Environmental Laws regarding its potential liability in connection with, any release or threatened release of, or the exposure of any Person to, Materials of Environmental Concern; and (v) no Acquired Company has received any written claim or complaint, or is currently subject to any Action, relating to noncompliance with Environmental Laws or any other liabilities pursuant to Environmental Laws, and, to the knowledge of the Company, no such matter has been threatened in writing and there are no facts or conditions that would reasonably be expected to give rise to such a matter.

(b) For purposes of this Agreement, the following terms shall have the meanings assigned below:

(i) ***Environmental Laws*** means all U.S. or non-U.S., federal, state or local statutes, rules, regulations, ordinances, treaties, codes, orders or decrees protecting the quality of the ambient air, soil, surface water or groundwater, or indoor air, or regulating or imposing liability or standards of care in respect of the use, handling, release and disposal of, or exposure of Persons to, Materials of Environmental Concern, including those relating to electronic waste recycling, as such are in effect as of the date of this Agreement and any common law related to such;

(ii) ***Environmental Permits*** means all permits, licenses, registrations, approvals and other authorizations required under applicable Environmental Laws; and

(iii) ***Materials of Environmental Concern*** means any pollutant, contaminant, hazardous, acutely hazardous or toxic substance or waste, dangerous good, radioactive material, petroleum (including crude oil, any fraction thereof and refined petroleum products), asbestos and asbestos-containing materials, polychlorinated biphenyls or any other chemical, material or substance, which are currently regulated under any Environmental Laws.

Section 3.14 Taxes.

(a) All material Tax Returns that are required to have been filed by or with respect to any Acquired Company have been timely filed (taking into account any properly obtained extension of time within which to file such Tax Returns), and all such Tax Returns are true, correct and complete in all material respects.

A-19



---

**Table of Contents**

(b) The Acquired Companies have timely paid all Taxes that may be due and owing by or with respect to any of them (whether or not required to be shown on any Tax Return).

(c) All material Taxes that any Acquired Company is required by Law to withhold or to collect for payment have been duly withheld and collected and have been paid to the appropriate Governmental Entity.

(d) There is not pending or, to the knowledge of the Company, threatened in writing any audit, examination, investigation or other Action with respect to any Taxes for which any Acquired Company may be liable.

(e) All deficiencies asserted in writing or assessments made in writing as a result of any examination of Tax Returns required to be filed by or with respect to any Acquired Company have been paid in full or otherwise finally resolved.

(f) No Acquired Company has waived in writing any statute of limitations with respect to Taxes which waiver is currently in effect, and no written request for such a waiver is outstanding.

(g) With respect to each material income Tax Return required to be filed by or with respect to any Acquired Company, (i) such Tax Return has been examined by the appropriate Governmental Entity with all issues finally resolved or (ii) the period for assessment of Taxes related to such Tax Return has expired (taking into account all applicable extensions and waivers).

(h) No Acquired Company will be required to include or accelerate the recognition of any item in income, or exclude or defer any material deduction or other material tax benefit, in each case in any taxable period (or portion thereof) after the Effective Time, as a result of any change in method of accounting, closing agreement, intercompany transaction, installment sale or receipt of any prepaid amount, in each case prior to the Effective Time.

(i) No Acquired Company has constituted a distributing corporation or a controlled corporation (in each case, within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of U.S. state or local or non-U.S. Law) (i) in the three (3) years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the Transactions.

(j) At no time during the past five (5) years has an Acquired Company been a United States real property holding corporation within the meaning of Section 897 of the Code.

(k) No Acquired Company is a party to any Tax allocation, Tax sharing, Tax indemnity or Tax reimbursement agreement or arrangement (other than a customary agreement or arrangement contained in an ordinary course commercial agreement not primarily related to Taxes and other than pursuant to any agreement or arrangement with any other Acquired Company).

(l) There are no Liens for Taxes upon any property or assets of any Acquired Company, except for Permitted Liens.

(m) No Acquired Company has participated in any listed transaction within the meaning of Treasury Regulations Sections 1.6011-4(b)(2) (or any similar provision of U.S. state or local or non-U.S. Law).

(n) No Acquired Company is or has been a member of an affiliated group filing consolidated or combined Tax Returns (other than any such group the common parent of which was the Company). No Acquired Company has any potential liability for Taxes of any other Person (other than another Acquired Company) pursuant to Treasury Regulations Section 1.1502-6 (or any similar provision of U.S. state or local or non-U.S. Law), as a transferee or

successor.

(o) For purposes of this Agreement, the following terms shall have the respective meanings assigned below:

(i) **Tax** (and, with correlative meaning, **Taxes** ) means: (A) any U.S. federal, state or local or non-U.S. net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding on amounts paid to or by any Person,

A-20

---

**Table of Contents**

alternative or add-on minimum, ad valorem, value-added, transfer, stamp or environmental Tax (including Taxes under Code Section 59A), escheat payments or any other Tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, addition to Tax or additional amount imposed by any Governmental Entity; and (B) any liability for the payment of amounts determined by reference to amounts described in the immediately foregoing clause (A) as a result of being or having been a member of any group of corporations that files, will file or has filed Tax Returns on a combined, consolidated or unitary basis, as a result of any obligation under any agreement or arrangement (including any obligations under any Tax allocation, Tax sharing or Tax indemnity agreement or arrangement), as a result of being a transferee or successor, by contract or otherwise; and

(ii) **Tax Return** means any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including any information return, claim for refund, amended return or declaration of estimated Tax.

**Section 3.15 Contracts.**

(a) Section 3.15(a) of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true, correct and complete list of each of the following Contracts to which any Acquired Company is a party or to or by which any Acquired Company or any of its assets or businesses is subject or bound (and any amendments, supplements and modifications thereto):

(i) any Contract that is a non-competition Contract or other Contract that (A) purports to limit in any material respect either the type of business in which any Acquired Company (or, after the Effective Time, any Parent Company) or any of its Affiliates may engage or the manner or geographic area in which any of them may so engage in any business, (B) would reasonably be expected to require the disposition of any material assets or type of business of any of the Acquired Companies (or, after the Effective Time, any Parent Company) or any of their respective Affiliates in connection with the consummation of the Transactions, (C) is a Contract that grants most favored nation or similar status that has had, or would reasonably be expected to have, a material impact on the Acquired Companies, taken as a whole, following the Effective Time, would apply to Parent or any of its Subsidiaries, including any of the Acquired Companies, (D) contains any exclusivity, preferred status or similar provision that prohibits or limits in any material respect the right of any of the Acquired Companies (or, after the Effective Time, would prohibit or limit in any material respect the right of any of the Acquired Companies or the Parent Companies) to make, sell, market, advertise or distribute any products or services, use, transfer, license, distribute or enforce any of their respective Intellectual Property rights or otherwise conduct its business, (E) obligates any of the Acquired Companies to purchase or obtain a minimum or specified amount of any product or service from any Person for more than \$500,000 in the aggregate on an annual basis or (F) involves the obligation or potential obligation of any of the Acquired Companies to make any earn-out or similar payments to any Person;

(ii) (A) any indenture, loan or credit agreement, security agreement, guarantee, note, mortgage, letter of credit, reimbursement agreement or other Contract, in any such case relating to indebtedness of any Acquired Company having an outstanding principal amount in excess of \$1,000,000 (except for such indebtedness between the Acquired Companies or guaranties by any Acquired Company of indebtedness of any other Acquired Company (not including guaranties by any Company Insurance Subsidiary or of indebtedness of any Company Insurance Subsidiary)) or (B) any guarantee by any Company Insurance Subsidiary of indebtedness or any other obligation of any other Acquired Company or other Affiliate of such Company Insurance Subsidiary;

(iii) any Contract relating to any joint venture, strategic alliance or partnership material to the Acquired Companies, taken as a whole;

(iv) any Contract under which any of the Acquired Companies made payments of more than \$750,000 during the fiscal year ended December 31, 2017 or reasonably expects to make payments of more than \$750,000 during the fiscal year ending December 31, 2018 and, in either case, is not terminable by any Acquired Company upon notice of sixty (60) days or less without penalty;

A-21

---

**Table of Contents**

(v) any Contract under which any of the Acquired Companies received payments of more than \$500,000 during the fiscal year ended December 31, 2017 or reasonably expects to receive payments of more than \$500,000 during the fiscal year ending December 31, 2018;

(vi) (A) any reinsurance treaty or agreement, including any retrocessional agreement, that is material to any Acquired Company pursuant to which any Acquired Company cedes or assumes business, (B) any such treaty or agreement or instrument that has been funded (in whole or in part) by third party capital or (C) any trust agreement, security agreement or other form of collateral agreement entered into in connection with any Contract covered by the immediately foregoing clauses (A) or (B) (collectively, the *Company Reinsurance Agreements* );

(vii) (A) any Contract with any Company Agent that, during the fiscal year ended December 31, 2017, produced insurance policies or contracts issued by an Company Insurance Subsidiary which resulted in greater than five percent (5%) of the Company Insurance Subsidiaries gross written premiums for the year ended December 31, 2017 or (B) any Contract with any Company Agent that is a managing general agency contract or a managing general underwriting contract under applicable Law;

(viii) any Contract that provides for any standstill or similar restriction pursuant to which any Acquired Company has agreed to restrictions on the acquisition of assets or securities of another Person or to which another Person has agreed to restrictions on the acquisition of assets or securities of any Acquired Company;

(ix) any employment Contract that requires aggregate payments with respect to annual salary and target bonus in excess of \$350,000 on an annual basis or is not terminable without cause by any of the Acquired Companies by notice of not more than sixty (60) days or without any termination payment or penalty, or any severance, retention, change in control or similar Contract;

(x) any Contract that grants any rights of first refusal, rights of first offer, rights of first negotiation or other similar rights to any Person with respect to any material asset, property or business of the Acquired Companies, taken as a whole;

(xi) any Contract that relates to the acquisition or disposition of any business, capital stock or assets (whether by merger, sale of stock, sale of assets or otherwise) for aggregate consideration in excess of \$3,000,000 under which any of the Acquired Companies has any outstanding earn out, deferred payment, indemnification or contingent obligations, other than this Agreement and any Contract to purchase or sell goods or services in the ordinary course of business consistent with past practice;

(xii) any Contract that requires the Acquired Companies to make any capital commitments or capital expenditures in excess of \$1,000,000 during any twelve (12) month period following the date of this Agreement;

(xiii) any Contract that is a settlement or similar Contract with any Governmental Entity or any other Person to which any of the Acquired Companies or any of its assets or properties is subject with material ongoing obligations of any of the Acquired Companies, taken as a whole;

(xiv) any Contract purporting to indemnify or hold harmless any director, officer or employee of any of the Acquired Companies (other than the Company Charter, the Company Regulations and the organizational documents of the Company's Subsidiaries);

(xv) any Contract that is required to be disclosed by the Company pursuant to Item 404 of Regulation S-K under the Securities Act;

(xvi) any lease, license, occupancy agreement, sublease, waiver, side letter or guaranty relating to any real property which any Acquired Company leases, uses or occupies or has the right to lease, use or occupy (collectively, the *Company Real Property Leases* );

(xvii) any Contract pursuant to which any Intellectual Property right that is material to the Acquired Companies, taken as a whole, is licensed or sold to or by any Acquired Company, other than (A) license agreements for any non-customized commercially available Software, (B) Contracts between an Acquired

---

**Table of Contents**

Company, on the one hand, and an employee or consultant of an Acquired Company, on the other hand, entered into in the ordinary course of business consistent with past practice and (C) Contracts which contain non-exclusive licenses or sublicenses or sales of such Intellectual Property between an Acquired Company, on the one hand, and a supplier, vendor, agent or broker of an Acquired Company, on the other hand, entered into in the ordinary course of business consistent with past practice;

(xviii) any disaster recovery or data center Contract;

(xix) any Contract entered into prior to the date hereof that is required to be filed by the Company in a future report to be filed or furnished to the SEC as a material contract pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act, excluding those compensatory plans described in Item 601(b)(10)(iii) of Regulation S-K under the Securities Act, that has not been filed as an exhibit to or incorporated by reference in the Company SEC Documents filed prior to the date of this Agreement; and

(xx) any Contract that would or would reasonably be expected to prevent, materially delay or impair the consummation of the Transactions.

All Contracts required to be filed as exhibits to the Company SEC Documents have been so filed in a timely manner. Each Contract entered into prior to the date hereof that is required to be filed by the Company as a material contract pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act, excluding those compensatory plans described in Item 601(b)(10)(iii) of Regulation S-K under the Securities Act, and each Contract required to be listed in Section 3.15(a) or Section 3.18(c) of the Company Disclosure Letter is referred to herein as a ***Material Company Contract***.

(b) True, correct and complete copies (subject to apparent redactions) of all Material Company Contracts have been made available to Parent in accordance with all applicable Laws. Each Material Company Contract is valid and binding on each Acquired Company party thereto and, to the knowledge of the Company, each other party thereto and is in full force and effect, except in each case for such failures to be valid and binding or to be in full force and effect that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect, subject to the Enforceability Limitations. The Company has not terminated, waived, amended, released or modified in any respect any provision of any standstill or similar agreement with respect to the Company to which it is currently or has, within the twelve (12) months immediately preceding the date hereof, been a party. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, there is no breach or default under any Material Company Contract by any of the Acquired Companies party thereto or, to the knowledge of the Company, any other party thereto and no event has occurred that with the lapse of time or the giving of notice or both would constitute a breach or default thereunder by any of the Acquired Companies party thereto or, to the knowledge of the Company, any other party thereto.

Section 3.16 **Insurance**.

(a) Section 3.16(a) of the Company Disclosure Letter sets forth a true, correct and complete list, as of the date of this Agreement, of all material errors and omissions insurance, directors and officers liability insurance, comprehensive general liability insurance and fiduciary insurance policies issued in favor of any Acquired Company or pursuant to which any of the Acquired Companies is a named insured, as well as any historic occurrence-based policies still in force. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, as of the date of this Agreement, all such insurance policies are in full force and effect and all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending before the Closing

Date). Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, (a) since January 1, 2016, each of the Acquired Companies has been continuously insured in such amounts and with respect to such risks and losses as management has reasonably determined to be appropriate, and (b) no Acquired Company is in

A-23



---

**Table of Contents**

breach or default, and no Acquired Company has taken any action or failed to take any action which, with notice or the lapse of time or both, would constitute such a breach or default, or permit termination or material modification of, any of such insurance policies. Since January 1, 2016, no Acquired Company has received any notice of cancellation or termination with respect to any material insurance policy of any of the Acquired Companies (other than ordinary course termination notices with respect to coverage as to which there was no lapse).

(b) Section 3.16(b) of the Company Disclosure Letter sets forth a true, correct and complete list of the annual premiums for the Company's current fiscal year for the Company's directors' and officers' liability insurance policy (*D&O Insurance*).

**Section 3.17 Properties.**

(a) Section 3.17(a) of the Company Disclosure Letter sets forth a true, correct and complete list of all real property owned by any of the Acquired Companies (the *Owned Company Real Property* and, together with the real property leased, licensed or occupied under any Company Real Property Lease, the *Company Real Property*). Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, an Acquired Company has good fee simple title to the Owned Company Real Property free and clear of all Liens, except Permitted Liens. No Acquired Company owns, holds, has granted or is obligated under any option, right of first offer, right of first refusal or other contractual right to buy, acquire, sell, dispose or lease any of the Company Real Property or other material real property or any material portion thereof or interest therein.

(b) Section 3.17(a) of the Company Disclosure Letter sets forth a true, correct and complete list of all real property leased, licensed or occupied under any Company Real Property Lease. All rent and other sums and charges payable by any Acquired Company as tenants or occupants under any Company Real Property Lease are current in all material respects. Each Acquired Company has a good and valid leasehold interest in each parcel of real property leased, licensed or occupied by it pursuant to a Company Real Property Lease free and clear of all Liens, except for Permitted Liens. Each Acquired Company has peaceful, undisturbed possession of each parcel of real property leased, licensed or occupied by it pursuant to a Company Real Property Lease, subject to any leases, subleases or similar arrangements that may be in existence. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, no Acquired Company has leased, licensed or otherwise granted to any Person (other than the other Acquired Companies) the right to use or occupy any parcel of Company Real Property or any portion thereof.

(c) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, there is no condemnation, expropriation or other proceeding in eminent domain pending or, to the knowledge of the Company, threatened, affecting any Company Real Property or any portion thereof or interest therein.

(d) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, each Acquired Company has good title to, or a valid leasehold interest in, the tangible personal assets and properties used or held for use by it in connection with the conduct of its business as conducted on the date of this Agreement free and clear of all Liens, except Permitted Liens.

**Section 3.18 Intellectual Property: Software.**

(a) Section 3.18(a) of the Company Disclosure Letter contains a true, correct and complete list and description of all issued Patents and pending applications for Patents, registered Trademarks and pending applications to register Trademarks, Company Domain Names and registered Copyrights and applications to register Copyrights, in each case

included in the Company Owned Intellectual Property. All registration, renewal and maintenance fees and taxes due and payable on or before the Closing Date in respect of each of the applications and registrations listed on Section 3.18(a) of the Company Disclosure Letter have been paid.

A-24

---

**Table of Contents**

(b) Section 3.18(b) of the Company Disclosure Letter contains a true, correct and complete list (showing in each case any owner, licensor or licensee) of all material Software necessary to the conduct of the business of the Acquired Companies as presently conducted that is owned by or licensed to the Acquired Companies, except Software licensed to the Acquired Companies that is commercially available and subject to shrink-wrap, click-through or similar license agreements or is embedded Software in hardware or equipment of the Acquired Companies.

(c) Other than shrink-wrap, click-through or similar license agreements, standard end-user or distributor license and sale Contracts and related maintenance and support Contracts, in each case entered into in the ordinary course of business consistent with past practice, Section 3.18(c) of the Company Disclosure Letter contains a true, correct and complete list and description of all material Contracts, licenses, sublicenses, assignments and indemnities (collectively, the ***Company Intellectual Property Agreements*** ) that relate to: (i) any Company Software (including any delivery, license, or disclosure of source code of any Company Software to any third party); or (ii) other material Intellectual Property necessary to conduct the business of the Acquired Companies as presently conducted and owned by a third party to which any Acquired Company holds a license.

(d) An Acquired Company exclusively owns all right, title and interest in the Company Owned Intellectual Property, free and clear of any Liens (other than Permitted IP Encumbrances), or has a valid right to use any other material Intellectual Property used or held for use in the business of the Acquired Companies, free and clear of any Liens (other than Permitted IP Encumbrances). The Company Owned Intellectual Property and the rights of the Acquired Companies in Intellectual Property under the Company Intellectual Property Agreements collectively constitute all material Intellectual Property rights necessary to conduct the business of the Acquired Companies as presently conducted. The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the Transactions, do not and will not affect any ownership, license rights or similar rights in and to the Company Intellectual Property.

(e) The business of the Acquired Companies (including the Company Software), as presently conducted, does not infringe, misappropriate or otherwise violate the Intellectual Property rights of any other Person. There are no infringement or misappropriation Actions pending or, to the knowledge of the Company, threatened with respect to any Company Intellectual Property.

(f) To the knowledge of the Company, no Person has infringed, misappropriated or otherwise violated, and no Person is currently infringing, misappropriating or otherwise violating, any material Company Owned Intellectual Property.

(g) All employees, agents, consultants or contractors who have contributed to or participated in the creation or development of any Intellectual Property for or on behalf of an Acquired Company have executed a valid and enforceable agreement or are subject to an employment policy granting an effective assignment in favor of an Acquired Company of all right, title and interest in such material. To the knowledge of the Company, there has been no breach or violation by any other party to any such agreement.

(h) Except to the extent the disclosure of Know-How included in the Company Owned Intellectual Property has been made pursuant to applicable Law or in accordance with standard industry practice, the Acquired Companies have taken commercially reasonable measures to maintain the confidentiality of the Know-How included in the Company Owned Intellectual Property that are trade secrets or confidential or proprietary information. To the knowledge of the Company, there has been no unauthorized disclosure or use of Know-How of the Acquired Companies that are trade secrets or confidential or proprietary information.

(i) To the knowledge of the Company, the Company owns or has a right to access and use in all material respects the Company IT Systems, as such Company IT Systems are currently used by the Acquired Companies. The Acquired

Companies maintain reasonable policies and procedures that protect the confidentiality, integrity and security of the Company IT Systems and the Company Data. To the knowledge of the Company, the Company IT Systems (i) are reasonably adequate for the current operation of the Acquired Companies, (ii) are fully functional in all material respects and no material errors or defects which have not been fully remedied or rectified have been discovered therein, (iii) have not suffered any security breach and (iv) do not contain any

A-25

---

**Table of Contents**

back door, drop dead device, time bomb, Trojan horse, virus or worm (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (A) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (B) damaging or destroying any data or file without the user's consent.

(j) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, there is no Open Source Code licensed to any of the Acquired Companies that is incorporated into or distributed with any Software included in the Company Owned Intellectual Property which may (A) require compulsory disclosure or licensing to any third party of any source code with which such Open Source Code is used or compiled, (B) otherwise impose any material limitation, restriction or condition on the right or ability of any Acquired Company to use or distribute any Software included in the Company Owned Intellectual Property or (C) as a result of the use by any of Acquired Company of such Open Source Code, grant or purport to grant to any third party any rights or immunities under any Company Owned Intellectual Property. With respect to all Software source code licensed to any Acquired Company that is material to any of the operations of any Acquired Company, such source code is either currently in the possession of an Acquired Company or currently held by an escrow agent subject to an agreement with an Acquired Company whereby such Acquired Company may obtain a copy of such source code upon the occurrence of customary release events, and Section 3.18(j) of the Company Disclosure Letter lists each such agreement with an escrow agent.

(k) The Acquired Companies provide all required Company Privacy Policies in compliance with Privacy Requirements and are in compliance with all Company Privacy Policies and applicable Privacy Requirements. None of the Acquired Companies has received written notice of any, and, to the knowledge of the Company, there is no, material violation of any such Privacy Requirements or Company Privacy Policies through the date hereof. The Acquired Companies are in material compliance in all respects with all of their respective contractual commitments with respect to Personal Data. The Acquired Companies have reasonable safeguards in place and maintain a written information security program that includes administrative, technical and physical safeguards to protect Personal Data in their possession or control from unauthorized access and against reasonably anticipated threats or hazards to the privacy, security, integrity and confidentiality consistent with applicable Laws concerning the collection, storage, use, transfer, disclosure and other processing and tracking of Personal Data, Company Privacy Policies and contractual commitments.

(l) There have been no data breaches involving any Personal Data in the possession of any of the Acquired Companies, and none of the Acquired Companies nor any other Person has made any illegal or unauthorized use or disclosure of Personal Data that was collected by or on behalf of any of the Acquired Companies. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, none of the Acquired Companies is subject to any contractual requirements, privacy policies or other legal obligations that, following the Effective Time and as a result of the Transactions, would prohibit the Acquired Companies after the Effective Time from receiving or using Company Data substantially in the manner in which the Acquired Companies receive and use such Company Data immediately prior to the Effective Time.

(m) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, the Acquired Companies have all necessary and required rights to license, use, sublicense and distribute the Company Data to conduct the business of the Acquired Companies as presently conducted.

(n) For purposes of this Agreement, the following terms shall have the respective meanings assigned below:

(i) ***Company Data*** means all data contained in the Company IT Systems or the Acquired Companies' databases (including all Company User Data and Personal Data) and all other information and data compilations used by, or necessary to the business of, the Acquired Companies;

(ii) ***Company Domain Names*** means all Domain Names presently owned or purported to be owned by any Acquired Company or used in the conduct of its business;

---

**Table of Contents**

(iii) ***Company Intellectual Property*** means all Company Owned Intellectual Property and all Intellectual Property in which any Acquired Company has (or purports to have) a license or similar right;

(iv) ***Company IT Systems*** means all information technology and computer systems (including Company Software, information technology and telecommunication hardware and other equipment) relating to the transmission, storage, maintenance, organization, presentation, generation, processing or analysis of data or information, whether or not in electronic format, used in or necessary to the conduct of the business of the Acquired Companies;

(v) ***Company Owned Intellectual Property*** means Intellectual Property and Software owned by any Acquired Company or in which any Acquired Company purports to have an ownership interest (in each case, whether exclusively, jointly with another Person, or otherwise);

(vi) ***Company Privacy Policy*** means each external or internal, past or present, privacy policy of any Acquired Company, including any policy relating to: (A) the privacy of users of any Company Software; (B) the collection, storage, disclosure or transfer of any Company User Data or Personal Data; and (C) any employee information;

(vii) ***Company Software*** means Software owned by any Acquired Company or in which any Acquired Company purports to have an ownership interest (in each case, whether exclusively, jointly with another Person or otherwise) or in which any Acquired Company has (or purports to have) any license or similar right;

(viii) ***Company User Data*** means any Personal Data or other data or information collected by or on behalf of any Acquired Company from users of any Company Software;

(ix) ***Copyrights*** means all works of authorship (whether or not copyrightable), moral rights, U.S. and non-U.S. registered and unregistered copyrights and mask works in both published works and unpublished works of authorship, and pending applications to register the same, and all copyrightable subject matter;

(x) ***Domain Names*** means all rights in internet web sites and internet domain names;

(xi) ***Intellectual Property*** means, collectively, Patents, Trademarks, Domain Names, Copyrights and Know-How;

(xii) ***Know-How*** means confidential or proprietary information, know how, trade secrets, policyholder lists, technical information, research and development, data, processes, formulas, algorithms, methods, trading systems, processes and technology;

(xiii) ***Open Source Code*** means any software code or other material that is distributed as free software or open source software or is otherwise distributed under a similar licensing or distribution model. Open Source Code includes software code that is licensed under the GNU General Public License, GNU Lesser General Public License, Mozilla License, Common Public License, Apache License, BSD License, Artistic License or Sun Community Source License, or any other license described by the Open Source Initiative as set forth on [www.opensource.org](http://www.opensource.org);

(xiv) ***Patents*** means all U.S. and non-U.S. patents, patent applications and inventions and discoveries that may be patentable, and all related continuations, continuations-in-part, divisionals, reissues, renewals, re-examinations, substitutions, extensions, supplementary protection certificates and later-filed non-U.S. counterparts thereto;

(xv) ***Permitted IP Encumbrance*** means any such matters of record, Lien and other imperfections of title that do not, individually or in the aggregate, materially impair the continued ownership, use and operation of the assets to which they relate in the business in which they are used as currently conducted;

(xvi) **Personal Data** means a natural person's name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number, policyholder or account number, nonpublic personal information as defined by the Financial Services Modernization Act of 1999 and any other piece of information that alone or together with other information allows the identification of a natural person and includes Protected Health Information;

A-27



---

**Table of Contents**

(xvii) ***Privacy Requirements*** means the provisions of the following that set forth privacy or data security requirements that apply to the collection, storage, use, transfer, disclosure and other processing and tracking of Personal Data:

(A) Laws, including local, state, federal, and international privacy, data protection, information security laws, or related laws relating to the collection, processing, storage, disclosure, disposal, or other handling of Personal Data, including the Financial Services Modernization Act of 1999, 15 U.S.C. §§ 6801-6809, the Fair Credit Reporting Act, 15 U.S.C. § 1681, et seq., the Telephone Consumer Protection Act, 47 U.S.C. § 227, the Health Insurance Portability & Accountability Act of 1996, 42 U.S.C. § 1320d et seq., and Subtitle D of the Health Information Technology for Economic and Clinical Health Act of 2009, 42 U.S.C. § 17921, et seq., the New York Department of Financial Service's Cybersecurity Requirements for Financial Services Companies 23 NYCRR Part 500; and

(B) applicable industry standards, such as the Payment Card Industry Data Security Standards, that impose requirements on the collection, processing, storage, disclosure, disposal or other handling of Personal Data;

(xviii) ***Protected Health Information*** means individually identifiable health information as defined by the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations;

(xix) ***Software*** means computer programs, applications, systems and software, including source code, object, executable or binary code, objects, comments, screens, user interfaces, algorithms, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related thereto or associated therewith; and

(xx) ***Trademarks*** means U.S., state and non-U.S. trade names, logos, trade dress, assumed business names, trade names, registered and unregistered trademarks, service marks and other similar designations of source or origin, together with the goodwill symbolized by or associated with any of the foregoing, and any common law rights, registrations and applications to register the foregoing.

Section 3.19 **Insurance Matters.**

(a) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, all material benefits due and payable under any insurance contract issued by or on behalf of any of the Company Insurance Subsidiaries have been paid in accordance with the terms of such insurance contract, except for such benefits for which an Company Insurance Subsidiary in its reasonable good faith discretion believes there is a basis to contest payment.

(b) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, there are no unpaid claims or assessments made against any Company Insurance Subsidiary, whether or not due, by any insurance guaranty association (in connection with that association's fund relating to insolvent insurers), joint underwriting association, residual market facility or assigned risk pool.

(c) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, all policies, binders, slips, certificates and other agreements of insurance in effect as of the date hereof (including all applications, endorsements, supplements, riders and ancillary agreements in connection therewith) issued by any Company Insurance Subsidiary, and any and all marketing materials, are, to the extent required under applicable Laws, either on forms approved by the Insurance Regulators or have been filed with and not objected to by such Insurance Regulators within the period provided for objection and all of such forms comply with the Insurance Laws applicable thereto. As to premium rates established by any Company Insurance Subsidiary that are required to be filed with or approved by any Insurance Regulators, the rates have been so filed or approved, the premiums charged conform thereto and such premiums comply with the Insurance Laws applicable thereto, except for

such failures to comply that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

(d) Prior to the date hereof, the Company has made available to Parent a true, correct and complete copy of any material actuarial reports in the Company's possession prepared by actuaries, independent or otherwise, with respect to any Company Insurance Subsidiary for all periods beginning on or after January 1, 2015 through the

---

**Table of Contents**

date hereof and all material attachments, addenda, supplements and modifications thereto to the extent in the Company's possession (the *Company Actuarial Analyses*). The information and data furnished by any Company Insurance Subsidiary to its independent actuaries in connection with the preparation of the Company Actuarial Analyses were accurate in all material respects for the past periods covered therein and are accurate in all material respects for the current periods covered therein. Such Company Actuarial Analyses were based upon an accurate inventory of the insurance contracts of the relevant Company Insurance Subsidiary at their respective times of preparation.

(e) The Company has provided Parent with a true, correct and complete list of all bonds, structured securities, stocks and other investments that were carried on the books and records of the Company and the other Acquired Companies as of September 30, 2017 (such bonds, structured securities, stocks and other investments, together with all bonds, structured securities, stocks and other investments acquired by the Company and the other Acquired Companies between such date and the date hereof, the *Investment Assets*). Except for Investment Assets sold in the ordinary course of business consistent with past practice in compliance with the investment guidelines of the Company and the other Acquired Companies (the *Company Investment Guidelines*), each of the Company and the other Acquired Companies, as applicable, has good and marketable title to all of the material Investment Assets it purports to own, free and clear of all Liens, except for Permitted Liens. Prior to the date hereof, the Company has made available to Parent a true, correct and complete copy of the Company Investment Guidelines in effect as of the date hereof. To the knowledge of the Company, the composition of the Investment Assets complies in all material respects with applicable Law and the Company Investment Guidelines.

(f) To the knowledge of the Company, no Insurance Regulator that noted any deficiencies or violations in any reports of examination during the past thirty-six (36) months has advised the Company or the applicable Company Insurance Subsidiary of any intention to commence any material regulatory proceeding or to otherwise take any material disciplinary action against such Company Insurance Subsidiary based upon such deficiencies or violations.

(g) As of the date hereof, neither the Company nor any of the Company Insurance Subsidiaries has been notified in writing by any Company Agent or Insurance Regulator of any material non-compliance by any agent with applicable Insurance Laws (including laws, regulations, directives and opinions of Insurance Regulators relating to the soliciting, marketing, administering, negotiating sale or production of the Company's and the Company Insurance Subsidiaries products) in connection with the distribution of insurance policies or contracts issued by an Company Insurance Subsidiary.

(h) To the knowledge of the Company, each insurance agent, general agent, agency, producer, broker, reinsurance intermediary, program manager, managing general agent, third party administrator, marketer, wholesaler and managing general underwriter that has written, sold, produced, underwritten or managed a material amount of insurance business since January 1, 2015 for any Company Insurance Subsidiary (each, an *Company Agent*) was, to the extent required by applicable Law, duly licensed for the type of activity and business conducted or written, sold, produced, underwritten or managed for or on behalf of any Company Insurance Subsidiary. To the knowledge of the Company, since January 1, 2015, no Company Agent has violated in any material respect or is currently in violation in any material respect of any term or provision of any Law applicable to the writing, sale, production, underwriting or management of business for the Company Insurance Subsidiaries, except for such failures or such violations that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect. None of the terms of any agent agreement, broker agreement, service contract, or managing general agent agreement to which any Acquired Company is a party violates in any respect any applicable Law, except for such violations that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

(i) No Company Insurance Subsidiary has utilized any permitted practices in the preparation of the Company Statutory Financial Statements.

(j) Section 3.19(j) of the Company Disclosure Letter sets forth a true, correct and complete list of each jurisdiction in which any Company Insurance Subsidiary is deemed commercially domiciled under applicable Law.

A-29

---

**Table of Contents**

(k) Since January 1, 2015, each Company Insurance Subsidiary has duly and timely filed all reports or filings required to be filed with any Insurance Regulator in the manner prescribed therefor under applicable Laws (including all applicable written analyses and reports relating to risk-based capital calculations and Insurance Regulatory Information System ratios as determined by the National Association of Insurance Commissioners) and no Insurance Regulator has asserted to the Company or any such Company Insurance Subsidiary any deficiency or violation thereto, except as has been cured or resolved to the satisfaction of the applicable Insurance Regulator and except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Prior to the date hereof, the Company has made available to Parent true, correct and complete copies of all such reports and filings.

Section 3.20 Reserves. The reserves for losses (including incurred but not reported losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums for each Company Insurance Subsidiary contained in the applicable Company Statutory Financial Statements (a) were, except as otherwise noted in the applicable Company Statutory Financial Statements, determined in all material respects with SAP, (b) were computed on the basis of methodologies consistent with those used in computing the corresponding reserves in prior fiscal years, except as otherwise noted in the applicable Company Statutory Financial Statements, and (c) satisfied in all material respects the requirements of all applicable Laws with respect to the establishment of reserves.

Section 3.21 Company Reinsurance Agreements. As of the date of hereof, (a) to the knowledge of the Company, there are no events or conditions which constitute or, with the lapse of time or the giving of notice or both, would constitute a breach or default thereunder on the part of any counterparty under any Company Reinsurance Agreement, except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect, (b) to the knowledge of the Company, no party to a Company Reinsurance Agreement is insolvent or the subject of a rehabilitation, liquidation or similar proceeding and (c) there are no disputes under any Company Reinsurance Agreement, except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

Section 3.22 Underwriting Standards. Prior to the date hereof, the Company has made available to Parent true, correct and complete copies of the underwriting standards and guidelines utilized by the Company Insurance Subsidiaries with respect to the insurance contracts of such Company Insurance Subsidiaries. Each such insurance contract has been issued in compliance in all material respects with and in accordance with such underwriting standards and guidelines.

Section 3.23 Affiliate Transactions. As of the date of this Agreement, no material relationship, direct or indirect, exists between any Acquired Company, on the one hand, and any officer, director or other Affiliate (other than any Acquired Company) of the Company, on the other hand, that is required to be described under Item 404 of Regulation S-K under the Securities Act in the Company SEC Documents, which is not described therein. To the knowledge of the Company, as of the date of this Agreement, no Affiliate of the Company has threatened in writing (including by email) to terminate, modify or cancel its business relationship (in whole or in substantial part) with any of the Acquired Companies following the Effective Time.

Section 3.24 Brokers. Except for Deutsche Bank Securities Inc., the Company has not employed any broker, finder or investment banker in connection with the Merger and the other Transactions and no broker, finder, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger and the other Transactions. True, correct and complete copies of all Contracts between any of the Acquired Companies and Deutsche Bank Securities Inc. have been made available to Parent.

Section 3.25 Takeover Statutes. The Company has taken any necessary action such that the provisions of Chapter 1704 of the OGCL are not applicable to the Company, this Agreement, the Merger or any of the other Transactions and no other Takeover Laws or any anti-takeover provision in the Company Charter or the

A-30

**Table of Contents**

Company Regulations are, or at the Effective Time will be, applicable to the Company, this Agreement, the Merger or any of the other Transactions. For purposes of this Agreement, **Takeover Laws** means any moratorium, control share acquisition, fair price, supermajority, affiliate transactions, or business combination statute or regulation or other similar state anti-takeover Laws. The Company is not party to a rights agreement, poison pill or similar agreement or plan that would have the effect of preventing the Transactions.

Section 3.26 **Fairness Opinion**. The Company Board has received the opinion of Deutsche Bank Securities Inc. to the effect that, based upon and subject to the assumptions, limitations, qualifications and conditions set forth therein, as of the date of such opinion, the Merger Consideration is fair, from a financial point of view, to the holders of outstanding Company Shares (excluding Parent, Merger Sub and any other direct or indirect wholly owned Subsidiary of Parent). As of the date hereof, such opinion has not been modified, amended, revoked or rescinded. The Company shall, promptly following the execution and delivery of this Agreement by all parties hereto, furnish a copy of such opinion to Parent solely for informational purposes.

Section 3.27 **No Other Representations or Warranties**. The Company acknowledges and agrees that, except for the representations and warranties of Parent and Merger Sub contained in **Article IV**, no Parent Company or any Affiliate or Representative thereof has made or is making any express or implied representation or warranty to the Company with respect to any Parent Company or their respective properties, businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects or the Transactions.

**ARTICLE IV****REPRESENTATIONS AND WARRANTIES OF****PARENT AND MERGER SUB**

Except as (a) set forth in the corresponding section of the disclosure letter delivered by Parent to the Company prior to the execution and delivery of this Agreement (the **Parent Disclosure Letter**), which shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this **Article IV** (it being understood that the disclosure of any item in any section or subsection of the Parent Disclosure Letter shall be deemed to qualify other sections in this **Article IV** to the extent (and only to the extent) that it is reasonably apparent on the face of such disclosure that such disclosure also qualifies or applies to such other sections), or (b) disclosed in the Parent SEC Documents (including exhibits and other information incorporated therein) filed with, or furnished to, the SEC and publicly available on the SEC's EDGAR website not less than two (2) Business Days prior to the date of this Agreement (excluding any disclosures contained in the Risk Factors section thereof, any disclosure contained in any forward-looking statements disclaimer or any other disclosure of risks or any other statements that are predictive or forward-looking in nature, in each case other than any specific factual information contained therein, which shall not be excluded) (**provided, however**, that any such disclosures in such Parent SEC Documents shall be deemed to qualify a representation or warranty only if it is reasonably apparent on the face of such disclosure that such information is relevant to such representation or warranty; **provided, further**, that the disclosures in the Parent SEC Documents shall not be deemed to qualify any representations or warranties made in **Section 4.1**, **Section 4.2**, **Section 4.3**, **Section 4.13**, **Section 4.14**, **Section 4.16** or **Section 4.17**), Parent and Merger Sub represent and warrant to the Company as follows:

**Section 4.1 Organization, Standing and Power: Subsidiaries.**

(a) Each of Parent and Merger Sub (i) is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, (ii) has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or

licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties and assets makes such qualification or licensing necessary, except, in the case of clause (iii) only, as, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect.

A-31



**Table of Contents**

(b) Parent has made available to the Company true, correct and complete copies of the certificate of incorporation of Parent, as amended to the date of this Agreement (as so amended, the ***Parent Charter*** ), the bylaws of Parent, as amended to the date of this Agreement (as so amended, the ***Parent Bylaws*** ), and, if requested by the Company, will make available to the Company, prior to the Effective Time, true, correct and complete copies of the comparable charter and other organizational documents of Merger Sub and each Material Parent Subsidiary, in each case as amended through the date of this Agreement. For purposes of this Agreement, ***Material Parent Subsidiary*** means any Subsidiary of Parent that is listed in Section 4.1(b) of the Parent Disclosure Letter.

(c) Parent or another Subsidiary of Parent owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity interests of each of the Subsidiaries of Parent, free and clear of any Liens of any nature whatsoever, except for restrictions on transfer under securities Laws, and all of such outstanding shares of capital stock or other equity interests have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Except for equity interests in Parent and the Subsidiaries of Parent and equity interests in another Person held by Parent or any of the Subsidiaries of Parent that consists of less than one percent (1%) of the outstanding capital stock or equivalent equity interests of such Person, neither Parent nor any Subsidiary of Parent owns, directly or indirectly, any equity interest in any Person or has any obligation to acquire any such equity interest.

Section 4.2 **Capital Stock**.

(a) The authorized capital stock of Parent consists of 100,000,000 shares of Parent Common Stock and 20,000,000 shares of preferred stock of Parent, par value \$0.10 per share (the ***Parent Preferred Stock*** ). As of the Specified Time, (i) 51,516,210 shares of Parent Common Stock were issued and outstanding, (ii) no shares of Parent Preferred Stock were issued and outstanding and (iii) no shares of Parent Common Stock were held in treasury.

(b) As of the Specified Time, Parent had no shares of Parent Common Stock or shares of Parent Preferred Stock reserved for issuance, except for (i) 5,287,986 shares of Parent Common Stock reserved for future grants pursuant to the Parent Stock Plans and (ii) 2,038,840 shares of Parent Common Stock subject to outstanding Parent restricted stock units ( ***Parent RSUs*** ), Parent performance share units ( ***Parent PSUs*** ), Parent deferred stock units ( ***Parent DSUs*** ) and Parent tandem stock options and stock appreciation rights ( ***Parent Options*** ) and, together with Parent RSUs, Parent PSUs and Parent DSUs, the ***Parent Stock Awards*** ).

(c) As of the date of this Agreement, except for any Parent Stock Awards and any related award agreements, there are no authorized, issued, outstanding or existing: (i) securities of Parent convertible into or exchangeable for shares of capital stock or voting securities of Parent; (ii) options, calls, warrants, pre-emptive rights, anti-dilution rights or other rights, rights agreements, shareholder rights plans or other agreements, arrangements or commitments of any character (other than publicly traded options listed on a national exchange) relating to the issued or unissued capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent; (iii) obligations of Parent to repurchase, redeem or otherwise acquire any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary; (iv) phantom stock, restricted stock units or other contractual rights the value of which is determined in whole or in part by reference to the value of any capital stock of Parent and there are no outstanding stock appreciation rights issued by Parent with respect to the capital stock of Parent (any such rights described in this clause (iv), ***Parent Stock Equivalents*** ); (v) other than the Parent Voting Agreements, voting trusts, proxies or other agreements or understandings to which Parent or any of its officers or directors is a party with respect to the voting or registration of capital stock of Parent; or (vi) bonds, debentures, notes or other indebtedness of Parent having the right to vote (or convertible into, or exchangeable or exercisable for, securities having the right to vote) on any matter on which the stockholders or other equity holders of Parent may vote ( ***Parent Voting Debt*** ).

A-32

---

**Table of Contents**

(d) As of the date of this Agreement, there are no accrued and unpaid dividends with respect to any outstanding shares of Parent Common Stock.

**Section 4.3 Authority.**

(a) Each of Parent and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject to the approval of the Share Issuance by the holders of a majority of the shares of Parent Common Stock entitled to vote thereon and present in person or represented by proxy at the Parent Stockholder Meeting (the ***Parent Stockholder Approval*** ) and subject to the adoption of this Agreement by Parent in its capacity as sole shareholder of Merger Sub, to consummate the Transactions. The execution, delivery and performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions have been duly authorized by all necessary corporate action on the part of Parent and Merger Sub, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to approve this Agreement or to consummate the Transactions other than the Parent Stockholder Approval at a meeting duly called and held for such purpose and the adoption of this Agreement by Parent in its capacity as sole shareholder of Merger Sub. This Agreement has been duly executed and delivered by Parent and Merger Sub and (assuming the due authorization, execution and delivery by the counterparties hereto) constitutes the valid and binding obligation of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Enforceability Limitations.

(b) The board of directors of Parent (the ***Parent Board*** ), at a meeting duly called and held for such purpose, duly and unanimously adopted resolutions (i) approving this Agreement, the Merger, the Share Issuance and the other Transactions, (ii) determining that the terms of the Merger, the Share Issuance and the other Transactions are fair to and in the best interests of Parent and its stockholders and (iii) recommending that Parent's stockholders approve the Share Issuance. Assuming that neither the Company nor any of its affiliates or associates is an interested shareholder of the Company (in each case, as defined in Section 1704.01 of the OGCL), the Parent Stockholder Approval is the only vote of the holders of any class or series of capital stock or other securities of Parent required under applicable Law, Contract or otherwise to approve the Transactions, and such vote is not necessary to consummate any Transaction other than the Share Issuance.

**Section 4.4 No Conflict; Consents and Approvals.**

(a) The execution, delivery and performance of this Agreement by each of Parent and Merger Sub, and the consummation by each of Parent and Merger Sub of the Transactions, do not and will not (i) conflict with or violate the Parent Charter, the Parent Bylaws or the comparable organizational documents of any Material Parent Subsidiary, (ii) assuming that all consents, approvals and authorizations contemplated by clauses (i) through (v) of Section 4.4(b) have been obtained and all filings and notifications described in such clauses have been made and any waiting periods related thereto have terminated or expired, conflict with or violate any Law, in each case that is applicable to any Parent Company or by which any of its assets or properties is subject or bound, (iii) result in any breach or violation of, or constitute a default (or an event which with notice or lapse of time or both would become a default), or result in a right of payment or loss of a benefit under, or give rise to any right of termination, cancellation, amendment or acceleration of, any material Contract to which any Parent Company is a party or by which any Parent Company or any of its assets or businesses is subject or bound, (iv) result in any breach or violation of any Parent Plan (including any award agreement thereunder) or (v) result in the creation of any Lien upon any of the material properties or assets of any of the Parent Companies, other than, in the case of clauses (ii), (iii) and (iv) above, any such items that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect or materially impair the ability of the Parent to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions.

(b) The execution, delivery and performance of this Agreement by each of Parent and Merger Sub, and the consummation by each of Parent and Merger Sub of the Transactions, do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (i) compliance with the applicable requirements of the Securities Act and the Exchange Act, including the filing with the SEC of the Form S-4 and Joint Proxy

A-33

**Table of Contents**

Statement, (ii) compliance with any applicable international, federal or state securities or blue sky Laws, (iii) the filing of a premerger notification and report form under the HSR Act and the receipt, termination or expiration, as applicable, of waivers, consents, approvals, waiting periods or agreements required under Regulatory Laws, (iv) such filings as are necessary to comply with the rules and regulations of the applicable requirements of NASDAQ and the NYSE, (v) the filing of an application for the approval of a Statement Regarding the Acquisition of Control, or Form A statement, with receipt of the approval of, the Specified Insurance Regulators, (vi) the filing with the Secretary of State of the State of Ohio of the Certificate of Merger as required by the OGCL and (vii) where the failure to obtain such consents, approvals, orders, licenses, authorizations or permits of, or to make such filings, registrations or declarations with or notifications to, any Governmental Entity, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect or materially impair the ability of Parent or Merger Sub to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions.

Section 4.5 SEC Reports; Financial Statements.

(a) Parent has filed or furnished all forms, reports, statements, schedules, certifications and other documents (including all exhibits, amendments and supplements thereto) required to be filed or furnished by Parent with the SEC since January 1, 2015 (all such forms, reports, statements, schedules, certifications, exhibits and other information incorporated therein, and other documents, collectively, the *Parent SEC Documents* ). As of their respective dates, or, if amended, as of the date of the last such amendment filed prior to the date hereof, each of the Parent SEC Documents complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and SOX, each as in effect on the date so filed. Except to the extent that information in any Parent SEC Document has been revised or superseded by a Parent SEC Document filed prior to the date hereof, none of the Parent SEC Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. No Subsidiary of Parent is subject to the periodic reporting requirements of the Exchange Act and no Material Parent Subsidiary is subject to the periodic reporting requirements of any non-U.S. Governmental Entity that performs a similar function to that of the SEC or any securities exchange or quotation system.

(b) The audited consolidated financial statements of Parent and its consolidated Subsidiaries (including any related notes thereto) that are included in the Parent SEC Documents (i) comply as to form in all material respects with the published rules and regulations of the SEC applicable thereto, (ii) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and (iii) fairly present in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries at the respective dates thereof and the consolidated results of their operations, cash flows and stockholders' equity for the periods indicated. The unaudited consolidated financial statements of Parent and its consolidated Subsidiaries (including any related notes thereto) that are included in the Parent SEC Documents (A) comply as to form in all material respects with the published rules and regulations of the SEC applicable thereto, (B) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto or may be permitted by the SEC under the Exchange Act) and (C) fairly present in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries as of the respective dates thereof and the consolidated results of their operations, cash flows and stockholders' equity for the periods indicated.

(c) Parent maintains a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) as required by Rule 13a-15 under the Exchange Act and sufficient to provide reasonable assurances regarding the reliability of financial reporting for the Parent Companies. Parent has designed disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) to provide reasonable assurance that material information required to be disclosed by Parent in the reports that it files or submits under the

Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to Parent's management as appropriate to allow timely decisions regarding required disclosure. Parent's management has completed an

---

**Table of Contents**

assessment of the effectiveness of Parent's internal controls over financial reporting in compliance with the requirements of Section 404 of SOX and, based on the most recent such assessment, concluded that such controls were effective. Since January 1, 2015, Parent has not identified any significant deficiency, material weakness or fraud, whether or not material, that involved management or other employees.

(d) Since January 1, 2015: (i) the then-acting Chief Executive Officer and the Chief Financial Officer of Parent have signed, and Parent has furnished to the SEC, all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX; (ii) the statements contained in such certifications are accurate; (iii) such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn; and (iv) neither Parent nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, form or manner of filing or submission of such certifications.

(e) Since January 1, 2015, (i) no Parent Company nor, to the knowledge of Parent, any director, officer, employee, auditor, accountant or representative of any of the Parent Companies has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of any of the Parent Companies or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that any of the Parent Companies has engaged in questionable accounting or auditing practices and (ii) no attorney representing any of the Parent Companies, whether or not employed by any of the Parent Companies, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by Parent or any of its officers, directors, employees or agents to the Parent Board or any committee thereof or to any director or officer of Parent.

(f) Parent has timely responded to all comment letters from the staff of the SEC, and the SEC has not asserted that any of such responses is inadequate, insufficient or otherwise non-responsive. There are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to any Parent SEC Documents and, to the knowledge of Parent, none of the Parent SEC Documents (other than confidential treatment requests) is the subject of ongoing SEC review. There are no internal investigations, or to the knowledge of Parent, SEC inquiries or investigations or other governmental inquiries or investigations pending or threatened, in each case regarding any accounting practices of any of the Parent Companies.

(g) Parent is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE.

Section 4.6 **No Undisclosed Liabilities.** No Parent Company has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, except for liabilities and obligations (a) reflected or reserved against in Parent's consolidated balance sheet as at September 30, 2017 (or the notes thereto), (b) incurred in the ordinary course of business since September 30, 2017 consistent with past practice, (c) arising out of or in connection with this Agreement or the Transactions or (d) that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Company Material Adverse Effect.

Section 4.7 **Information Supplied.** None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in (a) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading or (b) the Joint Proxy Statement will, at the date it is first mailed to Parent's stockholders and the Company's shareholders or at the time of the Parent Stockholder Meeting or the Company Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the

circumstances under which they are made, not misleading. The Form S-4 and the Joint Proxy Statement and any other documents filed by Parent with the SEC in connection herewith will comply as to form in all material respects with the requirements of applicable Law, including the Exchange Act, except that no representation is made by Parent with respect to statements made or incorporated by reference therein based on information supplied by the Company for inclusion or incorporation by reference in the Form S-4 or the Joint Proxy Statement.

A-35



---

**Table of Contents**

Section 4.8 Absence of Certain Changes or Events. Since January 1, 2017 through the date of this Agreement, (a) the businesses of the Parent Companies have been conducted in the ordinary course of business consistent with past practice in all material respects and (b) there has not been any event, development, change or state of circumstances that, individually or in the aggregate, has had, or would reasonably be expected to have, a Parent Material Adverse Effect.

Section 4.9 Litigation.

(a) (i) Other than claims arising under insurance contracts of any the Parent Companies within the ordinary course of business consistent with past practice and that are not part of any class action litigation, there is no Action pending or, to the knowledge of Parent, threatened against any Parent Company, any Parent Company's properties or assets or any Parent Company's present or former officers, directors or, to the knowledge of Parent, representatives (in their capacities as such), that (A) would reasonably be expected to involve an amount in excess of \$1,000,000, (B) seeks or imposes any material injunctive relief, (C) was commenced by a Governmental Entity or (D) individually or in the aggregate, has had, or would reasonably be expected to have, a Parent Material Adverse Effect and (ii) no Parent Company nor any of its properties or assets nor any Parent Company's present or former officers, directors or, to the knowledge of Parent, representatives (in their capacities as such) is subject to any material judgment, order, injunction, ruling or decree of any Governmental Entity.

(b) There is no Action pending or, to the knowledge of Parent, threatened against any Parent Company, by a private party or Governmental Entity, that would, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the consummation of the Transactions.

Section 4.10 Compliance with Laws: Permits.

(a) The Parent Companies are in, and at all times since January 1, 2015, have been in, compliance with all Laws applicable to them or by which any of their assets or properties are bound, except for such violations or noncompliance, individually or in the aggregate, that have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, since January 1, 2015, none of the Parent Companies has received any written communication from a Governmental Entity that alleges that any Parent Company is not in compliance with any Law in any material respect.

(b) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, the Parent Companies and their respective Affiliates, directors, officers and employees are in, and, at all times since January 1, 2015, have been in, compliance in all material respects with the Fraud and Bribery Laws, and none of the Parent Companies nor any of their respective Affiliates, directors, officers, employees, agents or other representatives acting on any Parent Company's behalf have directly or indirectly, in each case, in violation of the Fraud and Bribery Laws: (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) offered, promised, paid or delivered any fee, commission or other sum of money or item of value, however characterized, to any finder, agent or other party acting on behalf of or under the auspices of a governmental or political employee or official or governmental or political entity, political agency, department, enterprise or instrumentality, in the United States or any other country; (iii) made any payment to any policyholder, Parent Agent or supplier, or to any officer, director, partner, employee or agent of any such policyholder, Parent Agent or supplier, for the unlawful sharing of fees to any such policyholder, Parent Agent or supplier or any such officer, director, partner, employee or agent for the unlawful rebating of charges; (iv) engaged in any other unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such policyholder, Parent Agent or supplier or any such officer, director, partner, employee or agent; or

(v) taken any action or made any omission in violation of any applicable law governing imports into or exports from the United States or any other country, or relating to economic sanctions or embargoes, corrupt practices, money laundering, or compliance with unsanctioned foreign boycotts.

A-36

---

**Table of Contents**

(c) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, the Parent Companies and their respective Affiliates, directors, officers and employees are in, and, at all times since January 1, 2015, have been in, compliance in all material respects with applicable United States and foreign export control laws and regulations, including the United States Export Administration Act and implementing Export Administration Regulations, the Arms Export Control Act and implementing International Traffic in Arms Regulations and the various economic sanctions laws administered by the Office of Foreign Assets Control of the U.S. Treasury Department. Without limiting the foregoing, there are no pending or, to the knowledge of Parent, threatened claims or investigations by any Governmental Entity of potential violations against any of the Parent Companies with respect to export activity or export licenses that, individually or in the aggregate, have had, or would reasonably be expected to have, a Parent Material Adverse Effect.

(d) Parent Companies have in effect all Permits necessary for them to own, lease, operate or use their properties and to carry on their businesses as now conducted, except for any Permits the absence of which, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect. All Permits of the Parent Companies are in full force and effect, except where the failure to be in full force and effect, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect.

**Section 4.11 Insurance Matters.**

(a) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, all material benefits due and payable under any insurance contract issued by or on behalf of any of the Parent Insurance Subsidiaries have been paid in accordance with the terms of such insurance contract, except for such benefits for which a Parent Insurance Subsidiary in its reasonable good faith discretion believes there is a basis to contest payment.

(b) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, there are no unpaid claims or assessments made against any Parent Insurance Subsidiary, whether or not due, by any insurance guaranty association (in connection with that association's fund relating to insolvent insurers), joint underwriting association, residual market facility or assigned risk pool.

(c) Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, all policies, binders, slips, certificates and other agreements of insurance in effect as of the date hereof (including all applications, endorsements, supplements, riders and ancillary agreements in connection therewith) issued by any Parent Insurance Subsidiary, and any and all marketing materials, are, to the extent required under applicable Laws, either on forms approved by the Insurance Regulators or have been filed with and not objected to by such Insurance Regulators within the period provided for objection and all of such forms materially comply with the Insurance Laws applicable thereto. As to premium rates established by any Parent Insurance Subsidiary that are required to be filed with or approved by any Insurance Regulators, the rates have been so filed or approved, the premiums charged conform thereto and such premiums comply with the Insurance Laws applicable thereto, except for such failures to comply that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect.

(d) The information and data furnished by any Parent Insurance Subsidiary to its independent actuaries in connection with the preparation of any material actuarial reports prepared by actuaries, independent or otherwise, with respect to any Parent Insurance Subsidiary for all periods beginning on or after January 1, 2015 through the date hereof (the ***Parent Actuarial Analyses***) were accurate in all material respects for the past periods covered therein and are accurate in all material respects for the current periods covered therein. Such Parent Actuarial Analyses were based upon an accurate inventory of the insurance contracts of the relevant Parent Insurance Subsidiary at their respective times of

preparation.

A-37

---

**Table of Contents**

(e) Except for Investment Assets sold in the ordinary course of business consistent with past practice in compliance with the investment guidelines of Parent and the other Parent Companies (the ***Parent Investment Guidelines*** ), each of Parent and the other Parent Companies, as applicable, has good and marketable title to all of the material Investment Assets it purports to own, free and clear of all Liens, except for Permitted Liens. To the knowledge of Parent, the composition of the Investment Assets complies in all material respects with applicable Law and the Parent Investment Guidelines.

(f) To the knowledge of Parent, no Insurance Regulator that noted any deficiencies or violations in any reports of examination during the past thirty-six (36) months has advised Parent or the applicable Parent Insurance Subsidiary of any intention to commence any material regulatory proceeding or to otherwise take any material disciplinary action against such Parent Insurance Subsidiary based upon such deficiencies or violations.

(g) As of the date hereof, neither Parent nor any of the Parent Insurance Subsidiaries has been notified in writing by any Parent Agent or Insurance Regulator of any material non-compliance by any agent with applicable Insurance Laws (including laws, regulations, directives and opinions of Insurance Regulators relating to the soliciting, marketing, administering, negotiating sale or production of Parent s and the Parent Insurance Subsidiaries products) in connection with the distribution of insurance policies or contracts issued by a Parent Insurance Subsidiary.

(h) To the knowledge of Parent, each insurance agent, general agent, agency, producer, broker, reinsurance intermediary, program manager, managing general agent, third party administrator, marketer, wholesaler and managing general underwriter that has written, sold, produced, underwritten or managed a material amount of insurance business since January 1, 2015 for any Parent Insurance Subsidiary (each, a ***Parent Agent*** ) was, to the extent required by applicable Law, duly licensed for the type of activity and business conducted or written, sold, produced, underwritten or managed for or on behalf of any Parent Insurance Subsidiary. To the knowledge of Parent, since January 1, 2015, no Parent Agent has violated in any material respect or is currently in violation in any material respect of any term or provision of any Law applicable to the writing, sale, production, underwriting or management of business for the Parent Insurance Subsidiaries, except for such failures or such violations that, individually or in the aggregate, have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect.

(i) No Parent Insurance Subsidiary has utilized any permitted practices in the preparation of the following statutory financial statements (collectively, the ***Parent Statutory Financial Statements*** ), as applicable: (A) the audited and unaudited annual statement of each Parent Insurance Subsidiary as of and for the annual period ended December 31, 2016, in each case as filed with the Insurance Regulator of the jurisdiction of domicile of such Parent Insurance Subsidiary; and (B) the audited and unaudited quarterly statements of each Parent Insurance Subsidiary as of and for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017, in each case as filed with the Insurance Regulator of the jurisdiction of domicile of such Company Insurance Subsidiary.

(j) Section 4.11(j) of the Parent Disclosure Letter sets forth a true, correct and complete list of each jurisdiction in which any Parent Insurance Subsidiary is deemed commercially domiciled under applicable Law.

(k) Since January 1, 2015, each Parent Insurance Subsidiary has duly and timely filed all reports or filings required to be filed with any Insurance Regulator in the manner prescribed therefor under applicable Laws and no Insurance Regulator has asserted to Parent or any such Parent Insurance Subsidiary any deficiency or violation thereto, except as has been cured or resolved to the satisfaction of the applicable Insurance Regulator and except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect. Prior to the date hereof, Parent has made available to the Company true, correct and complete copies of all such reports and filings.

Section 4.12 Reserves. Except as, individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect, the reserves for losses (including incurred but not reported losses), loss adjustment expenses (whether allocated or unallocated) and unearned premiums for each Parent

A-38

---

**Table of Contents**

Insurance Subsidiary contained in the applicable Parent Statutory Financial Statements (a) were, except as otherwise noted in the applicable Parent Statutory Financial Statements, determined in all respects with SAP, (b) were computed on the basis of methodologies consistent with those used in computing the corresponding reserves in prior fiscal years, except as otherwise noted in the applicable Parent Statutory Financial Statements, and (c) satisfied in all respects the requirements of all applicable Laws with respect to the establishment of reserves.

Section 4.13 Ownership of Company Shares. Neither Parent nor Merger Sub nor any of their respective Subsidiaries or the affiliates or associates of such entity is, nor at any time during the last three (3) years has it been, an interested shareholder of the Company, in each case, as defined in Section 1704.01 of the OGCL. No Parent Company owns any Company Shares.

Section 4.14 Ownership and Operations of Merger Sub. Merger Sub has been formed solely for the purpose of engaging in the Transactions and prior to the Effective Time will have engaged in no other business activities and will have incurred no liabilities or obligations other than as contemplated herein. The authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value \$0.10 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned directly or indirectly by Parent.

Section 4.15 Sufficient Funds. The obligations of Parent and Merger Sub hereunder are not subject to any conditions regarding Parent's, Merger Sub's or any other Person's ability to obtain financing for the consummation of the Merger and the other Transactions. At the Effective Time, Parent and Merger Sub will have sufficient immediately available funds to pay or cause to be paid all amounts required to be paid by Parent and Merger Sub in connection with this Agreement and the Transactions, including the aggregate cash portion of the Merger Consideration on the terms and conditions contained in this Agreement and Parent's and Merger Sub's costs and expenses.

Section 4.16 Brokers. Except for Goldman Sachs & Co. LLC, Parent has not employed any broker, finder or investment banker in connection with the Merger and the other Transactions and no broker, finder, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger and the other Transactions.

Section 4.17 Fairness Opinion. The Parent Board has received the opinion of Goldman Sachs Co. LLC to the effect that, based upon and subject to the assumptions, limitations, qualifications and conditions set forth therein, as of the date of such opinion, the Merger Consideration to be paid by Parent in the Merger for all of the Company Shares (other than Appraisal Shares and Company Shares to be cancelled in accordance with Section 2.1(b)) is fair, from a financial point of view, to Parent. As of the date hereof, such opinion has not been modified, amended, revoked or rescinded. The Parent shall, promptly following the execution and delivery of this Agreement by all parties hereto, furnish a copy of such opinion to the Company solely for informational purposes.

Section 4.18 No Parent Acquisition Proposal. Since January 1, 2017 through the date of this Agreement, other than in connection with this Agreement and the Transactions, the Parent Companies, their directors and officers, and to the knowledge of Parent, their respective Representatives have not received or engaged in any discussions with third parties regarding, nor has any Parent Company or the Parent Board evaluated or engaged Representatives to review, an unsolicited *bona fide* written Parent Acquisition Proposal.

Section 4.19 No Other Representations or Warranties. Parent acknowledges and agrees that, except for the representations and warranties of the Company contained in Article III, no Acquired Company or any Affiliate or Representative thereof has made or is making any express or implied representation or warranty to Parent with respect to any Acquired Company or their respective properties, businesses, operations, assets, liabilities, conditions (financial

or otherwise) or prospects or the Transactions.

A-39



---

**Table of Contents**

**ARTICLE V**

**COVENANTS**

Section 5.1 Conduct of Business of the Company.

(a) Except for matters set forth in Section 5.1 of the Company Disclosure Letter or otherwise expressly required or permitted by this Agreement or required by Law or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, the Company shall, and shall cause each of its Subsidiaries to, (i) use reasonable best efforts to conduct its business and the business of its Subsidiaries in the ordinary course in substantially the same manner as previously conducted and (ii) to the extent consistent therewith, use and cause each of its Subsidiaries to use reasonable best efforts to preserve substantially intact the business organization of the Company and its Subsidiaries and goodwill associated therewith and maintain all material Permits of the Acquired Companies.

(b) Without limiting the generality of Section 5.1(a), except for matters set forth in Section 5.1 of the Company Disclosure Letter or as otherwise expressly required or permitted by this Agreement or required by Law, from the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, the Company shall not, and shall not permit any other Acquired Company to, do any of the following without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) amend or permit the adoption of any amendment to the Company Charter or the Company Regulations or the charter or bylaws (or equivalent organizational documents) of any other Acquired Company;

(ii) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except for any merger or consolidation solely among wholly owned Acquired Companies (other than the Company) not in violation of any instrument binding on any of the Acquired Companies and that would not reasonably be expected to result in a material increase in the net Tax liability of the Acquired Companies taken as a whole and would not present a material risk of any delay in the receipt of any approvals required under Section 6.1;

(iii) issue, grant, deliver, sell, pledge, dispose of or encumber any (A) shares of capital stock, (B) Company Voting Debt or other voting securities, (C) Company Stock Equivalents or (D) options, warrants or other securities convertible into or exercisable or exchangeable for any shares of capital stock or voting securities of, or equity interests in, any Acquired Company, other than the issuance of Company Shares upon the achievement of the performance criteria and goals of the Company Performance Share Awards outstanding as of the Specified Time and in accordance with their terms under the Company Stock Plans as of the date of this Agreement;

(iv) declare, set aside, make or pay any dividend or other distribution, payable in cash, equity interests, property or otherwise, with respect to any of its capital stock or other equity interests, other than (A) any dividend or distribution by a Subsidiary of the Company to the Company or to another wholly owned Subsidiary of the Company and (B) regular quarterly dividends in an amount per Company Share no greater than the quarterly dividend declared and paid by the Company during the fiscal quarter ended December 31, 2017, with record and payment dates in accordance with the Company's customary dividend schedule;

(v) other than in the ordinary course of business consistent with past practice and so long as in compliance with the Company Investment Guidelines, enter into (A) any interest rate, derivatives or hedging transaction (including with respect to commodities), (B) any transaction that would be required to be disclosed on Schedule DB of an annual

statutory financial statement if the Company or the applicable Subsidiary of the Company was (or is) a Company Insurance Subsidiary or (C) any other transaction involving options, warrants used for hedging purposes and not attached to another financial instrument, caps, floors, collars, swaps, forwards, futures or any other agreements or instruments substantially similar thereto;

A-40

---

**Table of Contents**

(vi) adjust, split, combine, redeem, repurchase or otherwise acquire any shares of its capital stock or other equity interests, or reclassify, combine, split, subdivide or otherwise amend the terms of its capital stock or other equity interests (except in connection with cashless exercises or withholding of Taxes pursuant to the vesting or exercise, as the case may be, of Company Performance Shares Awards outstanding as of the date hereof and in accordance with their terms under the Company Stock Plans as of the Specified Time), or enter into any agreement with respect to the voting of any of the Company's capital stock or other securities or the capital stock or other securities of a Subsidiary of the Company;

(vii) make or agree to make any new capital expenditures, other than (A) capital expenditures in an aggregate amount not in excess of the Company's budget for capital expenditures that has been made available to Parent prior to the date of this Agreement or (B) other capital expenditures that are not in excess of \$1,000,000 individually or \$2,500,000 in the aggregate;

(viii) acquire (whether by merger, consolidation or acquisition of equity interests or assets or otherwise) any corporation, partnership or other business organization or business or division thereof or a material portion of the assets thereof, other than pursuant to Material Company Contracts in existence as of the date of this Agreement;

(ix) sell, lease, exchange, mortgage, pledge, transfer, subject to any Lien, abandon or otherwise dispose of (whether by merger, consolidation or acquisition of equity interests or assets or otherwise) any corporation, partnership or other business organization or business or division thereof or any assets, other than (A) transactions solely between or among Acquired Companies with a value that does not exceed one-half of one percent (0.50%) of any applicable Acquired Company's admitted assets (as defined pursuant to SAP), (B) non-exclusive licenses of Intellectual Property in the ordinary course of business consistent with past practice, (C) sales or dispositions of obsolete, surplus, or worn-out assets or equipment in the ordinary course of business consistent with past practice, (D) pursuant to Material Company Contracts in existence as of the date of this Agreement, (E) sales of assets not in violation of the Company Investment Guidelines in the ordinary course of business consistent with past practice with consideration with a value of not in excess of \$500,000 individually or \$1,000,000 in the aggregate, (F) investment portfolio transactions not in violation of the Company Investment Guidelines in the ordinary course of business consistent with past practice or (G) grants of Permitted Liens;

(x) enter into any material joint venture, strategic alliance or partnership;

(xi) engage in any transactions, agreements, arrangements or understandings with any Affiliate or other Person that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act;

(xii) incur, create, assume or otherwise become liable for, or repay or prepay, any indebtedness for borrowed money, or guarantee any such indebtedness of any third party, issue or sell any debt securities, options, calls, warrants or other rights to acquire any debt securities of any Acquired Company, or guarantee any debt securities of any third party, or amend, modify or refinance any of the same, other than (A) trade payables in the ordinary course of business consistent with past practice, (B) as incurred in the ordinary course of business consistent with past practice not in excess of \$1,000,000 in the aggregate, provided that the terms of any such indebtedness or debt securities permits its repayment at any time without penalty, or (C) guarantees by the Company of such indebtedness or debt securities of its wholly owned Subsidiaries or guarantees by the wholly owned Subsidiaries of the Company of such indebtedness or debt securities of the Company with value that does not exceed one-half of one percent (0.50%) of any applicable Acquired Company's admitted assets (as defined pursuant to SAP);

(xiii) make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) to any other Acquired Company not in excess of one-half of one percent (0.50%) of any applicable Acquired Company's

admitted assets (as defined pursuant to SAP) or (B) commission advances on a secured basis to agent or brokers or investment portfolio transactions not in violation of the Company Investment Guidelines in the ordinary course of business consistent with past practice with consideration not in excess of \$500,000 individually and \$3,000,000 in the aggregate;

A-41

---

**Table of Contents**

(xiv) except to the extent required by the terms of any Company Plan, (A) increase the compensation or benefits of any current or former director, employee or consultant of any of the Acquired Companies, other than annual merit and market adjustments of base salaries and target base bonus amounts in the ordinary course of business consistent with past practice, not to exceed (x) three percent (3%) in the aggregate or (y) ten percent (10%) with respect to any individual, (B) establish, adopt or amend in any material respect any Company Plan (or any compensation or benefit plan, program, or agreement that would constitute a Company Plan if in effect on the date of this Agreement), (C) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock-based compensation, (D) amend, waive or otherwise modify the performance criteria and goals of outstanding Company Performance Share Awards, (E) fail to make any required contributions under any Company Plan or (F) hire, promote or terminate the employment, or enter into or modify the contractual relationship, of any officer, employee or consultant, except for (1) terminations for cause or, solely with respect to individuals other than the Key Managers and the Key Employees, performance reasons, and (2) hiring or promotions of employees whose annual compensation levels do not exceed \$200,000 and, in each case, are in the ordinary course of business consistent with past practice; provided, however, that the foregoing shall not restrict the Acquired Companies from (A) entering into or making available to newly hired employees or to employees in the context of promotions based on job performance or workplace requirements, in each case, in the ordinary course of business consistent with past practice, plans, agreements, benefits and compensation arrangements (excluding equity-based and other long-term incentive grants), in each case, that have terms and a value that is consistent with the past practice of making compensation and benefits available to newly hired or promoted employees in similar positions or consistent with the compensation and benefits of the then-current employee whom such newly hired or promoted employee is engaged to replace or succeed, (B) taking any of the foregoing actions to comply with, satisfy Tax-qualification requirements under, or avoid the imposition of Tax under, the Code and any applicable guidance thereunder or other applicable Law or (C) making immaterial changes in the ordinary course of business consistent with past practice to nondiscriminatory health and welfare plans available to all employees generally;

(xv) make any material change in its actuarial, underwriting, claims management, agency management, pricing, reserving or reinsurance practices, policies and procedures other than in the ordinary course of business consistent with past practice;

(xvi) (A) implement or adopt any change in its policies or methods of accounting, except to conform to changes in statutory or regulatory accounting rules or GAAP, SAP or regulatory requirements with respect thereto, (B) change its fiscal year, (C) make any material change in internal accounting controls or disclosure controls, policies and procedures, (D) implement or adopt any change in the Company Investment Guidelines or (E) enter into any Contract that delegates underwriting, claims administration or any other operational function to a third party;

(xvii) (A) fail to file any material Tax Return when due (after giving effect to any properly obtained extensions of time in which to make such filings) or (B) except to the extent otherwise required by Law or in the ordinary course of business consistent with past practice, make or change any material Tax election, change any Tax accounting period for purposes of a material Tax or material method of Tax accounting, file any material amended Tax Return, settle or compromise any audit or proceeding relating to a material amount of Taxes, agree to an extension or waiver of the statute of limitations with respect to a material amount of Taxes, enter into any closing agreement within the meaning of Section 7121 of the Code (or any similar provision of U.S. state or local or non-U.S. Law) with respect to any material Tax or surrender any right to claim a material Tax refund;

(xviii) pay, discharge, waive, settle, compromise, release or satisfy any claim, liability or obligation that is not an Action, other than payment, discharge, waiver, settlement, release or satisfaction (A) in the ordinary course of business consistent with past practice, (B)(1) that does not result in liability in excess of \$500,000 individually (net of the amount reserved therefor or reflected on the balance sheet of the Company as of September 30, 2017) and (2) that

would not reasonably be expected to prohibit or materially restrict or materially impair the Acquired Companies from operating their business in substantially the same manner as

A-42

---

**Table of Contents**

operated on the date of this Agreement, (C) for an amount that is fully covered by insurance or (D) of obligations in accordance with the applicable terms thereof under Contracts in effect on the date hereof and Contracts permitted under this Section 5.1 to be entered into on or following the date hereof;

(xix) accelerate, discount, factor, reduce, sell (for less than its face value or otherwise), transfer, assign or otherwise dispose of, in full or in part, any accounts receivable owed to any of the Acquired Companies, with or without recourse, including any rights or claims associated therewith, other than (A) in the ordinary course of business consistent with past practice or (B)(1) that does not result in liability in excess of \$500,000 individually (net of the amount reserved therefor or reflected on the balance sheet of the Company as of September 30, 2017) and (2) that would not reasonably be expected to prohibit or materially restrict or materially impair the Acquired Companies from operating their business in substantially the same manner as operated on the date of this Agreement;

(xx) commence or settle, compromise or otherwise resolve any Action (A) outside the ordinary course of business consistent with past practice, (B)(1) as would result in any liability in excess of \$250,000 individually (net of the amount reserved therefor or reflected on the balance sheet of the Company as of September 30, 2017 or amounts covered by insurance) or (2) that would reasonably be expected to prohibit or materially restrict or materially impair the Acquired Companies from operating their business in substantially the same manner as operated on the date of this Agreement or (C) to the extent such Action (1) involves any injunction on any of the Acquired Companies, (2) involves any non-monetary relief (x) providing for the entry by an Acquired Company into any Contract of the type described in Section 3.15(a) or (y) that would or would reasonably be expected to materially affect the operations of any of the Acquired Companies or, after giving effect to the Merger, any of the Parent Companies, (3) provides for any admission of liability by any of the Acquired Companies or (4) is a governmental, administrative or regulatory investigation, audit or inquiry;

(xxi) other than non-exclusive licenses or sublicenses in the ordinary course of business consistent with past practice, enter into any agreement, arrangement or commitment to grant a license of Intellectual Property;

(xxii) transfer, sell, lease, license (except as permitted by Section 5.1(b)(xxi)), mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any material Company Intellectual Property;

(xxiii) (i) renew any Material Company Contract or enter into or renew any Contract that would be a Material Company Contract if in effect on the date of this Agreement, other than (A) with respect to any Contract that can be terminated by any Acquired Company without material liability to the Acquired Company on sixty (60) days prior written notice or (ii) terminate or consent to the termination of (other than expiration in accordance with its terms without action), amend or modify any Material Company Contract or Contract permitted under this Section 5.1 to be entered into on or following the date hereof that would be a Material Company Contract if in effect on the date of this Agreement, other than in the ordinary course of business consistent with past practice and as would not reasonably be expected to be adverse to the Acquired Companies or the Parent Companies;

(xxiv) waive, release, or fail to enforce its material rights under any Material Company Contract or Contract permitted under this Section 5.1 to be entered into on or following the date hereof that would be a Material Company Contract if in effect on the date of this Agreement, other than in connection with a settlement or other action permitted by Section 5.1(b)(xviii) or Section 5.1(b)(xix);

(xxv) effectuate a plant closing or mass layoff, as those terms are defined in WARN;

(xxvi) (A) enter into any new line of business or (B) conduct a line of business of the Acquired Companies in any geographic area where they have never conducted business prior to the date of this Agreement and which is governed by any Insurance Regulator that does not already have jurisdiction over any Acquired Company or Parent Company or any business thereof;

A-43



---

**Table of Contents**

(xxvii) enter into, amend or modify any union recognition agreement, collective bargaining agreement or similar agreement with any labor union or representative body of any Acquired Company employees or enter into negotiations regarding any such agreement;

(xxviii) cancel any material insurance policies, or fail to renew any material insurance policies upon expiration on substantially the same terms as those in place on the date of this Agreement, to the extent insurance policies on such terms are available on commercially reasonable terms; or

(xxix) agree to take, authorize, enter into any Contract obligating it to take, or commit to take any of the actions described in Section 5.1(b)(i) through Section 5.1(b)(xxviii).

Section 5.2 Conduct of Business of Parent.

(a) Except for matters set forth in Section 5.2 of the Parent Disclosure Letter or otherwise expressly required or permitted by this Agreement or by any financing arrangements entered into by any Parent Company in connection herewith or required by Law or with the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, Parent shall, and shall cause each of its Subsidiaries to, (i) use reasonable best efforts to conduct its business and the business of its Subsidiaries in the usual, regular and ordinary course in substantially the same manner as previously conducted and, (ii) to the extent consistent therewith, use, and cause each of its Subsidiaries to use, reasonable best efforts to preserve substantially intact the business organization of the Company and its Subsidiaries and goodwill associated therewith.

(b) Without limiting the generality of Section 5.2(a), except for matters set forth in Section 5.2 of the Parent Disclosure Letter or as otherwise expressly required or permitted by this Agreement, from the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, Parent shall not, and shall not permit any Subsidiary of Parent to, do any of the following without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) amend or permit the adoption of any amendment (whether by merger, amalgamation, scheme of arrangement, consolidation or otherwise) to the Parent Charter or the Parent Bylaws in a manner that would adversely affect the consummation of the Merger or would affect, following the Effective Time, the holders of Company Common Stock whose shares may be converted into Parent Common Stock pursuant hereto in a manner different than holders of Parent Common Stock immediately prior to the Effective Time;

(ii) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, except for any merger or consolidation solely among wholly owned Subsidiaries of Parent not in violation of any instrument binding on any of the Parent Companies and that would not reasonably be expected to result in a material increase in the net Tax liability of the Parent Companies taken as a whole and would not present a material risk of any delay in the receipt of any approvals required under Section 6.1;

(iii) issue, grant, deliver, sell, pledge, dispose of or encumber any (A) shares of capital stock, (B) Parent Voting Debt or other voting securities, (C) Parent Stock Equivalents or (D) options, warrants or other securities convertible into or exercisable or exchangeable for any shares of capital stock or voting securities of, or equity interests in, Parent, other than (1) the issuance of shares of Parent Common Stock upon the exercise, conversion or vesting of derivative or convertible securities in accordance with the terms under the Parent Stock Plans as of the date of this Agreement, (2) pursuant to a Parent Stock Plan or (3) the issuance of shares of Parent Common Stock or other securities of Parent in connection with *bona fide* acquisitions, mergers, strategic partnership transactions or similar transactions permitted

under clause (vi) below;

(iv) declare, set aside, make or pay any dividend or other distribution, payable in cash, equity interests, property or otherwise, with respect to any of its capital stock or other equity interests, other than (A) any dividend or distribution by a Subsidiary of Parent to Parent or to another wholly owned Subsidiary of Parent

A-44

---

**Table of Contents**

and (B) regular quarterly dividends in an amount per share of Parent Common Stock no greater than the quarterly dividend declared and to be paid by Parent during the fiscal quarter ended March 31, 2018, with record and payment dates in accordance with Parent's customary dividend schedule;

(v) adjust, split or combine any shares of its capital stock or other equity interests (except in connection with the cashless exercises or similar transactions (including withholding of Taxes) pursuant to the vesting or exercise, as the case may be, of Parent Stock Awards or other equity awards of Parent outstanding as of the date hereof or issued pursuant to Parent Stock Plans), or reclassify, combine, split, subdivide or otherwise amend the terms of its capital stock or other equity interests, or enter into any agreement with respect to the voting of any of Parent's capital stock, in each case in a manner that would adversely affect the consummation of the Merger or would affect, following the Effective Time, the holders of Company Common Stock whose shares may be converted into Parent Common Stock pursuant hereto in a manner different than holders of Parent Common Stock immediately prior to the Effective Time; or

(vi) agree to take, authorize, enter into any Contract obligating it to take, or commit to take any of the actions described in Sections 5.2(b)(i) through 5.2(b)(v).

**Section 5.3 Company Acquisition Proposals.**

(a) Following the execution of this Agreement, the Company and its Subsidiaries shall, and the Company shall cause the directors and officers of the Company to and shall direct their respective other Representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Company Acquisition Proposal and (ii) request the prompt return or destruction of all confidential information previously made available by it or on its behalf in connection with any actual or potential Company Acquisition Proposal. The Company shall not terminate, waive, amend, release or modify in any respect any material provision of any confidentiality or standstill agreement to which any Acquired Company or any of its Affiliates or Representatives is a party with respect to any Company Acquisition Proposal, and shall enforce, to the fullest extent permitted by applicable Law, the provisions of any such agreement; provided, however, that the Company shall be entitled to waive any standstill provision included in any such confidentiality agreement or any standstill provision contained in any standstill agreement to which any Acquired Company or any of its Affiliates or Representatives is a party solely to permit any Company Acquisition Proposal if the Company Board determines in good faith (after consultation with the Company's outside legal counsel) that failure to waive such standstill would constitute a breach of its fiduciary duties to the shareholders of the Company under applicable Law.

(b) The Company and its Subsidiaries shall not, and the Company shall cause the directors and officers of the Company not to and shall direct their respective other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly induce or facilitate the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to a Company Acquisition Proposal, (ii) make available any non-public information regarding any of the Acquired Companies to any Person (other than Parent and Parent's or the Company's Representatives acting in their capacity as such) in connection with or in response to a Company Acquisition Proposal, (iii) engage in discussions or negotiations with any Person with respect to any Company Acquisition Proposal (other than to state that they currently are not permitted to have discussions), (iv) approve, endorse or recommend any Company Acquisition Proposal, (v) make or authorize any statement, recommendation or solicitation in support of any Company Acquisition Proposal, (vi) enter into any letter of intent or agreement in principle or any Contract providing for, relating to or in connection with any Company Acquisition Proposal (other than a Company Acceptable Confidentiality Agreement in accordance with Section 5.3(c)) or (vii) reimburse or agree to reimburse the expenses of any other Person (other than the Company's Representatives) in connection with a Company Acquisition Proposal.

(c) Notwithstanding anything to the contrary in this Section 5.3, if at any time prior to obtaining the Company Shareholder Approval, (i) the Company receives, after the date of this Agreement, an unsolicited *bona fide* written Company Acquisition Proposal, (ii) such Company Acquisition Proposal did not result from a breach of this Agreement and (iii) the Company Board determines in good faith (after consultation with the Company's outside legal counsel and outside financial advisor) that such Company Acquisition Proposal

A-45

**Table of Contents**

constitutes or would reasonably be expected to lead to a Company Superior Proposal, then, prior to obtaining the Company Shareholder Approval, the Company may (and may authorize and permit its Subsidiaries and Representatives to): (A) make available information with respect to the Acquired Companies to the Person making such Company Acquisition Proposal pursuant to a Company Acceptable Confidentiality Agreement; provided that any non-public information provided or made available to any Person given such access shall have been previously provided or made available to Parent or shall be provided or made available to Parent prior to or substantially concurrently with the time it is provided or made available to such Person; and (B) participate in discussions or negotiations with the Person making such Company Acquisition Proposal regarding such Company Acquisition Proposal; provided, however, that the Acquired Companies shall, and shall cause their Subsidiaries and the Company's directors and officers to, and direct the Company's other Representatives to, cease any activities described in clause (A) or (B) of this Section 5.3(c) immediately following the time that the Company Board determines in good faith (after consultation with the Company's outside legal counsel and outside financial advisor) that the applicable Company Acquisition Proposal ceases to be a Company Superior Proposal or a Company Acquisition Proposal that could reasonably be expected to lead to a Company Superior Proposal. Notwithstanding anything to the contrary contained in this Agreement, the Company and its Representatives may in any event have discussions with any Person solely in order to (1) clarify and understand the terms and conditions of the Company Acquisition Proposal made by such Person and (2) to request that any Company Acquisition Proposal made orally be made in writing. The Company shall promptly (and in any event within twenty-four (24) hours) advise Parent in writing of the receipt of any Company Acquisition Proposal (including the identity of the Person making or submitting such Company Acquisition Proposal or inquiry, proposal or offer and the terms and conditions thereof) that is made or submitted by any Person prior to the Effective Time. The Company shall keep Parent informed, on a reasonably current basis, of the status of, and any financial or other changes in, any such Company Acquisition Proposal, inquiry, proposal or offer, including providing Parent copies of any correspondence related thereto and proposed documents to effect such Company Acquisition Proposal (or a written summary of the material terms of such Company Acquisition Proposal, if not made in writing).

(d) Except as otherwise provided in Section 5.3(e), Section 5.3(f) or Section 5.3(g), neither the Company Board nor any committee thereof shall (i)(A) directly or indirectly, fail to make, withhold, withdraw or qualify (or modify in a manner adverse to Parent) the Company Recommendation or the approval of this Agreement, the Merger or any of the other Transactions, take any action (or permit or authorize any of the Acquired Companies or any of its or their respective Representatives to take any such action) inconsistent with the Company Recommendation or resolve, agree or propose to take any such actions (each such action set forth in this Section 5.3(d)(i)(A) being referred to herein as a ***Company Adverse Recommendation Change***) or (B) adopt, approve, recommend, endorse or otherwise declare advisable any Company Acquisition Proposal or resolve, agree or propose to take any such actions, (ii) cause or permit the Company to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement related to a Company Acquisition Proposal, other than a Company Acceptable Confidentiality Agreement pursuant to Section 5.3(c), (iii) take any action to make the provisions of any Takeover Laws or any restrictive provision of any applicable anti-takeover provision in the Company Charter or the Company Regulations inapplicable to any transactions contemplated by a Company Acquisition Proposal (including approving any transaction under the OGCL) or (iv) resolve, agree or propose to take any such actions.

(e) Notwithstanding Section 5.3(d), at any time prior to obtaining the Company Shareholder Approval, provided that the Acquired Companies have complied with the provisions of this Section 5.3 applicable to the Acquired Companies, then, prior to obtaining the Company Shareholder Approval, the Company Board may solely in response to a Company Superior Proposal received on or after the date hereof that has not been withdrawn or abandoned and that did not result from a breach of this Section 5.3, make a Company Adverse Recommendation Change in order to cause the Company to terminate this Agreement pursuant to Section 7.1(d)(iv) (including payment of the Termination Fee)

and concurrently enter into a binding definitive agreement to effect such Company Superior Proposal. Neither the Company Board nor any committee thereof

A-46

---

**Table of Contents**

shall make a Company Adverse Recommendation Change or terminate this Agreement pursuant to Section 7.1(d)(iv) or cause the Company to enter into a binding definitive agreement to effect such Company Superior Proposal unless the Company has first complied with the provisions of Section 5.3(f) and, after so complying, the Company Board determines in good faith (after consultation with the Company's outside legal counsel) that such Company Acquisition Proposal continues to constitute a Company Superior Proposal.

(f) The Company Board shall not take any action set forth in Section 5.3(e) unless the Company has first (i) provided written notice to Parent (a **Notice of Company Superior Proposal**) advising Parent that the Company has received a Company Superior Proposal, specifying the terms and conditions of such Company Superior Proposal, identifying the Person making such Company Superior Proposal and providing copies of any agreements intended to effect such Company Superior Proposal and that the Company Board has made the determination required under Section 5.3(e), (ii) negotiated, and caused the Company and its Representatives to negotiate, during the four (4) Business Day period following Parent's receipt of the Notice of Company Superior Proposal (the **Company Superior Proposal Notice Period**), in good faith with Parent to enable Parent to make a counteroffer or propose to amend the terms of this Agreement (to the extent Parent wishes to do so) so that such Company Acquisition Proposal no longer constitutes a Company Superior Proposal, and (iii) after complying with the immediately foregoing clauses (i) and (ii), reaffirmed the Company Board's determination required under Section 5.3(e) in light of any counteroffer or proposed amendment to the terms of this Agreement; provided, however, that if, during the Company Superior Proposal Notice Period any revisions are made to a Company Acquisition Proposal and such revisions are material (it being understood and agreed that any change to consideration with respect to such proposal is material), the Company shall deliver a new Notice of Company Superior Proposal to Parent and shall comply with the requirements of this Section 5.3(f) with respect to such new Notice of Company Superior Proposal, except that any subsequent Company Superior Proposal Notice Period shall be two (2) Business Days following Parent's receipt of such new Notice of Company Superior Proposal.

(g) Nothing in this Agreement shall prohibit or restrict the Company Board, in circumstances not involving or relating to a Company Acquisition Proposal, from effecting a Company Adverse Recommendation Change in response to the occurrence of a Company Intervening Event if the Company Board determines in good faith (after consultation with the Company's outside legal counsel) that the failure to do so would constitute a breach of its fiduciary duties to the shareholders of the Company under applicable Law and the Company has first: (i) provided written notice to Parent (a **Notice of Company Intervening Event**) describing the Company Intervening Event and advising Parent that the Company Board intends to take such action and specifying the reasons therefor in reasonable detail; (ii) negotiated, and caused the Company and its Representatives to negotiate, during the four (4) Business Days following Parent's receipt of the Notice of Company Intervening Event (the **Company Intervening Event Notice Period**), in good faith with Parent regarding any revisions to the terms of the Transactions proposed by Parent in response to such Company Intervening Event; and (iii) at the end of the Company Intervening Event Notice Period, the Company Board determines in good faith, after consultation with the Company's outside legal counsel (and taking into account any adjustment or modification of the terms of this Agreement proposed by Parent), that a Company Intervening Event continues to exist and that the failure to make a Company Adverse Recommendation Change would constitute a breach by the Company Board of its fiduciary duties to the shareholders of the Company under applicable Law.

(h) The Company agrees that it shall take all actions necessary so that any Company Adverse Recommendation Change shall not change the approval of this Agreement or any other approval of the Company Board or any committee thereof in any respect that would have the effect of causing any of the Takeover Laws of any state (including the State of Ohio) or other similar statutes to be applicable to the Transactions, including the Merger.

(i) Nothing contained in this Section 5.3 or elsewhere in this Agreement shall prohibit the Company Board from (A) taking and disclosing a position contemplated by Item 1012(a) of Regulation M-A, Rule 14e-2(a) under the

Exchange Act or Rule 14d-9 under the Exchange Act or (B) making any disclosure to its shareholders if the Company Board determines (after consultation with its outside counsel) that failure to do so would constitute a breach of its fiduciary duties to the shareholders of the Company under applicable Law; provided, however, that

A-47



---

**Table of Contents**

neither the Company nor the Company Board (or any committee thereof) shall be permitted to recommend that the shareholders of the Company tender any securities in connection with any tender or exchange offer (or otherwise approve, endorse or recommend any Company Acquisition Proposal), unless in each case, in connection therewith, the Company Board effects a Company Adverse Recommendation Change in accordance with Section 5.3(e); provided, further that any such disclosure (other than a stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed to be a Company Adverse Recommendation Change unless the Company Board expressly publicly reaffirms the Company Recommendation and rejects any Company Acquisition Proposal within the later of (1) three (3) Business Days after such stop, look and listen communication and (2) if applicable, the deadline for filing a Schedule 14D-9 with respect to such Company Acquisition Proposal with the SEC.

(j) Any action taken or not taken by any Representative of any of the Acquired Companies that, if taken or not taken by the Company would constitute a breach of this Section 5.3, shall be deemed a breach of this Agreement by the Company.

(k) For purposes of this Agreement, the following terms shall have the respective meanings assigned below:

(i) ***Company Acceptable Confidentiality Agreement*** means a customary confidentiality agreement containing terms substantially similar to, and (taken as a whole) no less favorable to the Company than, those set forth in the Confidentiality Agreement; provided that such confidentiality agreement (A) must contain a standstill or similar provision or otherwise prohibit the making or amendment of any Company Acquisition Proposal, except that such provisions may include an exception solely to allow the other party to the agreement to (1) make a confidential Company Acquisition Proposal to the Company Board or (2) make confidential requests to the Company for amendments, waivers or consents under, or agreements not to enforce, such standstill, similar provision or other provision that prohibits the making of a Company Acquisition Proposal and (B) shall not prohibit compliance by any of the Acquired Companies with any of the provisions of this Agreement.

(ii) ***Company Acquisition Proposal*** means any proposal, inquiry, submission or offer (whether or not in writing) with respect to, or that is or would reasonably be expected to lead to the same with respect to, any (A) merger, consolidation, share exchange, other business combination or similar transaction involving any of the Acquired Companies pursuant to which any Person or the stockholders of any Person (other than the Parent Companies or their Affiliates) would own, directly or indirectly, fifteen percent (15%) or more of any class of capital stock or other equity securities of the Company or of the surviving entity or the resulting direct or indirect parent entity of the Company or such surviving entity, other than, in each case, the Transactions, (B) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Subsidiary of the Company or otherwise) of any business or assets of any of the Acquired Companies representing fifteen percent (15%) or more of the consolidated revenues, net income or assets of the Acquired Companies, taken as a whole, (C) issuance, sale or other disposition, directly or indirectly, to any Person (or the stockholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing fifteen percent (15%) or more of the voting power of the Company, (D) transaction in which the holders of the voting power of the Company immediately prior to such transaction own eighty-five percent (85%) or less of the voting power of the Company immediately following the transaction, (E) transaction in which any Person (or the stockholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, fifteen percent (15%) or more of the outstanding Company Shares or (F) any combination of the foregoing (in each case, other than the Merger).

(iii) ***Company Intervening Event*** means an event, fact, circumstance, development or occurrence that is material to the Acquired Companies, taken as a whole, that is not known or reasonably foreseeable, or the consequences or magnitude of the consequences of which are not known or reasonably foreseeable, to or by the Company Board as of the date of this Agreement, which event, fact, circumstance, development or

A-48

---

**Table of Contents**

occurrence or the consequences or magnitude of the consequences thereof becomes known to or by the Company Board prior to obtaining the Company Shareholder Approval; provided, however, that if the Company Intervening Event relates to an event, fact, circumstance, development or occurrence involving Parent or any of its Subsidiaries, then such event, fact, circumstance, development or occurrence shall not constitute a Company Intervening Event unless (x) it has a Parent Material Adverse Effect or (y) other than with respect to any of the consents, qualifications, approvals, clearances, orders, waivers or exemptions contemplated by Section 5.7, it materially impairs the ability of the Parent to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions; provided, further, that in no event shall the following constitute a Company Intervening Event: (A) the receipt, existence or terms of a Company Acquisition Proposal or any inquiry or matter relating thereto or consequence thereof; (B) events or circumstances arising from the announcement or the existence of, or any action taken by either party pursuant to and in compliance with the terms of, this Agreement or any other agreements or other documents delivered in connection herewith; and (C) changes in the market price or trading volume of the Company Shares or shares of Parent Common Stock (it being understood that the facts and occurrences giving rise to or contributing to such changes may be taken into account in determining whether there has been a Company Intervening Event).

(iv) ***Company Superior Proposal*** means any binding, *bona fide* written offer made by a third party or group pursuant to which such third party or group would acquire, directly or indirectly, more than fifty percent (50%) of the outstanding Company Shares or substantially all of the assets of the Acquired Companies, taken as a whole, (A) on terms which the Company Board determines in good faith (after consultation with the Company's outside legal counsel and a financial advisor of nationally recognized reputation) to be superior to the shareholders of the Company to the Transactions, taking into account all the terms and conditions of such proposal and this Agreement (including the Termination Fee, any changes proposed by Parent to the terms of this Agreement and the potential time delays and other risks to consummation associated with such offer), and (B) that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such offer.

**Section 5.4 Parent Acquisition Proposals.**

(a) Following the execution of this Agreement, the Parent Companies shall, and Parent shall cause the directors and officers of Parent to and shall direct their respective other Representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Parent Acquisition Proposal and (ii) request the prompt return or destruction of all confidential information previously made available by it or on its behalf in connection with any actual or potential Parent Acquisition Proposal. Parent shall not terminate, waive, amend, release or modify in any respect any material provision of any confidentiality or standstill agreement to which any Parent Company or any of its Affiliates or Representatives is a party with respect to any Parent Acquisition Proposal, and shall enforce, to the fullest extent permitted by applicable Law, the provisions of any such agreement; provided, however, that Parent shall be entitled to waive any standstill provision included in any such confidentiality agreement or any standstill provision contained in any standstill agreement to which any Parent Company or any of its Affiliates or Representatives is a party solely to permit any Parent Acquisition Proposal if the Parent Board determines in good faith (after consultation with Parent's outside legal counsel) that failure to waive such standstill would constitute a breach of its fiduciary duties to the stockholders of Parent under applicable Law.

(b) The Parent Companies shall not, and Parent shall cause the directors and officers of Parent not to and shall direct their respective other Representatives not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly induce or facilitate the making, submission or announcement of any inquiries or the making of any proposal or offer constituting or related to a Parent Acquisition Proposal, (ii) make available any non-public information regarding any of the Parent Companies to any Person (other than the Company and Parent's or the Company's Representatives acting in their capacity as such) in connection with or in response to a Parent Acquisition

Proposal, (iii) engage in discussions or negotiations with any Person with respect to any Parent Acquisition Proposal (other than to state that they currently are not permitted to have discussions),

A-49

---

**Table of Contents**

(iv) approve, endorse or recommend any Parent Acquisition Proposal, (v) make or authorize any statement, recommendation or solicitation in support of any Parent Acquisition Proposal, (vi) enter into any letter of intent or agreement in principle or any Contract providing for, relating to or in connection with any Parent Acquisition Proposal (other than a Parent Acceptable Confidentiality Agreement in accordance with [Section 5.4\(c\)](#)) or (vii) reimburse or agree to reimburse the expenses of any other Person (other than Parent's Representatives) in connection with a Parent Acquisition Proposal.

(c) Notwithstanding anything to the contrary in this [Section 5.4](#), if at any time prior to obtaining the Parent Stockholder Approval, (i) Parent receives, after the date of this Agreement, an unsolicited *bona fide* written Parent Acquisition Proposal, (ii) such Parent Acquisition Proposal did not result from a breach of this Agreement and (iii) Parent Board determines in good faith (after consultation with Parent's outside legal counsel and outside financial advisor) that such Parent Acquisition Proposal constitutes or would reasonably be expected to lead to a Parent Superior Proposal, then, prior to obtaining Parent Stockholder Approval, Parent may (and may authorize and permit its Subsidiaries and Representatives to): (A) make available information with respect to the Parent Companies to the Person making such Parent Acquisition Proposal pursuant to a Parent Acceptable Confidentiality Agreement; provided that any non-public information provided or made available to any Person given such access shall have been previously provided or made available to the Company or shall be provided or made available to the Company prior to or substantially concurrently with the time it is provided or made available to such Person; and (B) participate in discussions or negotiations with the Person making such Parent Acquisition Proposal regarding such Parent Acquisition Proposal; provided, however, that the Parent Companies shall, and shall cause their Subsidiaries and Parent's directors and officers to, and direct Parent's other Representatives to, cease any activities described in clause (A) or (B) of this [Section 5.4\(c\)](#) immediately following the time that the Parent Board determines in good faith (after consultation with Parent's outside legal counsel and outside financial advisor) that the applicable Parent Acquisition Proposal ceases to be a Parent Superior Proposal or a Parent Acquisition Proposal that could reasonably be expected to lead to a Parent Superior Proposal. Notwithstanding anything to the contrary contained in this Agreement, Parent and its Representatives may in any event have discussions with any Person solely in order to (1) clarify and understand the terms and conditions of the Parent Acquisition Proposal made by such Person and (2) to request that any Parent Acquisition Proposal made orally be made in writing. Parent shall promptly (and in any event within twenty-four (24) hours) advise the Company in writing of the receipt of any Parent Acquisition Proposal (including the identity of the Person making or submitting such Parent Acquisition Proposal or inquiry, proposal or offer and the terms and conditions thereof) that is made or submitted by any Person prior to the Effective Time. Parent shall keep the Company informed, on a reasonably current basis, of the status of, and any financial or other changes in, any such Parent Acquisition Proposal, inquiry, proposal or offer, including providing Parent copies of any correspondence related thereto and proposed documents to effect such Parent Acquisition Proposal (or a written summary of the material terms of such Parent Acquisition Proposal, if not made in writing).

(d) Except as otherwise provided in [Section 5.4\(e\)](#), [Section 5.4\(f\)](#) or [Section 5.4\(g\)](#), neither the Parent Board nor any committee thereof shall (i) (A) directly or indirectly, fail to make, withhold, withdraw or qualify (or modify in a manner adverse to Parent) the Parent Recommendation or the approval of this Agreement, the Merger or any of the other Transactions, take any action (or permit or authorize any of the Parent Companies or any of its or their respective Representatives to take any such action) inconsistent with the Parent Recommendation or resolve, agree or propose to take any such actions (each such action set forth in this [Section 5.4\(d\)\(i\)\(A\)](#) being referred to herein as a **Parent Adverse Recommendation Change**) or (B) adopt, approve, recommend, endorse or otherwise declare advisable any Parent Acquisition Proposal or resolve, agree or propose to take any such actions, (ii) cause or permit Parent to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement related to a Parent Acquisition Proposal, other than a Parent Acceptable Confidentiality Agreement pursuant to [Section 5.4\(c\)](#), (iii) take any action to make the provisions of any Takeover Laws or any restrictive provision of any applicable

anti-takeover provision in the Parent Charter or the Parent Bylaws inapplicable to any transactions contemplated by a Parent Acquisition Proposal (including approving any transaction under the Delaware General Corporation Law) or (iv) resolve, agree or propose to take any such actions.

A-50

---

**Table of Contents**

(e) Notwithstanding Section 5.4(d), at any time prior to obtaining Parent Stockholder Approval, provided that the Parent Companies have complied with the provisions of this Section 5.4 applicable to the Parent Companies, then, prior to obtaining the Parent Stockholder Approval, the Parent Board may solely in response to a Parent Superior Proposal received on or after the date hereof that has not been withdrawn or abandoned and that did not result from a breach of this Section 5.4, make a Parent Adverse Recommendation Change in order to cause Parent to terminate this Agreement pursuant to Section 7.1(c)(iv) (including payment of the Termination Fee) and concurrently enter into a binding definitive agreement to effect such Parent Superior Proposal. Neither the Parent Board nor any committee thereof shall make a Parent Adverse Recommendation Change or terminate this Agreement pursuant to Section 7.1(c)(iv) or cause Parent to enter into a binding definitive agreement to effect such Parent Superior Proposal unless Parent has first complied with the provisions of Section 5.4(f) and, after so complying, the Parent Board determines in good faith (after consultation with Parent's outside legal counsel) that such Parent Acquisition Proposal continues to constitute a Parent Superior Proposal.

(f) Parent Board shall not take any action set forth in Section 5.4(e) unless Parent has first (i) provided written notice to the Company (a **Notice of Parent Superior Proposal**) advising the Company that Parent has received a Parent Superior Proposal, specifying the terms and conditions of such Parent Superior Proposal, identifying the Person making such Parent Superior Proposal and providing copies of any agreements intended to effect such Parent Superior Proposal and that the Parent Board has made the determination required under Section 5.4(e), (ii) negotiated, and caused Parent and its Representatives to negotiate, during the four (4) Business Day period following the Company's receipt of the Notice of Parent Superior Proposal (the **Parent Superior Proposal Notice Period**), in good faith with the Company to enable the Company to make a counteroffer or propose to amend the terms of this Agreement (to the extent the Company wishes to do so) so that such Parent Acquisition Proposal no longer constitutes a Parent Superior Proposal, and (iii) after complying with the immediately foregoing clauses (i) and (ii), reaffirmed the Parent Board's determination required under Section 5.4(e) in light of any counteroffer or proposed amendment to the terms of this Agreement; provided, however, that if, during the Parent Superior Proposal Notice Period any revisions are made to a Parent Acquisition Proposal and such revisions are material (it being understood and agreed that any change to consideration with respect to such proposal is material), Parent shall deliver a new Notice of Parent Superior Proposal to Parent and shall comply with the requirements of this Section 5.4(f) with respect to such new Notice of Parent Superior Proposal, except that any subsequent Parent Superior Proposal Notice Period shall be two (2) Business Days following the Company's receipt of such new Notice of Parent Superior Proposal.

(g) Nothing in this Agreement shall prohibit or restrict the Parent Board, in circumstances not involving or relating to a Parent Acquisition Proposal, from effecting a Parent Adverse Recommendation Change in response to the occurrence of a Parent Intervening Event if the Parent Board determines in good faith (after consultation with Parent's outside legal counsel) that the failure to do so would constitute a breach of its fiduciary duties to the stockholders of Parent under applicable Law and Parent has first: (i) provided written notice to the Company (a **Notice of Parent Intervening Event**) describing the Parent Intervening Event and advising the Company that the Parent Board intends to take such action and specifying the reasons therefor in reasonable detail; (ii) negotiated, and caused Parent and its Representatives to negotiate, during the four (4) Business Days following the Company's receipt of the Notice of Parent Intervening Event (the **Parent Intervening Event Notice Period**), in good faith with the Company regarding any revisions to the terms of the Transactions proposed by the Company in response to such Parent Intervening Event; and (iii) at the end of the Parent Intervening Event Notice Period, the Parent Board determines in good faith, after consultation with Parent's outside legal counsel (and taking into account any adjustment or modification of the terms of this Agreement proposed by the Company), that a Parent Intervening Event continues to exist and that the failure to make a Parent Adverse Recommendation Change would constitute a breach by the Parent Board of its fiduciary duties to the stockholders of Parent under applicable Law.

(h) Parent agrees that it shall take all actions necessary so that any Parent Adverse Recommendation Change shall not change the approval of this Agreement or any other approval of the Parent Board or any committee thereof in any respect that would have the effect of causing any of the Takeover Laws of any state (including the State of Ohio) or other similar statutes to be applicable to the Transactions, including the Merger.

A-51



---

**Table of Contents**

(i) Nothing contained in this Section 5.4 or elsewhere in the Agreement shall prohibit the Parent Board from (A) taking and disclosing a position contemplated by Item 1012(a) of Regulation M-A, Rule 14e-2(a) under the Exchange Act or Rule 14d-9 under the Exchange Act or (B) making any disclosure to its stockholders if the Parent Board determines (after consultation with its outside counsel) that failure to do so would constitute a breach of its fiduciary duties to the stockholders of Parent under applicable Law; provided, however, that neither Parent nor Parent Board (or any committee thereof) shall be permitted to recommend that the stockholders of Parent tender any securities in connection with any tender or exchange offer (or otherwise approve, endorse or recommend any Parent Acquisition Proposal), unless in each case, in connection therewith, the Parent Board effects a Parent Adverse Recommendation Change in accordance with Section 5.4(e); provided, further that any such disclosure (other than a stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed to be a Parent Adverse Recommendation Change unless the Parent Board expressly publicly reaffirms the Parent Recommendation and rejects any Parent Acquisition Proposal within the later of (1) three (3) Business Days after such stop, look and listen communication and (2) if applicable, the deadline for filing a Schedule 14D-9 with respect to such Parent Acquisition Proposal with the SEC.

(j) Any action taken or not taken by any Representative of any of the Parent Companies that, if taken or not taken by Parent would constitute a breach of this Section 5.4, shall be deemed a breach of this Agreement by Parent.

(k) For purposes of this Agreement, the following terms shall have the respective meanings assigned below:

(i) ***Parent Acceptable Confidentiality Agreement*** means a customary confidentiality agreement containing terms substantially similar to, and (taken as a whole) no less favorable to Parent than, those set forth in the Confidentiality Agreement; provided that such confidentiality agreement (A) must contain a standstill or similar provision or otherwise prohibit the making or amendment of any Parent Acquisition Proposal, except that such provisions may include an exception solely to allow the other party to the agreement to (1) make a confidential Parent Acquisition Proposal to the Parent Board or (2) make confidential requests to Parent for amendments, waivers or consents under, or agreements not to enforce, such standstill, similar provision or other provision that prohibits the making of a Parent Acquisition Proposal and (B) shall not prohibit compliance by any of the Parent Companies with any of the provisions of this Agreement.

(ii) ***Parent Acquisition Proposal*** means any proposal, inquiry, submission or offer (whether or not in writing) with respect to, or that is or would reasonably be expected to lead to the same with respect to, any (A) merger, consolidation, share exchange, other business combination or similar transaction involving any of the Parent Companies pursuant to which any Person or the stockholders of any Person (other than the Acquired Companies or their Affiliates) would own, directly or indirectly, fifteen percent (15%) or more of any class of capital stock or other equity securities of Parent or of the surviving entity or the resulting direct or indirect parent entity of Parent or such surviving entity, other than, in each case, the Transactions, (B) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Subsidiary of Parent or otherwise) of any business or assets of any of the Parent Companies representing fifteen percent (15%) or more of the consolidated revenues, net income or assets of the Parent Companies, taken as a whole, (C) issuance, sale or other disposition, directly or indirectly, to any Person (or the stockholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing fifteen percent (15%) or more of the voting power of Parent, (D) transaction in which the holders of the voting power of Parent immediately prior to such transaction own eighty-five percent (85%) or less of the voting power of Parent immediately following the transaction, (E) transaction in which any Person (or the stockholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, fifteen percent (15%) or more of the outstanding

shares of Parent Common Stock or (F) any combination of the foregoing (in each case, other than the Merger).

A-52

---

**Table of Contents**

(iii) ***Parent Intervening Event*** means an event, fact, circumstance, development or occurrence that is material to the Parent Companies, taken as a whole, that is not known or reasonably foreseeable, or the consequences or magnitude of the consequences of which are not known or reasonably foreseeable, to or by the Parent Board as of the date of this Agreement, which event, fact, circumstance, development or occurrence or the consequences or magnitude of the consequences thereof becomes known to or by the Parent Board prior to obtaining the Parent Stockholder Approval; provided, however, that if the Parent Intervening Event relates to an event, fact, circumstance, development or occurrence involving the Company or any of its Subsidiaries, then such event, fact, circumstance, development or occurrence shall not constitute a Parent Intervening Event unless (x) it has a Company Material Adverse Effect or (y) other than with respect to any of the consents, qualifications, approvals, clearances, orders, waivers or exemptions contemplated by Section 5.7, it materially impairs the ability of the Company to perform its obligations hereunder or prevent or unreasonably delay the consummation of any of the Transactions; provided, further, that in no event shall the following constitute a Parent Intervening Event: (A) the receipt, existence or terms of a Parent Acquisition Proposal or any inquiry or matter relating thereto or consequence thereof; (B) events or circumstances arising from the announcement or the existence of, or any action taken by either party pursuant to and in compliance with the terms of, this Agreement or any other agreements or other documents delivered in connection herewith; and (C) changes in the market price or trading volume of the Company Shares or shares of Parent Common Stock (it being understood that the facts and occurrences giving rise to or contributing to such changes may be taken into account in determining whether there has been a Parent Intervening Event).

(iv) ***Parent Superior Proposal*** means any binding, *bona fide* written offer made by a third party or group pursuant to which such third party or group would acquire, directly or indirectly, more than fifty percent (50%) of the outstanding shares of Parent Common Stock or substantially all of the assets of the Parent Companies, taken as a whole, (A) on terms which Parent Board determines in good faith (after consultation with Parent's outside legal counsel and a financial advisor of nationally recognized reputation) to be superior to the stockholders of Parent to the Transactions, taking into account all the terms and conditions of such proposal and this Agreement (including the Termination Fee, any changes proposed by Parent to the terms of this Agreement and the potential time delays and other risks to consummation associated with such offer), (B) that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such offer.

**Section 5.5 Preparation of the Form S-4 and Joint Proxy Statement; Shareholder and Stockholder Meetings.**

(a) As soon as practicable following the date of this Agreement, Parent and the Company shall prepare, and Parent shall file with the SEC, the Form S-4, in which the Joint Proxy Statement will be included as a prospectus. Each of Parent and the Company shall cooperate in the preparation and filing of the Form S-4 and Joint Proxy Statement. The Company and Parent shall provide the other with the opportunity to review and comment on such documents prior to their filing with the SEC. Each of Parent and the Company shall use its reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as reasonably practicable after such filing and to keep the Form S-4 effective as long as necessary to consummate the Merger. No filing of, or amendment or supplement to, the Form S-4 or the Joint Proxy Statement will be made by Parent or the Company, as applicable, without the other's prior consent (which consent shall not be unreasonably withheld, conditioned or delayed) and without providing the other the opportunity to review and comment thereon. Parent or the Company, as applicable, will advise the other promptly after it receives oral or written notice of the time when the Form S-4 has become effective under the Securities Act or any supplement or amendment has been filed with the SEC, the issuance of any stop order, the suspension of the qualification of the Parent Common Stock issuable in connection with the Merger for offering or sale in any jurisdiction or any oral or written request by the SEC for amendment of the Joint Proxy Statement or the Form S-4 or comments thereon and responses thereto or requests by the SEC for additional information, and will promptly provide the other with copies of any written communication received from the SEC or any state securities commission. If at any time prior to the Effective Time any information relating to Parent or the Company, or any of their respective

Affiliates, officers or directors, is discovered by Parent or the Company which should be set forth in an

A-53

**Table of Contents**

amendment or supplement to the Form S-4 or the Joint Proxy Statement so that any such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party hereto that discovers such information shall promptly notify the other and an appropriate amendment or supplement to the Form S-4 or the Joint Proxy Statement describing such information shall be promptly filed with the SEC, after the other has had a reasonable opportunity to review and comment thereon, and, to the extent required by applicable Law, disseminated to the stockholders of Parent and the shareholders of the Company. Parent will cause the Joint Proxy Statement to be mailed to Parent's stockholders and the Company will cause the Joint Proxy Statement to be mailed to the Company's shareholders, in each case as promptly as reasonably practicable after the Form S-4 is declared effective under the Securities Act.

(b) The Company shall, as soon as reasonably practicable (and in no event later than thirty (30) days) following effectiveness of the Form S-4, duly call, give notice of, convene and hold a meeting of its shareholders (the ***Company Shareholder Meeting***) for the purpose of seeking the Company Shareholder Approval. Subject to Section 5.3(e), Section 5.3(f) and Section 5.3(g), the Company shall, through the Company Board, recommend that its shareholders adopt and approve this Agreement and the Transactions, including the Merger (the ***Company Recommendation***), and shall use its reasonable best efforts to (i) solicit from its shareholders proxies in favor of the adoption of this Agreement and (ii) take all other action necessary or advisable to secure the Company Shareholder Approval, and the Company Board shall not withhold, withdraw, modify or qualify, or propose publicly to withhold, withdraw, modify or qualify, the Company Recommendation in a manner adverse to Parent. The Company shall have the right to postpone or adjourn the Company Shareholder Meeting for no longer than twenty (20) Business Days in the aggregate (A) for the absence of a quorum, (B) to allow reasonable additional time to solicit additional proxies to the extent that at such time, taking into account the amount of time until the Company Shareholder Meeting, the Company has not received a number of proxies that would reasonably be believed to be insufficient to obtain the Company Shareholder Approval at the Company Shareholder Meeting or (C) with the prior written consent of Parent. Without limiting the generality of the foregoing, the Company's obligations pursuant to this Section 5.5(b) shall not be affected by (and the Company shall seek the Company Shareholder Approval at the Company Shareholder Meeting notwithstanding the occurrence of) the commencement, public proposal, public disclosure or public or private communication to the Company of any Company Acquisition Proposal or by a Company Adverse Recommendation Change (in the event of such a Company Adverse Recommendation Change, except with respect to the Company Recommendation) unless this Agreement has been terminated in accordance with Section 7.1(d)(iv).

(c) Parent shall, as soon as reasonably practicable (and in no event later than thirty (30) days) following effectiveness of the Form S-4, duly call, give notice of, convene and hold a meeting of its stockholders (the ***Parent Stockholder Meeting***) for the purpose of seeking the Parent Stockholder Approval. Subject to Section 5.4(e), Section 5.4(f) and Section 5.4(g), Parent shall, through the Parent Board, recommend that its stockholders approve the Share Issuance (the ***Parent Recommendation***) and shall use its reasonable best efforts to (i) solicit from its stockholders proxies in favor of the approval of the Share Issuance and (ii) take all other action necessary or advisable to secure the Parent Stockholder Approval, and the Parent Board shall not withhold, withdraw, modify or qualify, or propose publicly to withhold, withdraw, modify or qualify, the Parent Recommendation in a manner adverse to Parent. Parent shall have the right to postpone or adjourn the Parent Stockholder Meeting for no longer than twenty (20) Business Days in the aggregate (A) for the absence of a quorum, (B) to allow reasonable additional time to solicit additional proxies to the extent that at such time, taking into account the amount of time until the Parent Stockholder Meeting, Parent has not received a number of proxies that would reasonably be believed to be insufficient to obtain the Parent Stockholder Approval at the Parent Stockholder Meeting or (C) with the prior written consent of the Company.

(d) The Company and Parent shall use reasonable best efforts to hold the Company Shareholder Meeting and the Parent Stockholder Meeting on the same date, including by postponing or adjourning the Company Shareholder

Meeting or the Parent Stockholder Meeting, as applicable, if the other party postpones or adjourns the Parent Stockholder Meeting or the Company Shareholder Meeting, as applicable.

A-54

---

**Table of Contents**

Section 5.6 Access to Information; Confidentiality. Subject to contractual and legal restrictions applicable to the Company or Parent or any of their respective Subsidiaries, each of the Company and Parent shall, and shall cause each of its respective Subsidiaries to, afford to the other and to the Representatives of such other reasonable access during normal business hours during the period from the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, to all of their respective properties, books, contracts, commitments, personnel and records (including the work papers of independent accountants, if available and subject to the consent of such independent accountants) and, during such period, each of the Company and Parent shall, and shall cause each of its respective Subsidiaries to, furnish promptly to the other and to the Representatives of such other all information concerning its business, properties and personnel as such other may reasonably request; provided, however, that such access does not unreasonably disrupt the ordinary course operations of the Acquired Companies or the Parent Companies, as applicable. No access, materials, information or investigation pursuant to this Section 5.6 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto. This Section 5.6 shall not require any Acquired Company or Parent Company to permit any access, or to disclose any materials or information, that in the reasonable judgment of such party would reasonably be expected to (i) result in the disclosure of any trade secrets of third parties or a violation of any of its obligations with respect to confidentiality under any Contract, Law or otherwise (provided that party shall have used its commercially reasonable efforts to obtain the consent of such third party to such access or disclosure), (ii) result in the loss of the attorney-client privilege, work product doctrine or other legal privilege with respect to such materials or information or (iii) in the case of documents or portions of documents relating to pricing or other matters that are highly sensitive, result in a violation of applicable Law (including a Governmental Entity alleging that providing such information violates any Regulatory Law). If any material is withheld by a party pursuant to the preceding sentence, such party shall inform the other as to the general nature of what is being withheld and use commercially reasonable efforts to make appropriate substitute arrangements to permit reasonable disclosure under circumstances in which the restrictions of the preceding sentence apply, to the extent permitted by applicable Law. All materials and information exchanged or to which access is granted pursuant to this Section 5.6 shall be subject to the letter agreement, dated as of October 16, 2017 (the *Confidentiality Agreement*), by and between the Company and Parent.

Section 5.7 Further Action; Efforts.

(a) Subject to the terms and conditions of this Agreement, each party will use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the Transactions, including: (i) obtaining all necessary actions or non-actions, waivers, consents, qualifications and approvals from Governmental Entities and making all necessary registrations, filings and notifications and taking all reasonable steps as may be necessary to obtain an approval, clearance, non-action letter, waiver or exemption from any Governmental Entity (including under the HSR Act and the Requisite Regulatory Approvals); (ii) obtaining all necessary consents, qualifications, approvals, waivers or exemptions from non-governmental third parties; (iii) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, but excluding any lawsuits or other legal proceedings brought by or against any Insurance Regulator; and (iv) executing and delivering any additional documents or instruments necessary to consummate the Transactions and to carry out this Agreement (it being acknowledged and agreed that no Parent Company shall be obligated to, and no Acquired Company shall, without the prior written consent of Parent (which consent shall be in the sole discretion of Parent), in connection with the actions contemplated by the foregoing clauses (ii) and (iv), agree to any modification to or accommodation under any Contract or pay any fee, penalty or other consideration to any third party for or relating to any consent or approval required for the consummation of the Transactions). In furtherance and not in limitation of the foregoing, each party hereto agrees to make, if required, appropriate filings and registrations under applicable Regulatory Laws and Insurance Laws. Each party hereto agrees to make an appropriate filing of a Notification and

Edgar Filing: KEMPER Corp - Form S-4

Report Form pursuant to the HSR Act with respect to the Transactions within a reasonable time period not to exceed fifteen (15) days after the

A-55



---

**Table of Contents**

date hereof and to supply as promptly as reasonably practicable and advisable any additional information and documentary material that may be requested by any Governmental Entity pursuant to the HSR Act and to take all other commercially reasonable actions necessary, proper or advisable to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable, including by requesting early termination of the waiting period provided for in the HSR Act. Each party hereto agrees to make appropriate filings of Applications for Approval of Acquisition of Control Statements, or Form A statements, and all related filings, with respect to the Transactions with the applicable Insurance Regulators, as applicable, as soon as practicable after the date hereof and to supply as promptly as reasonably practicable and advisable any additional information and documentary material that may be reasonably requested by any Insurance Regulator pursuant to the Insurance Laws and to take all other commercially reasonable actions necessary, proper or advisable to obtain the applicable consents and approvals of the applicable Insurance Regulators as soon as practicable.

(b) Each of Parent and Merger Sub, on the one hand, and the Company, on the other hand, shall, in connection with and without limiting the obligations to use certain efforts referenced in Section 5.7(a), to the extent relating to the requisite approvals, authorizations and clearances for the Transactions under the HSR Act and the other Regulatory Laws and the Insurance Laws, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any Action initiated by a private party, (ii) keep the other reasonably informed of any communication received by such party from, or given by such party to, the Federal Trade Commission (the *FTC*), the Antitrust Division of the Department of Justice (the *DOJ*), any Insurance Regulator or any other Governmental Entity and of any communication received or given in connection with any Action by a private party, in each case regarding any of the Transactions, (iii) permit the other a reasonable opportunity to review any substantive written communication given by it to, and consult with each other in advance of any scheduled substantive meeting, discussion or conference with, the FTC, the DOJ, any Insurance Regulator or any other Governmental Entity or, in connection with any Action by a private party, with any other Person, and, to the extent permitted by the FTC, the DOJ, such Insurance Regulator or such other applicable Governmental Entity or other Person, as applicable, give the other the reasonable opportunity to attend and participate in such meetings, discussions and conferences and (iv) to the extent practicable and subject to the other provisions in this Section 5.7, attempt to confer in good faith in order to (A) exchange and review respective views and positions with the other as to potential Materially Burdensome Conditions and (B) discuss and present to, and engage with, the applicable Governmental Entity regarding any approaches or actions that could mitigate the scope or impact of a potential Materially Burdensome Condition so that it does not become a Materially Burdensome Condition. Parent and the Company shall promptly advise each other upon receiving any communication, including promptly furnishing each other copies of any written or electronic communication, and shall promptly advise each other when any such communication causes such party to believe that there is a reasonable likelihood that any requisite approval, authorization or clearance for the Transactions under the HSR Act or any Requisite Regulatory Approval will not be obtained or that the receipt of any such approval, authorization or clearance or Requisite Regulatory Approval will be materially delayed or conditioned or impose or require a Materially Burdensome Condition. The parties hereto will consult and cooperate with one another, and consider in good faith the views of one another, in connection with, and provide to the other parties in advance, any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals to be made or submitted by or on behalf of any party hereto, including reasonable access to any materials submitted in connection with any proceedings under or relating to the HSR Act or any other applicable Regulatory Law, including any proceeding under 16 C.F.R. § 803.20. Notwithstanding the foregoing, (A) Parent shall have final approval over all matters pertaining to any Action, meeting, discussion, conference or response in connection with the HSR Act and any Requisite Regulatory Approval and (B) the Company and Parent may, as each deems advisable and necessary (after consultation with the Company's or Parent's outside legal counsel, as applicable), reasonably designate any competitively sensitive material provided to the other side under this Section 5.7(b) as Competitively Sensitive Information (as defined in the Confidentiality Agreement (for the avoidance of doubt, as supplemented by the letter agreement, dated as of January 29, 2018 (the

*Clean Team Addendum* ), by and between the Company and Parent)). Such materials and the information contained therein shall be given only to the Clean Team Member (as

A-56

---

**Table of Contents**

defined in the Clean Team Addendum) and the outside counsel for matters relating to Regulatory Law of the recipient and will not be disclosed by such Clean Team Member or outside counsel to employees, officers, directors or consultants of the recipient or any of its Affiliates, unless expressly provided for in and in compliance with the terms and conditions set forth in the Confidentiality Agreement (for the avoidance of doubt, as supplemented by the Clean Team Addendum)) or express permission is obtained in advance from the Company or Parent, as the case may be, or its outside legal counsel. Each of the Company and Parent shall cause the Clean Team Member and its respective outside legal counsel for matters relating to Regulatory Law to comply with this Section 5.7(b).

(c) Without limiting any other obligations of Parent hereunder, Parent will use its reasonable best efforts to respond to and seek to resolve as promptly as reasonably practicable any objections asserted by any Governmental Entity with respect to the Transactions and use reasonable best efforts to take any and all action necessary to ensure that each requisite approval, authorization or clearance under the HSR Act and each Requisite Regulatory Approval is obtained by the Outside Date, in each case, without imposing or requiring a **Materially Burdensome Condition**.

(d) Notwithstanding anything in this Agreement to the contrary, no Parent Company shall be obligated to, and no Acquired Company shall, without the prior written consent of Parent, consent to, take or refrain from taking, or offer or commit or consent to take or refrain from taking (i) any action that involves (A) making any divestiture or disposition of any portion of any business or assets, (B) licensing any portion of any business or assets, (C) accepting or entering any consent decree or hold separate order or (D) placing any assets in trust, in each case by Parent or any of the other Parent Companies or the Company or any of the other Acquired Companies or any of their respective Affiliates, in each case except for such actions related to *de minimis* assets (with such assets measured on a scale relative to the Acquired Companies, taken as a whole), (ii) any action that involves (A) accepting or entering into any operational restriction or restriction on the payment or declaration of dividends, (B) making any capital commitment or capital guaranty or (C) entering into any capital support agreement, statement of support, guarantee, keep well or other similar capital maintenance undertaking to maintain a minimum risk-based capital level or rating, in each case with respect to, or in connection with, Parent or the other Parent Companies or the Company or the other Acquired Companies or any of their respective Affiliates which, in each case and together with any other such action, would or would reasonably be expected to detract from the benefits reasonably expected to be derived by Parent and the other Parent Companies as a result of the Merger (with such benefits measured on a scale relative to the Acquired Companies, taken as a whole and to include Parent's ability to operate its business after giving effect to the Merger), or (iii) any action that would reasonably be expected to have a Company Material Adverse Effect or a Parent Material Adverse Effect, after giving effect to the Merger (with such materiality measured on a scale relative to the Acquired Companies, taken as a whole), in each case of the immediately foregoing clauses (i), (ii) and (iii), whether before or after the Closing (any such action, a **Materially Burdensome Condition** ).

(e) Notwithstanding anything to the contrary contained in this Agreement, in no event shall a party hereto or any of its Affiliates be required by a Governmental Entity to agree to take, or enter into any action, which action is not conditioned upon the Closing.

**Section 5.8 Employee Benefits Matters.**

(a) Following the Effective Time, Parent shall use commercially reasonable efforts to cause each employee of the Company, the Surviving Corporation or their respective Subsidiaries who shall have been an employee of any of the Acquired Companies immediately prior to the Effective Time ( **Continuing Employees** ) to be provided full credit for prior service with the Company or its Subsidiaries as was credited under similar or comparable Company Plans for purposes of (i) eligibility and vesting under any Parent Employee Plans, but not for benefit accrual purposes under any defined benefit plan of any of the Parent Companies or for purposes of determining eligibility for retiree health and welfare benefits, and (ii) unless covered under another arrangement with or of Parent or the Surviving Corporation,

determination of benefit levels under any Parent Employee Plan or policy of general application relating to vacation or severance, in either case for which the Continuing Employees are otherwise prospectively eligible and in which the Continuing Employees are offered participation,

A-57

---

**Table of Contents**

but except where such credit would result in a duplication of benefits. For the avoidance of doubt, no Continuing Employee shall be retroactively eligible for any Parent Employee Plan, including any such Parent Employee Plan that was frozen prior to the Effective Time. In addition, Parent shall: (A) waive, or shall use commercially reasonable efforts to cause to be waived, any limitations on benefits relating to pre-existing conditions, actively-at-work requirements, waiting periods and similar exclusions, to the same extent such limitations, exclusions and requirements would not have been applicable to such Continuing Employee and his or her covered dependents under the terms of any comparable medical and dental plan of the Acquired Companies; and (B) use commercially reasonable efforts to cause any eligible expenses incurred by such Continuing Employee and his or her covered dependents during the portion of the plan year of the similar or comparable Company Plans to be taken into account for purposes of satisfying all deductibles, co-payments, maximum out-of-pocket requirements and similar expenses applicable to such Continuing Employee and his or her covered dependents for the applicable similar or comparable Parent Employee Plan during the calendar year in which the Closing Date occurs. For purposes of this Agreement, the term **Parent Employee Plan** means any employee pension benefit plan (as defined in Section 3(2) of ERISA), employee welfare benefit plan (as defined in Section 3(1) of ERISA), and any other formal written plan or policy under which service with Parent is relevant to eligibility, vesting or level of benefits, for the benefit of, or relating to, the current employees of Parent or its Subsidiaries and with respect to which eligibility has not been frozen.

(b) To the extent requested by Parent in a written notice to the Company provided at least five (5) days prior to the Effective Time, the Company shall take (or cause to be taken) all actions necessary or appropriate to terminate, effective no later than the day immediately preceding the Closing Date, any Company Plan that provides for cash or deferred elections, within the meaning of Section 401(k) of the Code. If Parent provides such a notice to the Company, the Company shall deliver to Parent, prior to the Closing Date, evidence that the Company Board has validly adopted resolutions to terminate such Company Plans (the form and substance of which resolutions shall be subject to the approval of Parent, which approval shall not be unreasonably withheld, conditioned or delayed), effective no later than the date immediately preceding the Closing Date.

(c) Nothing contained herein shall be construed as requiring, and the Company shall take no action that would have the effect of requiring, Parent or the Surviving Corporation to continue any specific employee benefit plans, to permit the rollover of plan benefits into, or participation in, a Parent benefit plan or to continue the employment of any specific individual. With respect to any individual whose employment is terminated by Parent or the Surviving Corporation during the twelve (12) month period immediately following the Effective Time (but not including any individual who has entered into an individualized agreement providing for severance benefits upon a qualifying termination of employment), Parent or the Surviving Corporation shall provide severance benefits to such individual which shall be determined and payable in accordance with the severance benefit plan maintained for similarly situated employees of the Company at the Effective Time, taking into account all service with the Company in determining the amount of severance benefits payable. The provisions of this Section 5.8 are for the sole benefit of the parties hereto and nothing herein, expressed or implied, is intended or shall be construed to (i) constitute an amendment to any of the compensation and benefits plans maintained for or provided to Continuing Employees prior to or following the Effective Time, (ii) impede or limit Parent, the Company or the Surviving Corporation or any of their respective Affiliates from amending or terminating any Company Plan following the Effective Time or (iii) confer upon or give to any Person (including for the avoidance of doubt any current or former employees, labor unions, directors or independent contractors of any of the Acquired Companies or, on or after the Effective Time, the Surviving Corporation or any of its Subsidiaries), other than the parties hereto and their respective permitted successors and assigns, any legal or equitable or other rights or remedies under or by reason of any provision of this Agreement.

(d) From the date of this Agreement to the Effective Time or the date of the termination of this Agreement, as the case may be, subject to Section 5.1, the Company shall, and shall cause each of the other Acquired Companies to, use its best efforts to (i) keep effective the employment with the Company or any of the other Acquired Companies of, and

retain as employees, each of the Key Managers and Key Employees and (ii) replace any Key Manager or Key Employee whose employment with the Company or any of the other Acquired Companies has been terminated, which replacement shall not occur unless Parent has provided its prior written

A-58

---

**Table of Contents**

consent (which consent shall not be unreasonably withheld, conditioned or delayed). Without limiting the foregoing, the Company shall, as soon as reasonably practicable, notify Parent of the termination of the employment of any Key Manager or Key Employee with an Acquired Company or of any Key Manager or Key Employee otherwise ceasing to be employed by an Acquired Company (including, for the avoidance of doubt, any Excluded Departure).

Section 5.9 Notification of Certain Matters. The Company and Parent shall promptly notify each other of the receipt of any written communication received from any Person alleging that it or any other Person is or may be required to obtain a material consent of such first-mentioned Person in connection with the Transactions or a consent from any Governmental Entity in connection with the Transactions. The delivery of any notice pursuant to this Section 5.9 shall not (a) cure any breach of, or non-compliance with, any other provision of this Agreement or (b) limit the remedies available to the party sending or receiving such notice.

Section 5.10 Indemnification, Exculpation and Insurance.

(a) Parent and Merger Sub agree that all rights to exculpation, indemnification or advancement of expenses arising from, relating to or otherwise in respect of, acts or omissions occurring prior to the Effective Time now existing in favor of the current or former directors or officers of any of the Acquired Companies as provided in their respective certificates of incorporation, bylaws or other comparable organizational documents and any indemnification or other agreements of the Acquired Companies with any of the current or former directors or officers of any of the Acquired Companies as in effect on the date of this Agreement shall be assumed by the Surviving Corporation in the Merger, without further action, at the Effective Time, and shall survive the Merger and shall continue in full force and effect in accordance with their terms. For a period of no less than six (6) years from the Effective Time, Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, maintain in effect the exculpation, indemnification and advancement of expenses provisions of each Acquired Company's certificate of incorporation and bylaws or other comparable organizational documents in effect as of the date of this Agreement or in any indemnification agreements of the Acquired Companies with any of their respective directors, officers or employees in effect as of the date of this Agreement, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who immediately before the Effective Time were current or former directors, officers or employees of any of the Acquired Companies; provided, however, that all rights to exculpation, indemnification and advancement of expenses in respect of any Action pending or asserted or any claim made within such period shall continue until the final disposition of such Action.

(b) From and after the Effective Time, each of Parent and the Surviving Corporation shall, to the fullest extent that the Company would have been permitted under the Law of the State of Ohio, indemnify and hold harmless (and advance funds in respect of each of the foregoing and costs of defense to) each current and former director or officer of any of the Acquired Companies (each such individual, together with such individual's heirs, executors or administrators, an ***Indemnified Party***), in each case against any losses, claims, damages, liabilities, fees, costs and expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement (collectively, ***Losses***) in connection with any actual or threatened Action, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with the fact that such Indemnified Party is or was an officer, director or fiduciary of any of the Acquired Companies at or prior to the Effective Time; provided, however, that the Indemnified Party to whom expenses are advanced provides an undertaking, if and only to the extent required by applicable Law, to repay such advances if it is ultimately determined by a court of competent jurisdiction that such Indemnified Party is not entitled to indemnification for such expenses. No Indemnified Party shall settle, compromise or consent to the entry of any judgment in any threatened or actual Action for which indemnification could be sought by an Indemnified Party hereunder unless Parent consents in writing to such settlement, compromise or consent (which consent shall not be unreasonably withheld, conditioned or delayed).

A-59



**Table of Contents**

(c) Parent shall, in its sole discretion, either (i) provide, or shall cause the Surviving Corporation to provide, following the Effective Time, the Company's current directors and officers an insurance and indemnification policy or (ii) obtain, at or prior to the Effective Time so long as it does not result in gaps or lapses of coverage with respect to matters occurring prior to the Effective Time, prepaid (or tail) directors and officers insurance and indemnification policies that, in either case, provide coverage for events occurring prior to the Effective Time for an aggregate period of not less than six (6) years from the Effective Time (the ***Continuing D&O Insurance***) that are no less favorable in the aggregate (with respect to limits and deductibles) to the Company's existing policy or, if such insurance coverage is unavailable, the best available similar coverage; provided, however, that Parent and the Surviving Corporation shall not be required to pay an annual premium for the Continuing D&O Insurance in excess of three hundred percent (300%) of the last annual premium paid prior to the date of this Agreement (the ***Company's Current Premium***). If such premiums for such insurance would at any time exceed three hundred percent (300%) of the Company's Current Premium, then Parent shall cause to be maintained policies of such insurance which, in Parent's good faith determination, provide the maximum coverage available at an annual premium equal to three hundred percent (300%) of the Company's Current Premium.

(d) If Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all its properties and assets, then, and in each case, Parent and the Surviving Corporation shall ensure that such surviving corporation or entity or the transferees of such properties or assets assume the obligations set forth in this Section 5.10.

(e) The rights of each Indemnified Party under this Section 5.10 shall be in addition to any rights such Indemnified Party may have under the certificate of incorporation or bylaws or other comparable organizational documents of any of the Acquired Companies or under any agreement of any Indemnified Party with any of the Acquired Companies, in each case in effect as of the date of this Agreement, or under applicable Law. Except as otherwise set forth herein, these rights shall survive consummation of the Merger in accordance with their terms and are intended to benefit, and shall be enforceable by, each Indemnified Party.

Section 5.11 Section 16 Matters. Prior to the Effective Time, Parent and the Company shall take all such steps as may be required to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) or acquisitions of Parent Common Stock (including derivative securities with respect to Parent Common Stock) resulting from the Transactions by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company or will become subject to such reporting requirements with respect to Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act. Parent and the Company shall provide to the other, prior to adoption, copies of the resolutions to be adopted by their respective boards of directors to implement the foregoing.

Section 5.12 Takeover Statutes. Each of the Company, Parent and Merger Sub and their respective boards of directors (or other comparable governing bodies) shall (a) grant all such approvals and take all such actions as are reasonably necessary or appropriate so that no Takeover Law is or becomes applicable to this Agreement (including the Merger and the other Transactions) and (b) if any Takeover Law is or may become applicable to this Agreement (including the Merger and the other Transactions), grant all such approvals and take all such actions as are reasonably necessary or appropriate so that such transactions may be consummated as promptly as practicable hereafter on the terms contemplated hereby and otherwise act reasonably to eliminate or minimize the effects of such Takeover Law on such transactions.

Section 5.13 Control of Operations. Nothing contained in this Agreement shall give Parent, directly or indirectly, the right to control or direct the Company's operations prior to the Effective Time. Prior to the Effective Time, the

Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its operations.

A-60

---

**Table of Contents**

Section 5.14 Certain Litigation. The Company shall promptly advise Parent orally and in writing of any Action commenced after the date of this Agreement against any Acquired Company or any of its directors or officers by any shareholder of the Company arising out of or relating to this Agreement or the Transactions and shall keep Parent reasonably informed regarding any such Action. The Company shall give Parent the opportunity to participate in, but not control, the defense or settlement of any such Action, shall keep Parent reasonably informed with respect to any material developments regarding the defense or settlement of any such Action and shall give due consideration to Parent's advice with respect to such shareholder Action and shall not settle or offer to settle any such Action without the prior written consent of Parent, unless (a) such settlement is solely for monetary damages entirely paid for with proceeds of insurance (other than the deductibles under insurance policies in effect as of the date hereof) and in connection therewith the Company does not (i) disparage Parent, Merger Sub, the Company, the Surviving Corporation or any of the respective affiliates or businesses of the foregoing or the impact or effect of the Transactions or (ii) disclose competitively sensitive information of Parent, Merger Sub, the Company, the Surviving Corporation or any of the respective affiliates or businesses of the foregoing and (b) if Parent is a named party in such Action, Parent receives a full and complete release on terms no less favorable than those received by the Company.

Section 5.15 Public Announcements. The initial press release issued by Parent and the Company concerning this Agreement and the Transactions shall be in a form agreed to by Parent and the Company and thereafter Parent and the Company shall consult with each other and obtain the other's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) before issuing any press release or otherwise making any public statement (including scheduling of a press conference or conference call with investors or analysts) with respect to this Agreement or the Transactions, except (a) as may be required by applicable Law, court process or listing agreement with any national securities exchange if the party issuing such press release or other public statement has, to the extent practicable, provided the other with an opportunity to review and comment on such press release or other public statement, (b) any press release or other public statement that is consistent in all material respects with previous press releases and public statements made by a party hereto in accordance with this Agreement, in each case under this clause (b) to the extent the disclosure contained therein remains current and accurate, (c) in connection with any Company Acquisition Proposal or any Parent Acquisition Proposal made in accordance with this Agreement and (d) in connection with any Company Adverse Recommendation Change or any Parent Adverse Recommendation Change made in accordance with this Agreement.

Section 5.16 Transfer Taxes. Except as provided for in Section 2.2, all stock transfer, real estate transfer, documentary, stamp, recording and other similar Taxes (including interest, penalties and additions to any such Taxes) imposed on the Company or the Surviving Corporation or incurred in connection with this Agreement and the Transactions shall be paid by either the Company or the Surviving Corporation. The Company and Parent shall cooperate in the preparation, execution and filing of all Tax Returns, questionnaires or other documents with respect to such Taxes.

Section 5.17 Stock Exchange Listing. Parent shall cause the Parent Common Stock to be issued in the Merger and under the Company Stock Plans to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Effective Time.

Section 5.18 FIRPTA Certificate. The Company shall, prior to the Closing Date, furnish to Parent a certificate meeting the requirements of Treasury Regulation Section 1.1445-2(c)(3) to the effect that the Company Shares are not a U.S. real property interest within the meaning of Section 897 of the Code.

Section 5.19 Financing.

(a) During the period beginning on the date hereof and ending at the earlier of the Effective Time and the termination of this Agreement, at Parent's sole expense, the Company shall, and shall cause each of its Subsidiaries to, use its reasonable best efforts to provide, or cause to be provided by its and their respective personnel and Representatives, to Parent such cooperation reasonably requested by Parent in connection with the

A-61

---

**Table of Contents**

arrangement of any debt financing obtained to fund the Merger Consideration (the *Debt Financing* ) or any bonds being issued in lieu of all or a portion such Debt Financing (provided that (1) such requested cooperation and information required to be provided by the Company is limited to information about the Acquired Companies and their business, operations and, in respect of the cooperation to be provided pursuant to Section 5.19(a)(vii), financial projections and prospects and (2) except as otherwise expressly set forth herein, no Acquired Company shall be required to prepare any information that requires the combination of information about the Company with any third party, including Parent). Such cooperation shall include:

(i) participating in a reasonable number of customary meetings (including customary one-on-one meetings with the parties acting as underwriters, lead arrangers, bookrunners or agents (or other similar roles) for prospective lenders and potential financing sources and each of their respective Representatives, as well as prospective lenders and potential financing sources themselves), presentations, drafting sessions, sessions with rating agencies and due diligence sessions, in each case with appropriate seniority and expertise, in each case at mutually agreeable times and dates;

(ii) assisting with the preparation of appropriate and customary materials in connection with the Debt Financing (or any bonds issued in lieu thereof) and reasonably cooperating with the marketing efforts of the Debt Financing, including furnishing Parent and its prospective lenders such pertinent and customary information reasonably necessary to obtain ratings for, syndicate or complete the underwriting or private placement of the Debt Financing (or any bonds issued in lieu thereof) as may be reasonably requested by Parent regarding the business, operations, financial projections and prospects of the Acquired Companies as is customary for investment grade public companies in connection with the arrangement or marketing of financings such as the Debt Financing (or any bonds issued in lieu thereof) (including, in each case, in respect of preparing such materials and memoranda so that they do not include material non-public information);

(iii) using reasonable best efforts to obtain consents of accountants for use of their unqualified audit reports in any materials relating to the Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, in each case as required in connection with the Debt Financing;

(iv) (A) to the extent timely requested by Parent, using reasonable best efforts to obtain and provide documents reasonably requested by Parent relating to the repayment of the existing indebtedness of the Company and its Subsidiaries and the release of related Liens, including customary payoff letters and notices of prepayment within the time periods required by the relevant agreements governing indebtedness, and (B) promptly and, in any event, at least three (3) Business Days prior to the Closing Date, providing all documentation and other information required by bank regulatory authorities under applicable know-your-customer and anti-money laundering rules and regulations, including the USA PATRIOT Act, relating to the Company or any of its Subsidiaries, in each case as reasonably requested by Parent at least ten (10) days prior to the Closing Date;

(v) providing customary authorization letters to debt financing sources authorizing the distribution of information to prospective lenders or investors (including customary Rule 10b-5 and material non-public information representations);

(vi) (A) furnishing Parent and its prospective lenders or other debt financing sources as promptly as reasonably practicable following request therefor and in no event later than (x) twenty (20) days after the end of the first three (3) fiscal quarters of any fiscal year of the Company and forty-five (45) days after the end of each fiscal year of the Company, unaudited consolidated balance sheets and income and cash flow statements (in each case without footnotes) of the Company for such fiscal quarter or fiscal year and (y) sixty (60) days after the end of each fiscal year of the Company, audited consolidated balance sheets and income and cash flow statements of the Company for such

fiscal year, in each case to the extent reasonably necessary for Parent to prepare a customary pro forma financial statements (provided that, for the avoidance of doubt, except as otherwise expressly set forth herein, Parent shall be solely responsible for the preparation of any such pro forma financial statements) of the type required by Regulation S-X and Regulation S-K promulgated under the Securities Act to syndicate or complete the offering(s) of any bonds

A-62

**Table of Contents**

being issued in lieu of all or a portion of the Debt Financing (subject to exceptions customary for private placements pursuant to Rule 144A promulgated under the Securities Act), (B) furnishing to Parent as promptly as reasonably practicable, but in any event no later than sixty (60) days after the end of each fiscal year of the Company, the audited consolidated balance sheets and income and cash flow statements of the Company for the three (3) most recent fiscal years ended at least ninety (90) days prior to the Closing Date prepared in accordance with GAAP as required by Regulation S-X under the Securities Act, (C) furnishing to Parent as promptly as reasonably practicable, and in no event later than thirty-five (35) days after the end of each subsequent fiscal quarter of the Company ending at least thirty-five (35) days prior to the Closing Date (other than the fourth quarter), unaudited consolidated balance sheets and income and cash flow statements (in each case without footnotes) of the Company for such fiscal quarter of the Company prepared in accordance with GAAP as required by Regulation S-X under the Securities Act and (D) as otherwise reasonably necessary, cause the Company's independent accountants (and any other accountant to the extent financial statements of the Company audited or reviewed by such accountants are or would be included in such offering memorandum) to furnish Parent with customary comfort (including negative assurance comfort) (it being understood that clauses (B) and (C) of this Section 5.19(a)(vi) shall be deemed satisfied upon the filing with the SEC of the Company's 10-K or 10-Q, as applicable, to the extent such financial statements are contained therein) (the information, financial statements, pro forma financial statements business and other financial data and financial information referred to above shall mean the ***Required Information*** );

(vii) reasonably assisting Parent in the preparation of pro forma financial statements and other financial data and financial information of the Acquired Companies necessary to syndicate or complete the underwriting or private placement of any bonds being issued in lieu of all or a portion of the Debt Financing (subject to exceptions customary for private placements pursuant to Rule 144A promulgated under the Securities Act);

(viii) using reasonable best efforts to obtain from the Company's registered public accounting firm that has audited the most recent audited financial statements (or any other audited financial statements which are required by U.S. securities Laws to be included in any offering memorandum), the auditors' reports thereon and drafts of customary comfort letters that such independent accountants are prepared to deliver, subject to completion of its customary procedures relating thereto, upon the pricing and closing of any offering of bonds being issued in lieu of all or a portion of the Debt Financing, with respect to the Required Information to be included in such offering memorandum and which, with respect to any interim financial statements, shall have been reviewed by the Company's independent accountants as provided in AU 722;

(ix) (A) supplementing the Required Information to the extent that any such Required Information, to the knowledge of the Company, contains any material misstatement of fact or omits to state any material fact necessary to make such information not misleading, as soon as reasonably practicable after obtaining knowledge thereof and (B) as soon as practicable, but in any event within two (2) Business Days, furnishing written notice to Parent if the Company shall have knowledge of (1) any facts as a result of which a restatement of any financial statements for such financial statements to comply with GAAP is probable or (2) with respect to the Required Information, that (a) the Company's auditors have withdrawn any audit opinion with respect to, or the Company has undertaken a restatement of any financial statements contained in, the Required Information or (b) Required Information constituting projections, interpretations or other forward-looking information has not been prepared in good faith based upon reasonable assumptions;

(x) reasonably assisting in the negotiation and preparation, and executing and delivering as of the Closing Date, any credit agreements, indentures, notes, purchase agreements and other definitive financing documents; provided, however, that no obligation of any Acquired Company under any such agreements shall, subject to clause (b)(ii) below, be effective until the Effective Time; and

(xi) (A) reasonably facilitating (1) the taking of all corporate, limited liability company, partnership or other similar actions by the Surviving Corporation or, if applicable, subject to Section 5.19(b)(iii), the Company, and their respective Subsidiaries that are reasonably necessary to permit the consummation of the

A-63



---

**Table of Contents**

Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, and (2) the provision of guarantees and the pledging of collateral by the Surviving Corporation and its Subsidiaries, in each case to be effective at the Effective Time and (B) cooperating with Parent's legal counsel in connection with any legal opinion that such legal counsel may be required to deliver in connection with the Debt Financing or any bonds being issued in lieu of all or a portion of the Debt Financing, including furnishing documents required to satisfy any customary negative assurance opinion.

The Company hereby authorizes and consents to the use of (A) the Required Information for purposes of the Debt Financing or any bonds issued in lieu of all or part of the Debt Financing and (B) its and the other Acquired Companies' logos in offering materials prepared by the arrangers of the Debt Financing provided to Parent solely in connection with a description of the Company, its business and services or the Merger (including the Debt Financing); provided that Parent and its Representatives comply with all reasonable instructions of the Company with respect to such use and promptly cease any and all such use following the termination of this Agreement in the event that this Agreement is terminated in accordance with Article VII.

(b) Notwithstanding anything to the contrary set forth in Section 5.19(a): (i) nothing herein shall require the cooperation contemplated by Section 5.19(a) to the extent it would interfere unreasonably with the ongoing operations of the Company or any of its Subsidiaries; (ii) any certificate, document, instrument or agreement entered into pursuant to Section 5.19(a) shall be subject to the Closing and shall only be effective at or after Effective Time (except for (w) any customary certificate of the Chief Financial Officer (or other comparable officer) of the Company that is required to be delivered upon pricing of any bonds, (x) the authorization letters described above, (y) representation letters required by the Company's auditors in connection with the delivery of comfort letters and (z) any consents reasonably requested by Parent in connection with the Transactions and any certificate of the Chief Financial Officer (or other comparable officer) of the Company reasonably requested by Parent's counsel in connection with the delivery of any legal opinions such counsel may be required to deliver in advance of the Effective Time); (iii) neither the Company Board nor any board of directors (or comparable governing body) of any Subsidiary of the Company shall be required to pass resolutions or consents to approve or adopt any agreements related to the Debt Financing (or any alternative financing) that are not subject to the Closing and effective prior to the Effective Time; (iv) neither the Company nor any of its Subsidiaries shall be required to execute any agreement or certificate in connection with the Debt Financing (or any alternative financing) that is not subject to the Closing and effective prior to the Effective Time (except as contemplated by clause (ii) above); (v) no counsel for the Acquired Companies shall be obligated to deliver any opinion in connection with any financing; and (vi) subject to the provisions of Section 5.6, nothing shall obligate the Acquired Companies to provide, or cause to be provided, any information or take, or cause to be taken, any action to the extent it would result in a violation of applicable Law or the loss of any attorney-client privilege, work product doctrine or other legal privilege. Neither the Company nor any of its Subsidiaries shall be required to pay any commitment or other similar fee or, subject to Section 5.19(c), incur any other monetary liability or commitment in connection with the Debt Financing (or any bonds issued in lieu thereof) prior to the Effective Time.

(c) Parent shall, within ten (10) Business Days following request by the Company, reimburse the Company for all documented and reasonable out-of-pocket costs and expenses incurred by the Company or any of its Subsidiaries in connection with such cooperation pursuant to this Section 5.19. Parent shall indemnify and hold harmless the Company, its Subsidiaries and each of their respective Affiliates and each of their respective directors, officers, employees and other Representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the actions taken in accordance with this Section 5.19 and any information utilized in connection therewith, except to the extent that any of the foregoing arise from (A) the bad faith, gross negligence or willful misconduct of, or material breach of this Agreement by, the Company or its Subsidiaries or their respective Affiliates, directors, officers, employees or other Representatives, as applicable, (B) historical information provided by the Company or the other Acquired Companies

for use in connection with the Debt Financing (or any bonds issued in lieu thereof) or (C) information provided by the Company or its Subsidiaries or their respective Affiliates, directors, officers, employees or other Representatives containing any untrue statement of a material fact or

A-64

---

**Table of Contents**

omitting to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 5.20 R&W Policy. On or prior to the Closing Date, if Parent elects, Parent may, at the sole cost and expense of Parent, obtain a representations and warranties insurance policy (the *R&W Insurance Policy*) insuring Parent and the other Persons named therein for losses due to breaches of the representations and warranties of the Company under Article III. In such event, the Company shall, and shall cause the other Acquired Companies to, subject to Section 5.6, cooperate with and provide reasonable assistance to Parent in connection with Parent's option to obtain the R&W Insurance Policy under this Section 5.20, including by providing the relevant insurers and brokers with such information as may be reasonably requested by it in connection with the underwriting of the R&W Insurance Policy; provided that such requested cooperation does not unreasonably disrupt the ordinary course operations of the Acquired Companies. Parent shall, promptly upon request of the Company, reimburse the Company and the other Acquired Companies for all reasonable and documented out-of-pocket costs that have been actually incurred and paid by the Company and the other Acquired Companies in connection with the performance of their obligations under the immediately foregoing sentence.

Section 5.21 Company Debt.

(a) At Parent's sole expense and subject to Parent's reasonable cooperation therewith, the Company shall deliver all notices and take all other reasonable and customary actions necessary, in each case in form and substance reasonably acceptable to Parent, to effect at the Effective Time the payoff of any amounts then outstanding, and termination of all outstanding obligations and commitments and release of Liens, under the Second Amended and Restated Credit Agreement, dated as of August 31, 2008 and as amended from time to time (the *Company Credit Agreement*), by and among the Company, Infinity Insurance Company and Regions Bank.

(b) At Parent's sole expense and subject to Parent's reasonable cooperation therewith, the Company shall, and shall cause the other Acquired Companies to, as reasonably requested by Parent, (i) deliver any notices or announcements, (ii) provide reasonable cooperation to Parent, Merger Sub or the Surviving Corporation to cause the preparation and delivery of any certificates, legal opinions or other documents and (iii) provide any cooperation reasonably requested by Parent, in each case, in connection with obtaining any required consent to the Transactions of the applicable trustee(s) under each indenture (collectively, the *Company Indentures*) with respect to any or all series of the notes of the Company set forth in Section 5.21 of the Company Disclosure Schedule (collectively, the *Company Notes*) and otherwise permit the Transactions such that the consummation of the Transactions does not result in a breach, default or event of default (with or without notice or lapse of time or both) under or with respect to the Company Notes or the Company Indentures. Parent and its counsel shall be given a reasonable opportunity to review and comment on any such notice, announcement, supplemental indenture, certificate, legal opinion or other document, in each case before provided to such trustee(s), and the Company shall give reasonable and good faith consideration to any comments thereon made by Parent and its counsel. Notwithstanding the foregoing, nothing in this Agreement shall require any Parent Company to, and no Acquired Company shall, without the prior written consent of Parent (which consent shall be in the sole discretion of Parent), agree to any modification to or accommodation under any Company Note or Company Indenture or other Contract with respect thereto or pay any fee, penalty or other consideration to any third party for or relating to any consent or approval required for the consummation of the Transactions.

(c) Notwithstanding anything in this Section 5.21 to the contrary, in no event shall any Acquired Company be required in connection with its obligations under this Section 5.21 to (i) incur or agree to incur any out-of-pocket expenses unless they are promptly reimbursed by Parent, (ii) incur or agree to incur any consent, amendment or similar fee unless Parent provides the funding to the Company therefor, (iii) incur any liability in connection therewith prior to the Closing Date unless contingent upon the occurrence of the Closing, (iv) take any actions that would unreasonably

interfere with the ordinary course operations of the Acquired Companies, (v) take any actions that would (A) violate its certificate of incorporation or bylaws (or comparable

A-65

**Table of Contents**

organizational documents) or (B) violate any applicable Law or (vi) waive or amend any terms of this Agreement. Parent shall indemnify and hold harmless the Company, its Subsidiaries and each of their Representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the actions taken in accordance with this Section 5.21, except to the extent that any of the foregoing arise from the bad faith, gross negligence or willful misconduct of, or material breach of this Agreement by, the Company or its Subsidiaries or their respective Representatives, as applicable.

Section 5.22 Expenses. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the Transactions shall be paid by the party incurring such costs and expenses; provided, however, that all HSR Act filing fees shall be paid by Parent and all costs and expenses incurred in connection with the printing, filing and mailing of the Joint Proxy Statement and the Form S-4 (including the applicable SEC filing fees) shall be divided and paid equally between Parent and the Company. Parent shall, or shall cause the Surviving Corporation to, pay all charges and expenses of the Exchange Agent in connection with the transactions contemplated in Article II.

Section 5.23 Parent Board. Parent shall take all actions necessary to cause, as of the Effective Time, the election as a member of the Parent Board of one (1) individual who is serving as a director of the Company as of the date hereof or immediately prior to the Effective Time; provided that the decision as to which individual shall be so elected shall be in the sole discretion of Parent and shall comply with the policies of the Parent Board's Nominating and Corporate Governance Committee, Parent's corporate governance guidelines, applicable Laws and the NYSE's rules and regulations.

**ARTICLE VI****CONDITIONS PRECEDENT**

Section 6.1 Conditions to Each Party's Obligations to Effect the Merger. The respective obligations of each party to effect the Merger are subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any and all of which may be waived, in whole or in part, by Parent, Merger Sub or the Company, as the case may be, to the extent permitted by applicable Law:

- (a) Shareholder and Stockholder Approval. The Company shall have obtained the Company Shareholder Approval and Parent shall have obtained the Parent Stockholder Approval.
- (b) Share Listing. The shares of Parent Common Stock issuable to the Company's shareholders pursuant to this Agreement shall have been approved for listing on the NYSE, subject to official notice of issuance.
- (c) Regulatory Approvals. (i) Any waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have expired or been earlier terminated; (ii) all authorizations, consents, orders, declarations or approvals of, notifications to or filings or registrations with, or terminations or expirations of waiting periods imposed by, the Insurance Regulators and other Governmental Entities set forth on Section 6.1(c) of the Company Disclosure Letter in connection with the Merger and those others the failure of which to be obtained or made or occur would reasonably be likely to have, individually or in the aggregate, a Parent Material Adverse Effect after giving effect to the Merger (collectively, the ***Requisite Regulatory Approvals***) shall have been obtained, shall have been made or shall have occurred, as the case may be.
- (d) No Injunctions, Orders or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing

the consummation of the Merger shall be in effect.

A-66

---

**Table of Contents**

(e) S-4 Effectiveness. The Form S-4 shall have been declared effective under the Securities Act by the SEC and no stop order suspending the effectiveness of the Form S-4 shall have been issued (and not withdrawn) by the SEC and no proceedings for that purpose shall have been initiated or threatened in writing (and not withdrawn) by the SEC.

Section 6.2 Conditions to Obligations of Parent and Merger Sub. The respective obligations of Parent and Merger Sub to effect the Merger are further subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any and all of which may be waived, in whole or in part, by Parent to the extent permitted by applicable Law:

(a) Representations and Warranties. (i) The representations and warranties of the Company of the Company set forth in Section 3.2(a), the first sentence of Section 3.2(b), Section 3.2(c) and Section 3.2(d) (Capital Stock) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except for *de minimis* inaccuracies, (ii) the representation and warranty of the Company in Section 3.8(b) (Absence of Certain Changes or Events) shall be true and correct in all respects both when made and at and as of the Closing Date, as if made at and as of such time, (iii) the representations and warranties of the Company set forth in Section 3.1 (Organization, Standing and Power; Subsidiaries), Section 3.3 (Authority), Section 3.24 (Brokers), Section 3.25 (Takeover Statutes) and Section 3.26 (Fairness Opinion) shall be true and correct in all material respects both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date) (without giving effect to any qualification as to materiality, Company Material Adverse Effect or similar qualification set forth therein) and (iv) the other representations and warranties of the Company set forth in Article III (other than those described in clauses (i), (ii) and (iii) above) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties described in this clause (iv) to be so true and correct (without giving effect to any qualification as to materiality, Company Material Adverse Effect or similar qualification set forth therein), individually or in the aggregate, has not had, and would not reasonably be expected to have, a Company Material Adverse Effect. Parent shall have received a certificate of an authorized executive officer of the Company, dated as of the Closing Date, to the foregoing effect.

(b) Performance and Obligations of the Company. The Company shall have performed or complied in all material respects with its agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time, and Parent shall have received a certificate of an authorized executive officer of the Company, dated as of the Closing Date, to the foregoing effect.

(c) Company Material Adverse Effect. Since the date of this Agreement, there shall not have been any event, change, effect, development, state of facts, condition, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

(d) Certain Key Employees. (i) The number of Key Managers who shall have ceased to be employed by an Acquired Company, whether voluntarily or involuntarily (excluding any Excluded Departures of Key Managers), shall not exceed the Key Manager Permitted Departure Number and (ii) the number of Key Employees in any Designated Functional Group who shall have ceased to be employed by an Acquired Company, whether voluntarily or involuntarily (excluding any Excluded Departures of Key Employees), shall not exceed the Permitted Departure Number with respect to such Designated Functional Group.

(e) Appraisal Rights. No more than ten percent (10%) of the outstanding Company Shares as of the Closing shall be Appraisal Shares.

(f) No Pending Action. No Action shall have been commenced by any Governmental Entity and be pending wherein a judgment, individually or in the aggregate with other such judgments, would have or would reasonably be expected to have any of the effects referred to in Section 6.1(d) or Section 6.2(g) (in each case, if with respect to any Regulatory Laws or Insurance Laws, solely as commenced by Governmental Entities required to provide the requisite approvals, authorizations or clearances for the Transactions under the HSR Act or the Requisite Regulatory Approvals).

A-67



---

**Table of Contents**

(g) No Materially Burdensome Condition. None of the Requisite Regulatory Approvals shall impose or require a Materially Burdensome Condition.

Section 6.3 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger is further subject to the satisfaction at or prior to the Effective Time of the following conditions, any and all of which may be waived, in whole or part, by the Company to the extent permitted by applicable Law:

(a) Representations and Warranties. (i) The representations and warranties of Parent and Merger Sub set forth in Section 4.2(a), Section 4.2(b) and Section 4.2(c) (Capital Stock) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except for *de minimis* inaccuracies, (ii) the representation and warranty of Parent and Merger Sub in Section 4.8(b) (Absence of Certain Changes or Events) shall be true and correct in all respects both when made and at and as of the Closing Date, as if made at and as of such time, (iii) the representations and warranties of Parent and Merger Sub set forth in Section 4.1(a) (Organization, Standing and Power; Subsidiaries), Section 4.3 (Authority), Section 4.13 (Ownership of Company Shares), Section 4.14 (Ownership and Operations of Merger Sub), Section 4.16 (Brokers) and Section 4.17 (Fairness Opinion) shall be true and correct in all material respects both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date) (without giving effect to any qualification as to materiality, Parent Material Adverse Effect or similar qualification set forth therein) and (iv) the other representations and warranties of Parent and Merger Sub set forth in Article IV (other than those described in clauses (i), (ii) and (iii) above) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties described in this clause (iv) to be so true and correct (without giving effect to any qualification as to materiality, Parent Material Adverse Effect or similar qualification set forth therein), individually or in the aggregate, has not had, and would not reasonably be expected to have, a Parent Material Adverse Effect. The Company shall have received a certificate of an authorized executive officer of Parent, dated as of the Closing Date, to the foregoing effect.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed or complied in all material respects with its agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time, and the Company shall have received a certificate of an authorized executive officer of Parent, dated as of the Closing Date, to the foregoing effect.

(c) Parent Material Adverse Effect. Since the date of this Agreement, there shall not have been any event, change, effect, development, state of facts, condition, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect.

## ARTICLE VII

### TERMINATION, AMENDMENT AND WAIVER

Section 7.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after receipt of the Company Shareholder Approval or the Parent Stockholder Approval, as follows (with any termination by Parent also being an effective termination by Merger Sub):

(a) by mutual written consent of Parent and the Company at any time;

(b) by either Parent or the Company:

(i) if any court of competent jurisdiction or other Governmental Entity shall have issued a judgment, order, injunction, rule or decree, or taken any other action, that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger or any of the other Transactions and such judgment, order,

A-68

---

**Table of Contents**

injunction, rule, decree or other action shall have become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to any party that has failed to (A) use its reasonable best efforts to contest, resolve or lift, as applicable, such judgment, order, injunction, rule, decree or other action and (B) comply with its obligations under Section 5.7 in all material respects as its relates to such Governmental Entity;

(ii) if, upon a vote taken at any duly held Company Shareholder Meeting (or at any adjournment or postponement thereof) held to obtain the Company Shareholder Approval, the Company Shareholder Approval is not obtained; provided, however, that the Company may not terminate this Agreement pursuant to this Section 7.1(b)(ii) if the Company has not complied with its obligations under Section 5.3 and Section 5.5 in all material respects;

(iii) if, upon a vote taken at any duly held Parent Stockholder Meeting (or at any adjournment or postponement thereof) held to obtain the Parent Stockholder Approval, the Parent Stockholder Approval is not obtained; provided, however, that Parent may not terminate this Agreement pursuant to this Section 7.1(b)(iii) if Parent has not complied with its obligations under Section 5.4 and Section 5.5 in all material respects; or

(iv) if the Effective Time shall not have occurred on or before November 13, 2018 (as such date may be extended pursuant to the first proviso of this Section 7.1(b)(iv), the Outside Date ); provided, however, that if all of the conditions set forth in Article VI other than the condition set forth in Section 6.1(c) or Section 6.2(g) shall have been satisfied or shall be capable of being satisfied at such time, the Outside Date may be extended by either Parent or the Company from time to time by written notice to the other party up to a date that is no later than February 13, 2019, the latest of any of which dates shall thereafter be deemed to be the Outside Date; provided, further, that neither Parent nor the Company shall be permitted to terminate this Agreement pursuant to this Section 7.1(b)(iv) if the failure to consummate the Merger by such date results from the material breach or failure to perform by Parent or Merger Sub (in the case of termination by Parent) or the Company (in the case of termination by the Company) of any of its representations, warranties, covenants or agreements contained in this Agreement (including Section 5.7).

(c) by Parent:

(i) if the Company breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.1 or Section 6.2 and (B) is not capable of being cured or has not been cured within the lesser of (1) thirty (30) days after the giving by Parent of written notice to the Company of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (2) the number of days remaining until the Outside Date; provided that Parent shall not have the right to terminate this Agreement pursuant to this Section 7.1(c)(i) if Parent or Merger Sub is then in material breach of any of its representations, warranties, obligations or agreements hereunder;

(ii) if, after the date hereof and prior to obtaining the Company Shareholder Approval, the Company Board or any committee thereof shall have (A) effected or permitted a Company Adverse Recommendation Change (whether or not permitted to do so under the terms of this Agreement), (B) adopted, approved, endorsed, declared advisable or recommended to the Company's shareholders a Company Acquisition Proposal other than the Merger, (C) failed to publicly reaffirm its recommendation of this Agreement within five (5) Business Days following receipt of a written request by Parent to provide such reaffirmation after a Company Acquisition Proposal shall have been publicly disclosed or shall have become publicly known, (D) failed to include in the Joint Proxy Statement the Company Recommendation or included in the Joint Proxy Statement any proposal to vote upon or consider any Company Acquisition Proposal other than the Merger or (E) failed to recommend against a competing tender offer or exchange offer for fifteen percent (15%) or more of the outstanding capital stock of the Company within ten (10) Business Days

after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its shareholders); or

A-69

---

**Table of Contents**

(iii) if the Company breaches Section 5.3 in any material respect; or

(iv) prior to obtaining the Parent Stockholder Approval, in order to enter into a definitive agreement to effect a Parent Superior Proposal, if Parent has complied with Section 5.4 (including Section 5.4(f)) in all material respects and enters into such definitive agreement concurrently with such termination and pays the Termination Fee in accordance with the procedures and within the time periods set forth in Section 7.3(b);

(d) by the Company:

(i) if Parent or Merger Sub breaches or fails to perform in any material respect any of its respective representations, warranties, covenants or agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.1 or Section 6.3 and (B) is not capable of being cured or has not been cured within the lesser of (1) thirty (30) days after the giving by the Company of written notice to Parent of such breach or failure to perform (such notice to describe such breach or failure to perform in reasonable detail) and (2) the number of days remaining until the Outside Date; provided that the Company shall not have the right to terminate this Agreement pursuant to this Section 7.1(d)(i) if the Company is then in material breach of any of its representations, warranties, obligations or agreements hereunder;

(ii) if, after the date hereof and prior to obtaining the Parent Stockholder Approval, the Parent Board or any committee thereof shall have (A) effected or permitted a Parent Adverse Recommendation Change (whether or not permitted to do so under the terms of this Agreement), (B) adopted, approved, endorsed, declared advisable or recommended to Parent's stockholders a Parent Acquisition Proposal, (C) failed to publicly reaffirm its recommendation of this Agreement within five (5) Business Days following receipt of a written request by Parent to provide such reaffirmation after a Parent Acquisition Proposal shall have been publicly disclosed or shall have become publicly known, (D) failed to include in the Joint Proxy Statement the Parent Recommendation or included in the Joint Proxy Statement any proposal to vote upon or consider any Parent Acquisition Proposal or (E) failed to recommend against a competing tender offer or exchange offer for fifteen percent (15%) or more of the outstanding capital stock of Parent within five (5) Business Days after commencement of such offer (including by taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders);

(iii) if Parent breaches Section 5.4 in any material respect; or

(iv) prior to obtaining the Company Shareholder Approval, in order to enter into a definitive agreement to effect a Company Superior Proposal, if the Company has complied with Section 5.3 (including Section 5.3(f)) in all material respects and enters into such definitive agreement concurrently with such termination and pays the Termination Fee in accordance with the procedures and within the time periods set forth in Section 7.3(b).

The party desiring to terminate this Agreement pursuant to this Section 7.1 shall give notice of such termination and the provision(s) of this Section 7.1 being relied on to terminate this Agreement to the other parties hereto.

Section 7.2 Effect of Termination. In the event of termination of this Agreement, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Merger Sub or the Company, except that the provisions of the last sentence of Section 5.6 (Access to Information; Confidentiality), Section 5.15 (Public Announcements), Section 5.22 (Expenses), this Section 7.2, Section 7.3 (Fees and Expenses), Section 7.4 (Amendment or Supplement), Section 7.5 (Extension of Time; Waiver) and Article VIII (General Provisions) shall survive the termination of this Agreement. Notwithstanding the foregoing, nothing contained herein shall relieve any party hereto of liability for (a) the willful and material breach of its representations, warranties, covenants or agreements set forth in this Agreement prior to such termination or (b) actual fraud (which shall not include

constructive fraud or similar claims). No termination of this Agreement shall affect the obligations of the parties contained in the Confidentiality Agreement, all of which obligations shall survive termination of this Agreement in accordance with their terms.

A-70

---

**Table of Contents**

Section 7.3 Fees and Expenses.

(a) Except as otherwise provided in this Section 7.3, all fees and expenses incurred in connection with this Agreement, the Merger and the other Transactions shall be borne and timely paid by the party incurring such fees or expenses, whether or not the Merger is consummated.

(b) In the event that:

(i) (A) prior to the receipt of the Company Shareholder Approval, a Company Competing Proposal shall have been publicly disclosed or shall have become publicly known and not withdrawn and (B) this Agreement is thereafter terminated by Parent or the Company pursuant to Section 7.1(b)(ii), Section 7.1(b)(iii) or Section 7.1(b)(iv), or by Parent pursuant to Section 7.1(c)(i), then (1) the Company shall pay to Parent by wire transfer of immediately available funds to the account or accounts designated by Parent or its designee the Parent Expenses within two (2) Business Days after receipt from Parent of documentation supporting such Parent Expenses and (2) if, concurrently with or within twelve (12) months after the date of any such termination, (x) any of the Acquired Companies enters into a definitive agreement with respect to any Company Competing Proposal or (y) any Company Competing Proposal is ultimately consummated (which Company Competing Proposal may be the same as or different from the Company Competing Proposal referred to in the immediately preceding clause (A)), the Company shall pay to Parent or its designee by wire transfer of immediately available funds to the account or accounts designated by Parent or such designee the Termination Fee concurrently with the consummation of such Company Competing Proposal;

(ii) (A) prior to the receipt of the Parent Stockholder Approval, a Parent Competing Proposal shall have been publicly disclosed or shall have become publicly known and not withdrawn and (B) this Agreement is thereafter terminated by Parent or the Company pursuant to Section 7.1(b)(ii), Section 7.1(b)(iii) or Section 7.1(b)(iv), or by the Company pursuant to Section 7.1(d)(i), then (1) Parent shall pay to the Company by wire transfer of immediately available funds to the account or accounts designated by the Company or its designee the Company Expenses within two (2) Business Days after receipt from the Company of documentation supporting such Company Expenses and (2) if, concurrently with or within twelve (12) months after the date of any such termination, (x) any of the Parent Companies enters into a definitive agreement with respect to any Parent Competing Proposal or (y) any Parent Competing Proposal is ultimately consummated (which Parent Competing Proposal may be the same as or different from the Parent Competing Proposal referred to in the immediately preceding clause (A)), Parent shall pay to the Company or its designee by wire transfer of immediately available funds to the account or accounts designated by the Company or such designee the Termination Fee concurrently with the consummation of such Parent Competing Proposal;

(iii) this Agreement is terminated by Parent pursuant to Section 7.1(c)(ii) or Section 7.1(c)(iii), the Company shall pay to Parent or its designee by wire transfer of immediately available funds to the account or accounts designated by Parent or such designee the Termination Fee within two (2) Business Days after such termination;

(iv) this Agreement is terminated by the Company pursuant to Section 7.1(d)(ii) or Section 7.1(d)(iii), Parent shall pay to the Company or its designee by wire transfer of immediately available funds to the account or accounts designated by the Company or such designee the Termination Fee within two (2) Business Days after such termination;

(v) this Agreement is terminated by Parent pursuant to Section 7.1(c)(iv), Parent shall pay to the Company or its designee by wire transfer of immediately available funds to the account or accounts designated by the Company or such designee the Termination Fee prior to, and as a condition to, such termination;

(vi) this Agreement is terminated by the Company pursuant to Section 7.1(d)(iv), the Company shall pay to Parent or its designee by wire transfer of immediately available funds to the account or accounts designated by Parent or such designee the Termination Fee prior to, and as a condition to, such termination; and

A-71



---

**Table of Contents**

(vii) unless the Company is required to pay the Parent Expenses under Section 7.3(b)(i), if this Agreement is terminated pursuant to Section 7.1(b)(ii), then the Company shall pay to Parent by wire transfer of immediately available funds to the account or accounts designated by Parent or its designee the Parent Expenses within two (2) Business Days after receipt from Parent of documentation supporting such Parent Expenses; and

(viii) unless Parent is required to pay the Company Expenses under Section 7.3(b)(ii), if this Agreement is terminated pursuant to Section 7.1(b)(iii), then Parent shall pay to the Company by wire transfer of immediately available funds to the account or accounts designated by the Company or its designee the Company Expenses within two (2) Business Days after receipt from the Company of documentation supporting such Company Expenses;

it being understood that in no event shall the Company or Parent be required to pay the Termination Fee on more than one occasion.

(c) For purposes of this Section 7.3, the following terms shall have the respective meanings assigned below:

(i) ***Company Competing Proposal*** shall have the same meaning as Company Acquisition Proposal except that all references to fifteen percent (15%) therein shall be changed to forty-five percent (45%) and all references to eighty-five percent (85%) therein shall be changed to fifty-five percent (55%);

(ii) ***Company Expenses*** means documented fees and expenses (not to exceed \$14,171,089) incurred or paid by or on behalf of the Company and its Affiliates in connection with the Transactions or related to the evaluation, authorization, preparation, negotiation, execution or performance of this Agreement, in each case including all documented fees and expenses of law firms, commercial banks, investment banking firms, accountants, experts and consultants to the Company and its Affiliates;

(iii) ***Parent Competing Proposal*** shall have the same meaning as Parent Acquisition Proposal except that all references to fifteen percent (15%) therein shall be changed to forty-five percent (45%) and all references to eighty-five percent (85%) therein shall be changed to fifty-five percent (55%);

(iv) ***Parent Expenses*** means documented fees and expenses (not to exceed \$14,171,089) incurred or paid by or on behalf of Parent, Merger Sub and their respective Affiliates in connection with the Transactions or related to the evaluation, authorization, preparation, negotiation, execution or performance of this Agreement, in each case including all documented fees and expenses of law firms, commercial banks, investment banking firms, financing sources, accountants, experts and consultants to Parent, Merger Sub and their respective Affiliates; and

(v) ***Termination Fee*** means an amount in cash equal to \$49,598,810.

(d) In the event that a party or its designees receive full payment of the Termination Fee under the circumstances where a Termination Fee was payable, the receipt of the Termination Fee shall be the sole and exclusive remedy for any and all losses or damages suffered or incurred by the party to which such Termination Fee was payable hereunder and any of its Affiliates or any other Person in connection with this Agreement, the termination of this Agreement, the termination or abandonment of any the Transactions or any matter forming the basis for such termination.

(e) Each of the parties hereto acknowledges that the agreements contained in this Section 7.3 are an integral part of the Transactions and that, without these agreements, neither the Company nor Parent or Merger Sub would enter into this Agreement. Accordingly, if the Company fails promptly to pay the amounts due pursuant to this Section 7.3 and, in order to obtain such payment, Parent or its designee commences a suit that results in a Judgment against the Company for all or a portion of the Termination Fee or the Parent Expenses, the Company shall pay to Parent or its designees

interest on the amount of the Termination Fee or Parent Expenses, as the case may be, from the date such payment was required to be made until the date of payment at a rate equal to five

A-72

---

**Table of Contents**

percent (5%) per annum. In addition, if Parent fails promptly to pay the amounts due pursuant to this Section 7.3 and, in order to obtain such payment, the Company or its designee commences a suit that results in a Judgment against Parent for all or a portion of the Termination Fee or the Company Expenses, Parent shall pay to the Company or its designees interest on the amount of the Termination Fee or the Company Expenses, as the case may be, from the date such payment was required to be made until the date of payment at a rate equal to five percent (5%) per annum.

Section 7.4 Amendment or Supplement. This Agreement may be amended, modified or supplemented by the parties hereto by action taken or authorized by written agreement of the parties hereto (by action taken by their respective boards of directors, if required) at any time prior to the Effective Time, whether before or after the Company Shareholder Approval has been obtained; provided, however, that, after the Company Shareholder Approval has been obtained, no amendment shall be made that pursuant to applicable Law requires further approval or adoption by the shareholders of the Company without such further approval or adoption. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the parties in interest at the time of the amendment.

Section 7.5 Extension of Time; Waiver. At any time prior to the Effective Time, the parties may (by action taken or authorized by their respective boards of directors, if required), to the extent permitted by applicable Law, (a) extend the time for the performance of any of the obligations or acts of the other party or parties hereto, as applicable, (b) waive any inaccuracies in the representations and warranties of the other party or parties set forth in this Agreement or any document delivered pursuant hereto or (c) subject to applicable Law, waive compliance with any of the agreements, covenants or conditions of the other party or parties contained herein; provided, however, that, after the Company Shareholder Approval has been obtained, no waiver may be made that pursuant to applicable Law requires further approval or adoption by the shareholders of the Company without such further approval or adoption. Any agreement on the part of a party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party. No failure or delay of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Except as otherwise provided herein, the rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder.

**ARTICLE VIII**

**GENERAL PROVISIONS**

Section 8.1 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. Except for any covenant or agreement that by its terms contemplates performance after the Effective Time, none of the covenants and agreements of the parties contained this Agreement shall survive the Effective Time.

**Table of Contents**

Section 8.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery, if delivered personally, (b) upon written confirmation of receipt by reply email from the recipient (not including any automated return email indicating that the email address is no longer valid or active or the recipient is unavailable), if by email (to be followed by delivery by another method provided for in this Section 8.2) or (c) on the first Business Day following the date of dispatch, if delivered utilizing a next-day service by a recognized next-day courier (with proof of delivery from such recognized next-day courier). All notices hereunder shall be delivered to the addresses set forth below or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to Parent, Merger Sub or the Surviving Corporation, to:  
Kemper Corporation

One East Wacker Drive

Chicago, Illinois 60601

Attention: James J. McKinney, Chief Financial Officer

(jmckinney@kemper.com)

C. Thomas Evans, Jr., General Counsel

(tevans@kemper.com)

with a copy (which shall not constitute notice) to:

Sidley Austin LLP

One South Dearborn Street

Chicago, Illinois 60603

Attention: Michael P. Goldman

(mgoldman@sidley.com)

Brian J. Fahrney

(bfahrney@sidley.com)

(ii) if to the Company, to:  
Infinity Property and Casualty Corporation

2201 4th Avenue North

Birmingham, Alabama 35203

Attention: General Counsel

(sam.simon@ipacc.com)

with a copy (which shall not constitute notice) to:

Keating Muething & Klekamp PLL

One East Fourth Street, Suite 1400

Cincinnati, Ohio 45202

Attention: F. Mark Reuter

(mreuter@kmklaw.com)

Nicholas L. Simon

(nsimon@kmklaw.com)

Section 8.3 Certain Defined Terms. For purposes of this Agreement, the following terms shall have the respective meanings assigned below:

*Affiliate* of any Person means any other Person that, at the time of determination, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first-mentioned Person;

---

**Table of Contents**

**Business Day** means any day other than a Saturday, a Sunday or a day on which banks in New York City, New York are authorized by Law or executed order to be closed;

**Company Insurance Subsidiaries** means the Acquired Companies set forth on Section 8.3(i) of the Company Disclosure Letter;

**Company Material Adverse Effect** means any event, change, effect, development, state of facts, condition, circumstance or occurrence that has had, or would reasonably be expected to have, a material adverse effect on the business, assets, liabilities, condition (financial or otherwise) or results of operations of the Acquired Companies, taken as a whole; provided, however, that in no event shall any of the following events, changes, effects, developments, states of facts, conditions, circumstances or occurrences be deemed to constitute, nor be taken into account in determining whether there has been or may be, a Company Material Adverse Effect: (a) changes in or affecting general political or economic conditions (including changes in interest rates) or the financial, credit, or securities markets in the United States or elsewhere in the world; (b) changes in or conditions generally affecting the industries in which the Acquired Companies operate (but, for the avoidance of doubt and without limiting clause (a), not including any different industries in which any of the Acquired Companies' policyholders operate); or (c) resulting from or arising out of (i) the announcement or the existence of, or compliance with, or taking any action required by this Agreement or the Transactions and the impact of any of the foregoing on any relationships with policyholders, Company Agents, suppliers, vendors, business partners, employees or regulators, (ii) any taking of any action at the written request of Parent or Merger Sub, (iii) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal, in each case after the date of this Agreement, of any rule, regulation, ordinance, order, protocol or any other Law of or by any national, regional, state or local Governmental Entity, (iv) any changes in GAAP or SAP or accounting standards or interpretations thereof, (v) any outbreak or escalation of hostilities or acts of war or terrorism, (vi) any natural disasters, (vii) any Action initiated or threatened on or after the date hereof by any shareholders of the Company against the Company, any of its Affiliates or any of their respective directors or officers arising out of this Agreement or the Transactions or (viii) any change in the share price or trading volume of the Company Shares, in the Company's credit rating or in any analyst's recommendations, in each case in and of itself, or the failure of the Company to meet projections or forecasts (including any analyst's projections), in and of itself (provided in the case of this clause (viii), without limiting clauses (a), (b) and (c) above, that the event, change, effect, development, condition, circumstance or occurrence underlying such change or failure shall not be excluded, and may be taken into account, in determining whether there has been or may be a Company Material Adverse Effect); provided, further, that any event, change, effect, development, state of facts, condition, circumstance or occurrence referred to in clauses (a), (b) or (c)(iii), (iv), (v) or (vi) shall not be excluded, and may be taken into account, in determining whether there has been or may be a Company Material Adverse Effect to the extent the Acquired Companies are adversely affected thereby in a disproportionate manner relative to other participants in the industries in which the Acquired Companies operate;

**Company Stock Plans** means the Company's Third Amended and Restated 2013 Stock Incentive Plan, Restricted Stock Plan, Directors' Plan, Performance Share Plan, Stock Option Plan, Deferred Compensation Plan, Supplemental Retirement Plan and Amended and Restated Employee Stock Purchase Plan;

**Company Stock Purchase Plan** means the Company's Amended and Restated Employee Stock Purchase Plan;

**Contract** means any note, bond, mortgage, indenture, contract, arrangement, undertaking, purchase order, bid, agreement, lease, license or other instrument or obligation (whether written or oral), together with all amendments, supplements and modifications thereto;

***ERISA Affiliate*** means any trade or business that together with the Company or any of its Affiliates is considered a single employer pursuant to Section 414(b), (c), (m) or (o) of the Code;

A-75

---

**Table of Contents**

***Excluded Departure*** means any *bona fide* (a) involuntary termination of the employment with an Acquired Company of a Key Manager or a Key Employee, as the case may be, for cause or performance reasons, (b) termination of employment with an Acquired Company by a Key Manager or a Key Employee, as the case may be, due to (i) death, (ii) Disability (as defined in the Company's long-term disability insurance plan in effect as of the date hereof) or (iii) retirement at or after age sixty-two (62) or (c) voluntary or involuntary termination of employment with an Acquired Company by a Key Manager or a Key Employee, as the case may be, for any reason, if such Key Manager or Key Employee, as the case may be, is replaced in accordance and compliance with Section 5.8(d)(ii);

***Fixed Volume-Weighted Average Price*** means \$64.40;

***Insurance Laws*** means the Laws applicable to the business of insurance or the regulation of insurance holding companies, whether domestic or foreign, and all applicable orders and directives of Governmental Entities and market conduct recommendations resulting from market conduct examinations of Insurance Regulators;

***Insurance Regulators*** means all Governmental Entities regulating the business of insurance under the Insurance Laws;

***Judgment*** means any judgment, order, decree, award, ruling, decision, verdict, subpoena, injunction or settlement entered, issued, made or rendered by any Governmental Entity (in each case whether temporary, preliminary or permanent);

***Key Employee Designated Functional Group*** means each category of Key Employees set forth under the header Functional Groups on Section 6.2(d)(ii) of the Company Disclosure Letter;

***Key Employee Permitted Departure Number*** means the number set forth under the header Permitted Departures on Section 6.2(d)(ii) of the Company Disclosure Letter;

***Key Employees*** means, collectively, the employees of the Acquired Companies set forth under the header Key Employees on Section 6.2(d)(ii) of the Company Disclosure Letter;

***Key Manager Permitted Departure Number*** means the number set forth under the header Permitted Departures on Section 6.2(d)(i) of the Company Disclosure Letter;

***Key Managers*** means, collectively, the employees of the Acquired Companies set forth under the header Key Managers on Section 6.2(d)(i) of the Company Disclosure Letter;

***knowledge*** when used with respect to (a) the Company, means the actual knowledge of any fact, circumstance or condition of those officers of the Company set forth on Section 8.3(ii) of the Company Disclosure Letter and (b) Parent, means the actual knowledge of any fact, circumstance or condition of those officers of Parent set forth on Section 8.3(ii) of the Parent Disclosure Letter;

***Parent Companies*** means Parent and its Subsidiaries;

***Parent Insurance Subsidiaries*** means the Parent Companies set forth on Section 8.3(iii) of the Parent Disclosure Letter;

***Parent Material Adverse Effect*** means any event, change, effect, development, state of facts, condition, circumstance or occurrence that has had, or would reasonably be expected to have, a material adverse effect on the business, assets,



liabilities, condition (financial or otherwise) or results of operations of the Parent Companies, taken as a whole; provided, however, that in no event shall any of the following events, changes,

A-76

---

**Table of Contents**

effects, developments, states of facts, conditions, circumstances or occurrences be deemed to constitute, nor be taken into account in determining whether there has been or may be, a Parent Material Adverse Effect: (a) changes in or affecting general political or economic conditions (including changes in interest rates) or the financial, credit, or securities markets in the United States or elsewhere in the world; (b) changes in or conditions generally affecting the industries in which the Parent Companies operate (but, for the avoidance of doubt and without limiting clause (a), not including any different industries in which any of the Parent Companies policyholders operate); or (c) resulting from or arising out of (i) the announcement or the existence of, or compliance with, or taking any action required by this Agreement or the Transactions and the impact of any of the foregoing on any relationships with policyholders, Parent Agents, suppliers, vendors, business partners, employees or regulators, (ii) any taking of any action at the written request of the Company, (iii) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal, in each case after the date of this Agreement, of any rule, regulation, ordinance, order, protocol or any other Law of or by any national, regional, state or local Governmental Entity, (iv) any changes in GAAP or SAP or accounting standards or interpretations thereof, (v) any outbreak or escalation of hostilities or acts of war or terrorism, (vi) any natural disasters, (vii) any Action initiated or threatened on or after the date hereof by any stockholders of Parent against Parent, any of its Affiliates or any of their respective directors or officers arising out of this Agreement or the Transactions or (viii) any change in the share price or trading volume of shares of Parent Common Stock, in Parent's credit rating or in any analyst's recommendations, in each case in and of itself, or the failure of Parent to meet projections or forecasts (including any analyst's projections), in and of itself (provided in the case of this clause (viii), without limiting clauses (a), (b) and (c) above, that the event, change, effect, development, condition, circumstance or occurrence underlying such change or failure shall not be excluded, and may be taken into account, in determining whether there has been or may be a Parent Material Adverse Effect); provided, further, that any event, change, effect, development, state of facts, condition, circumstance or occurrence referred to in clauses (a), (b) or (c)(iii), (iv), (v) or (vi) shall not be excluded, and may be taken into account, in determining whether there has been or may be a Parent Material Adverse Effect to the extent the Parent Companies are adversely affected thereby in a disproportionate manner relative to other participants in the industries in which the Parent Companies operate;

***Parent Plan*** means any employee benefit plan (within the meaning of Section 3(3) of ERISA, including any multiemployer plan (within the meaning of ERISA Section 3(37)), and any stock purchase, stock option, other equity-based compensation, severance, change-in-control, bonus, incentive, deferred compensation, pension, retirement, profit-sharing, savings, sick leave, vacation pay, disability, health or medical, life insurance, material fringe benefit, flexible spending account, employment or other compensation, incentive or employee benefit plan, agreement, program, payroll practice, policy or other arrangement, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the Transactions or otherwise) under which any current or former employee, director or independent contractor of any of the Parent Companies has any present or future right to benefits or any of the Parent Companies has had or has any current or future potential liability (including contingent liability) to or on behalf of any current or former employee, officer, director or independent contractor of the Parent Companies (including an obligation to make contributions);

***Parent Stock Plans*** means the Parent 2011 Omnibus Equity Plan and Parent's 2002 Stock Option Plan, 1995 Non-Employee Director Stock Option Plan and Non-Qualified Deferred Compensation Plan;

***Permitted Liens*** means (a) statutory Liens for Taxes, assessments or other charges by Governmental Entities not yet due and payable or the amount or validity of which is being contested in good faith or for which appropriate reserves have been established in accordance with GAAP, (b) mechanics', materialmen's, carriers', workmen's, warehouseman's, repairmen's, landlords' and similar Liens granted or that arise in the ordinary course of business, (c) Liens securing indebtedness or liabilities that are reflected in the Company SEC Documents filed on or prior to the date hereof or that any Acquired Company is permitted to incur under Section 5.1, (d) Liens imposed or promulgated by Law with respect to real property and improvements, including building codes and zoning regulations, (e) Liens that affect the

underlying fee interest of any property leased

A-77

**Table of Contents**

under a Company Real Property Lease and (f) any Liens, matters of record, and other imperfections of title that do not, individually or in the aggregate, materially impair the continued ownership, use and operation of the property to which they relate in the business as currently conducted;

**Person** means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including any Governmental Entity;

**Regulatory Law** means the Sherman Act of 1890, the Clayton Antitrust Act of 1914, the HSR Act and all other federal, state or non-U.S. statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws, including any antitrust, competition or trade regulation Laws, that are designed or intended to (i) prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition or (ii) protect the national security or the national economy of any nation;

**Representatives** means, with respect to any Person, any officer, director or employee of such Person or any financial advisor, attorney, accountant or other agent, advisor or representative of such Person;

**Share Issuance** means the issuance by Parent of shares of Parent Common Stock in the Merger as contemplated by this Agreement;

**Specified Insurance Regulators** means the Insurance Regulators of any State in which any Company Insurance Subsidiary is deemed commercially domiciled under applicable Law and the other Insurance Regulators of the jurisdictions set forth on Section 8.3(iv) of the Company Disclosure Letter; and

**Subsidiary** means, with respect to any Person, any other Person of which stock or other equity interests having ordinary voting power to elect fifty percent (50%) or more of the board of directors or other comparable governing body are owned, directly or indirectly, by such first-mentioned Person; provided that, solely with respect to the Company, the term Subsidiary shall additionally include Infinity County Mutual Insurance Company.

Section 8.4 **Interpretation**. When a reference is made in this Agreement to a Section, Annex or Exhibit, such reference shall be to a Section of or to Annex or Exhibit to this Agreement, respectively, unless otherwise indicated. The table of contents, table of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation. The words hereof, herein and hereunder and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words made available to Parent and words of similar import means that the information or document (a) has been actually delivered to Parent or its advisors, counsel or other representatives, (b) has been posted to the electronic data site maintained by the Company in connection with the Transactions or (c) has been publicly filed by the Company with the SEC, or incorporated by reference into any public filing with the SEC made by the Company since January 1, 2015; the words made available to the Company and words of similar import means that the information or document (a) has been actually delivered to the Company or its advisors, counsel or other representatives, (b) has been posted to the electronic data site maintained by Parent in connection with the Transactions or (c) has been publicly filed by Parent with the SEC, or incorporated by reference into any public filing with the SEC made by Parent. The defined terms contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and promulgation of rules and regulations

thereunder and references to all attachments thereto and instruments incorporated therein. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

A-78

---

**Table of Contents**

Section 8.5 Entire Agreement. This Agreement (including the Exhibits hereto), the Company Voting Agreements, the Parent Voting Agreements, the Company Disclosure Letter, the Parent Disclosure Letter and the Confidentiality Agreement (although any provisions of the Confidentiality Agreement conflicting with this Agreement shall be superseded by the provisions of this Agreement) constitute the entire agreement with respect to the subject matter hereof and thereof, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the parties with respect to the subject matter hereof and thereof (except that the Confidentiality Agreement shall be deemed amended as necessary so that, until the termination of this Agreement in accordance with Section 7.1 hereof, Parent, Merger Sub and the Company shall be permitted to take the actions contemplated by this Agreement).

Section 8.6 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement, except for (a) the provisions of Article II (which, from and after the Effective Time, shall be for the benefit of the holders of Company Shares, Company Performance Share Awards and Company Restricted Shares immediately prior to the Effective Time) and (b) Section 5.10 (which shall be for the benefit of the Indemnified Parties and their heirs).

Section 8.7 Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the Transactions, or the negotiation, execution or performance of this Agreement, shall be governed by the internal Laws of the State of Delaware applicable to agreements made and to be performed entirely within such state, without regard to the conflicts of law principles of such state that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, (a) the matters contained in Article I and Article II, including the matters relating to the filing of the Certificate of Merger and the effects of the Merger, shall be governed by the OGCL and (b) all matters relating to the fiduciary duties of the Company Board shall be governed by the internal Laws of the State of Ohio, without regard to the conflicts of law principles of such state that would cause the application of the laws of another jurisdiction.

Section 8.8 Jurisdiction: Enforcement. Each of the parties irrevocably agrees that any Action with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any Judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). The parties further agree that no party hereto shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.8, and each party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. Each of the parties hereby irrevocably submits with regard to any such Action for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the Transactions in any court other than the aforesaid courts. Each of the parties hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any Action with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 8.8, (ii) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable Law, any claim that (A) the Action in such court is brought in an inconvenient forum, (B) the venue of such Action is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the Company, Parent and Merger Sub hereby consents to service being made through the

notice procedures set forth in Section 8.2 and agrees that service of any process, summons, notice or document by registered mail (return receipt requested and first-class postage prepaid) to the respective addresses set forth in

A-79

---

**Table of Contents**

Section 8.2 shall be effective service of process for any Action in connection with this Agreement or the Transactions.

Section 8.9 Assignment: Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, as a whole or in part, by operation of law or otherwise, by any party without the prior written consent of the other parties, and any such assignment without such prior written consent shall be null and void; provided, however, that Merger Sub may assign in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations under this Agreement to any direct or indirect wholly owned Subsidiary of Parent, but no such assignment shall relieve Parent or Merger Sub of its obligations under this Agreement. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.10 Remedies. Subject to Section 7.3(d), the parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that money damages or other legal remedies would not be an adequate remedy for any such failure to perform or breach. Accordingly and subject to Section 7.3(d), each of the Company, Parent and Merger Sub shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Court of Chancery, this being in addition to any other remedy to which such party is entitled at law or in equity and no party will allege, and each party hereby waives the defense or counterclaim, that there is an adequate remedy at law. Each of the parties hereto hereby further waives any requirement under any law to post security as a prerequisite to obtaining equitable relief.

Section 8.11 Currency. All references to dollars or \$ or US\$ in this Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement.

Section 8.12 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the Transactions be consummated as originally contemplated to the fullest extent possible.

Section 8.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS.

Section 8.14 Counterparts: Execution. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in .pdf format shall be sufficient to bind the parties hereto to the terms and conditions of this Agreement.



A-80

**Table of Contents**

Section 8.15 Disclosure Letters. The Company Disclosure Letter and the Parent Disclosure Letter are not intended to constitute, and shall not be construed as constituting, representations or warranties of the Company, Parent or Merger Sub, except and to the extent expressly provided in this Agreement. The fact that any item of information is disclosed in the Company Disclosure Letter or the Parent Disclosure Letter shall not be construed to mean that such information is required to be disclosed by this Agreement. Inclusion of any item in the Company Disclosure Letter or the Parent Disclosure Letter shall not be deemed an admission that such item is material or that such item is reasonably likely to result in a Company Material Adverse Effect or Parent Material Adverse Effect, as applicable. Descriptive headings in the Company Disclosure Letter and the Parent Disclosure Letter are inserted for reference purposes and for convenience of the reader only and shall not affect the interpretation thereof or of this Agreement. Nothing contained in the Company Disclosure Letter or the Parent Disclosure Letter shall be construed as an admission of liability or responsibility in connection with any pending, threatened or future matter or proceeding.

\* \* \* \* \*

A-81

**Table of Contents**

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**KEMPER CORPORATION**

By: /s/ Joseph P. Lacher, Jr.

Name: Joseph P. Lacher, Jr.  
Title: President and Chief Executive  
Officer

**VULCAN SUB, INC.**

By: /s/ Joseph P. Lacher, Jr.

Name: Joseph P. Lacher, Jr.  
Title: President

**INFINITY PROPERTY AND CASUALTY  
CORPORATION**

By: /s/ Glen N. Godwin

Name: Glen N. Godwin  
Title: Chief Executive Officer

*[Merger Agreement]*

**Table of Contents****ANNEX I****DEFINED TERM INDEX**

ACA	3.11(b)(v)
Acquired Company	3.1(a)
Action	3.9(a)
Affiliate	8.3
Agreement	Preamble
Appraisal Shares	2.1(d)
Available Cash Election Amount	2.1(c)(i)(B)
Business Day	8.3
Cash Election	2.1(c)(i)(B)
Cash Election Amount	2.1(c)(i)(B)
Cash Electing Company Share	2.1(c)(i)(B)
Cash Fraction	2.1(c)(i)(B)
Certificate	2.1(c)(i)
Certificate of Merger	1.3
Clean Team Addendum	5.7(b)
Closing	1.2
Closing Date	1.2
Code	2.2(j)
Company	Preamble
Company Acceptable Confidentiality Agreement	5.3(k)(i)
Company Acquisition Proposal	5.3(k)(ii)
Company Adverse Recommendation	
Change	5.3(d)
Company Actuarial Analyses	3.19(d)
Company Agent	3.19(h)
Company Board	2.4(c)
Company Book-Entry Shares	2.1(c)(i)
Company Charter	3.1(b)
Company Common Stock	Recitals
Company Competing Proposal	7.3(c)(i)
Company Credit Agreement	5.21(a)
Company Data	3.18(n)(i)
Company Disclosure Letter	Article III
Company Domain Names	3.18(n)(ii)
Company Expenses	7.3(c)(ii)
Company Indentures	5.21(b)
Company Insurance Subsidiaries	8.3
Company Intellectual Property	3.18(n)(iii)
Company Intellectual Property Agreements	3.18(c)
Company Intervening Event	5.3(k)(iii)

Company Intervening Event Notice	
Period	5.3(g)
Company Investment Guidelines	3.19(e)
Company IT Systems	3.18(n)(iv)
Company Material Adverse Effect	8.3
Company Notes	5.21(b)
Company Owned Intellectual Property	3.18(n)(v)
Company Performance Share Awards	2.4(a)
Company Plan	3.11(a)
Company Preferred Stock	3.2(a)
Company Privacy Policy	3.18(n)(vi)
Company Real Property	3.17(a)
Company Real Property Leases	3.15(a)(xvi)
Company Recommendation	5.5(b)
Company Regulations	3.1(b)
Company Reinsurance Agreements	3.15(a)(vi)
Company Restricted Shares	2.4(a)
Company SEC Documents	3.5(a)
Company Share	Recitals
Company Shareholder Approval	3.3(a)
Company Shareholder Meeting	5.5(b)
Company Software	3.18(n)(vii)
Company Statutory Financial Statements	3.5(c)
Company Stock Awards and Rights	2.4(c)
Company Stock Equivalents	3.2(c)
Company Stock Plans	8.3
Company Stock Purchase Plan	8.3
Company Superior Proposal	5.3(k)(iv)
Company Superior Proposal Notice	
Period	5.3(f)
Company User Data	3.18(n)(viii)
Company Voting Agreements	Recitals
Company Voting Debt	3.2(c)
Company's Current Premium	5.10(c)
Confidentiality Agreement	5.6
Continuing D&O Insurance	5.10(c)
Continuing Employees	5.8(a)
Contract	8.3
Copyrights	3.18(n)(ix)
D&O Insurance	3.16(b)
Debt Financing	5.19(a)
Director Restricted Shares	2.4(a)
Domain Names	3.18(n)(x)
DOJ	5.7(b)
Effective Time	1.3
Election Deadline	2.3(c)
Enforceability Limitations	3.3(a)

**Table of Contents**

Environmental Laws	3.13(b)(i)
Environmental Permits	3.13(b)(ii)
ERISA	3.11(a)
ERISA Affiliate	8.3
Exchange Act	3.4(b)
Exchange Agent	2.2(a)
Exchange Fund	2.2(a)
Exchange Ratio	2.1(c)(i)(C)
Excluded Departure	8.3
Final Payment Period	2.4(b)
Fixed Volume-Weighted Average Price	8.3
Form S-4	2.3(b)
Form of Election	2.3(b)
Fraud and Bribery Laws	3.10(b)
FTC	5.7(b)
GAAP	3.5(b)
Governmental Entity	3.4(b)
HSR Act	3.4(b)
Indemnified Party	5.10(b)
Insurance Laws	8.3
Insurance Regulator	8.3
Intellectual Property	3.18(n)(xi)
IRS	3.11(a)
Investment Assets	3.19(e)
Joint Proxy Statement	2.3(b)
Judgment	8.3
Key Employee Designated Functional Group	8.3
Key Employee Permitted Departure Number	8.3
Key Employees	8.3
Key Manager Permitted Departure Number	8.3
Key Managers	8.3
knowledge	8.3
Know-How	3.18(n)(xii)
Law	3.4(a)
Liens	3.1(c)
Material Company Contract	3.15(a)
Material Company Subsidiary	3.1(b)
Material Parent Subsidiary	4.1(b)
Materially Burdensome Condition	5.7(d)
Materials of Environmental Concern	3.13(b)(iii)
Merger	Recitals
Merger Consideration	2.1(c)(iii)
Merger Sub	Preamble
Mixed Consideration	2.1(c)(i)(A)
Mixed Consideration Electing Share	2.1(c)(i)(A)
Mixed Election	2.1(c)(i)(A)
Mixed Election Stock Exchange Ratio	2.1(c)(i)(A)
NASDAQ	3.2(b)

Non-Electing Company Share	2.3(b)
Notice of Company Intervening Event	5.3(g)
Notice of Company Superior Proposal	5.3(f)
Notice of Parent Intervening Event	5.4(g)
Notice of Parent Superior Proposal	5.4(f)
NYSE	3.4(b)
OGCL	Recitals
Open Source Code	3.18(n)(xiii)
Outside Date	7.1(b)(iv)
Owned Company Real Property	3.17(a)
Parent	Preamble
Parent Acceptable Confidentiality Agreement	5.4(k)(i)
Parent Acquisition Proposal	5.4(k)(ii)
Parent Actuarial Analyses	4.11(d)
Parent Adverse Recommendation Change	5.4(d)
Parent Agent	4.11(i)
Parent Board	4.3(b)
Parent Bylaws	4.1(b)
Parent Charter	4.1(b)
Parent Common Stock	2.1(b)
Parent Companies	8.3
Parent Competing Proposal	7.3(c)(iii)
Parent Disclosure Letter	Article IV
Parent DSUs	4.2(b)
Parent Employee Plan	5.8(a)
Parent Expenses	7.3(c)(iv)
Parent Insurance Subsidiaries	8.3
Parent Intervening Event	5.4(k)(iii)
Parent Intervening Event Notice Period	5.4(g)
Parent Investment Guidelines	4.11(e)
Parent Material Adverse Effect	8.3
Parent Options	4.2(b)
Parent Plan	8.3
Parent Preferred Stock	4.2(a)
Parent PSUs	4.2(b)
Parent Recommendation	5.5(c)
Parent RSUs	4.2(b)
Parent SEC Documents	4.5(a)
Parent Statutory Financial Statements	4.11(i)
Parent Stock Award	4.2(b)
Parent Stock Equivalents	4.2(c)
Parent Stock Plans	8.3

**Table of Contents**

Parent Stockholder Approval	4.3(a)
Parent Stockholder Meeting	5.5(c)
Parent Superior Proposal	5.4(k)(iv)
Parent Superior Proposal Notice	
Period	5.4(f)
Parent Voting Agreements	Recitals
Parent Voting Debt	4.2(c)
Patents	3.18(n)(xiv)
Per Share Cash Amount	2.1(c)(i)(A)
Per Share Cash Election Consideration	2.1(c)(i)(B)
Permits	3.10(d)
Permitted IP Encumbrance	3.18(n)(xv)
Permitted Liens	8.3
Person	8.3
Personal Data	3.18(n)(xvi)
Privacy Requirements	3.18(n)(xvii)
Protected Health Information	3.18(n)(xviii)
Regulatory Laws	8.3
Representatives	8.3
Required Information	5.19(a)(vi)
Requisite Regulatory Approvals	6.1(c)
Rollover RSUs	2.4(a)
R&W Insurance Policy	5.20
SAP	3.5(c)
SEC	Article III
Securities Act	3.4(b)
Share Issuance	8.3
Software	3.18(n)(xix)
SOX	3.5(a)
Specified Insurance Regulators	8.3
Specified Time	3.2(a)
Stock Electing Company Share	2.1(c)(i)(C)
Stock Election	2.1(c)(i)(C)
Subsidiary	8.3
Surviving Corporation	1.1(a)
Takeover Laws	3.25
Target Share Amount	2.4(a)
Tax	3.14(o)(ii)
Tax Returns	3.14(o)(ii)
Termination Fee	7.3(c)(v)
Trademarks	3.18(n)(xx)
Transactions	1.2
WARN	3.12(a)



---

**Table of Contents**

**Annex B Form of Voting and Support Agreement between Infinity Property and Casualty Corporation and the directors and named executive officers of Kemper Corporation**

**VOTING AND SUPPORT AGREEMENT**

THIS VOTING AND SUPPORT AGREEMENT, dated as of February 13, 2018 (this *Agreement* ), is entered into by and between Infinity Property and Casualty Corporation, an Ohio corporation (the *Company* ), and the undersigned stockholder of Parent (the *Stockholder* ).

**WITNESSETH:**

WHEREAS, the Company, Kemper Corporation, a Delaware corporation ( *Parent* ), and Vulcan Sub, Inc., an Ohio corporation and a wholly owned subsidiary of Parent ( *Merger Sub* ), are contemplating entering into an Agreement and Plan of Merger (as the same may be amended or otherwise modified from time to time in accordance with the terms thereof, the *Merger Agreement* );

WHEREAS, as an inducement to and condition of the Company's willingness to enter into the Merger Agreement, they are requiring that the Stockholder enter into this Agreement, and the Stockholder desires to induce the Company to enter into the Merger Agreement; and

WHEREAS, as of the date of this Agreement, the Stockholder has the power to vote and dispose of all of the shares of common stock of Parent, \$0.10 par value per share, of which the Stockholder is the beneficial or record owner and all additional equity securities and equity interests of Parent of which the Stockholder acquires beneficial or record ownership during the period from the date of this Agreement through the Termination Date (including by way of bonus issue, share dividend or distribution, sub-division, recapitalization, consolidation, exchange of shares and the like) (the *Shares* ).

NOW, THEREFORE, in contemplation of the foregoing and in consideration of the mutual agreements, covenants, representations and warranties contained herein and intending to be legally bound by this Agreement, the parties hereto agree as follows:

1. Certain Covenants.

1.1 Voting Agreement. From and after the date of this Agreement until the Termination Date, the Stockholder hereby irrevocably and unconditionally covenants and agrees that at any meeting of the stockholders of Parent (whether annual or special) or at any adjournment or postponement thereof upon which a vote or other approval is sought, the Stockholder shall: (i) appear at such meeting or otherwise cause all of the Stockholder's Shares to be counted as present thereat for the purpose of establishing a quorum whether in person or by proxy; and (ii) vote or cause to be voted, in person or by proxy, all of the Shares (A) in favor of the approval of the Share Issuance as contemplated by the Merger Agreement, (B) in favor of any proposal to adjourn or postpone such meeting of the Company's stockholders to a later date if there are not sufficient votes to approve the Share Issuance, (C) against any Parent Acquisition Proposal or any other extraordinary corporate transaction (other than the Merger), such as a merger, consolidation, business combination, tender or exchange offer, reorganization, recapitalization, liquidation or sale or transfer of all or substantially all of the assets or securities of Parent or any of its material Subsidiaries and (D) against any other proposal, action or transaction that would reasonably be expected to materially impede, frustrate, prevent or nullify the Share Issuance or the Merger Agreement. Except as explicitly set forth in this Section 1.1, nothing in this Agreement shall limit the right of the Stockholder to vote in favor of, against or abstain with respect to any other matters presented to Parent's stockholders, and under no circumstance shall Stockholder be obligated to vote in favor

of a Fundamental Amendment.

1.2 Restrictions on Transfer. The Stockholder hereby covenants and agrees that from and after the date of this Agreement until the Termination Date, the Stockholder will not: (a) directly or indirectly Transfer (or

B-1

---

**Table of Contents**

cause or permit the transfer of) any Shares, or limit the Stockholder's right to vote the Shares, or agree to do any of the foregoing; (b) knowingly take any action that is, individually or in the aggregate, reasonably likely to prevent or materially impair or delay the Stockholder's ability to satisfy its obligations under this Agreement or (c) take any action that would make any of the Stockholder's representations or warranties contained in this Agreement untrue or incorrect or prevent or materially impair or delay the Stockholder from performing the Stockholder's obligations under this Agreement. Notwithstanding the foregoing, the following Transfers are permitted: (i) Transfers of Shares (A) by will, (B) for estate planning purposes, (C) for charitable purposes or as charitable gifts or donations or (D) to the extent necessary to (1) fund a tax liability arising from the exercise or vesting of any equity incentives in Parent held by Stockholder, including any withholding obligations, (2) effect any net settlement or (3) pay the exercise price in respect, of any such equity incentives and (ii) Transfers of Shares with the Company's prior written consent. For purposes hereof, **Transfer** shall mean, with respect to a Share, to, directly or indirectly, (i) sell, pledge, encumber, exchange, assign, grant an option with respect to, transfer, tender or otherwise dispose of such Share or any interest in such Share (including by gift, merger or operation of law), (ii) enter into any Contract providing for the sale of, pledge of, encumbrance of, exchange of, assignment of, grant of an option with respect to, transfer, tender of or other disposition of such Share or any interest therein (including by gift, merger or operation of law) or (iii) enter into, renew or maintain any put equivalent position (as defined in Rule 16a-1 under the Exchange Act) for the purpose of hedging economic exposure to such Share, excluding from this clause (iii) any put equivalent position entered into prior to the date of this Agreement.

1.3 **No Solicitation**. Prior to the Expiration Date, the Stockholder shall not take any action that would be a breach of Section 5.4(a) or (b) of the Merger Agreement if taken by Parent. Notwithstanding the foregoing, the Stockholder and its Affiliates and their respective Representatives, in their capacity as Representatives of Parent, shall be entitled to take an action (or omit to take an action) to the extent Parent's Representatives would be permitted to take such action (or omit to take such action) pursuant to Section 5.4 of the Merger Agreement.

1.4 **Certain Events**. This Agreement and the obligations hereunder will attach to the Shares and will be binding upon any Person to whom or which legal or beneficial ownership of any or all of the Shares passes, whether by operation of applicable Law or otherwise, including, as applicable, the Stockholder's heirs, legal representatives, successors and assigns. At all times commencing with the execution and delivery of this Agreement and continuing until the Termination Date, in furtherance of this Agreement, the Stockholder hereby authorizes Parent or its counsel to notify Parent's transfer agent that there is a stop transfer order with respect to all of the Shares (and that this Agreement places limits on the voting and transfer of the Shares), subject to the provisions hereof and provided that any such stop transfer order and notice will immediately be withdrawn and terminated by Parent following the Termination Date and shall not apply to any Transfer that is permitted hereunder.

1.5 **Disclosure**. The Stockholder hereby authorizes the Company to publish and disclose in any announcement or disclosure required by the Securities and Exchange Commission (the **SEC**), NASDAQ, the NYSE or any other national securities exchange and, to the extent required by applicable Law, the Form S-4 and Joint Proxy Statement (including all documents and schedules filed with the SEC in connection therewith) and any other required filings under the Securities Act of 1933 (the **Securities Act**) or the Securities Exchange Act of 1934 (the **Exchange Act**), or otherwise required by Law, the Stockholder's identity and ownership of the Shares and the nature of the Stockholder's commitments, arrangements and understandings under this Agreement.

1.6 **Inconsistent Agreements**. The Stockholder hereby covenants and agrees that, except for this Agreement, the Stockholder shall not (a) any time prior to the Termination Date, enter into any voting agreement, voting trust or similar agreement or arrangement with respect to the Shares that is inconsistent with this Agreement and (b) grant at any time while this Agreement remains in effect a proxy, consent or power of attorney with respect to the Shares that is inconsistent with this Agreement.

1.7 Further Assurances. From time to time and without additional consideration, the Stockholder shall execute and deliver, or cause to be executed and delivered, such additional instruments, and shall take such

B-2

---

**Table of Contents**

further actions, as the Company may reasonably request for the purpose of carrying out the intent of this Agreement.

1.8 **Irrevocable Proxy**. Subject to the last sentence of **Section 1.1** above, prior to the Termination Date, solely in the event of a failure by the Stockholder to act in accordance with Stockholder's obligations as to voting pursuant to **Section 1.1** no later than the third Business Day prior to any meeting at which stockholders of Parent will consider and vote on any of the matters described in Section 1.1, the Stockholder hereby irrevocably grants to, and appoints, the Company, and any individual designated in writing by the Company, and each of them individually, as the Stockholder's proxy and attorney-in-fact (with full power of substitution and including for purposes of Section 212 of the Delaware General Corporation Law, as amended), for and in the name, place and stead of the Stockholder, to vote the Shares, or grant a consent or approval in respect of the Shares, in a manner consistent with this Agreement. The Stockholder understands and acknowledges that the Company is entering into the Merger Agreement in reliance upon the Stockholder's execution and delivery of this Agreement. The Stockholder hereby affirms that the irrevocable proxy set forth in this **Section 1.8** is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of the Stockholder under this Agreement. The Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and may be revoked only under the circumstances set forth in the last sentence of this **Section 1.8**. The Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with applicable Law. The Stockholder shall, upon written request by the Company, as promptly as practicable execute and deliver to the Company a separate written instrument or proxy that embodies the terms of this irrevocable proxy set forth in this **Section 1.8**. Notwithstanding the foregoing, the proxy and appointment granted hereby shall be automatically revoked, without any action by the Stockholder, upon the Termination Date and the Company may terminate any proxy granted pursuant to this **Section 1.8** at any time at its sole discretion by written notice to the Stockholder.

2. **Representations and Warranties of the Stockholder**. The Stockholder by this Agreement represents and warrants to the Company, as of the date hereof, that:

2.1 **Ownership**. The Shares are, and prior to the Effective Time the Shares will be, beneficially owned by the Stockholder, free and clear of any Liens of any nature whatsoever, except for (a) restrictions on transfer under securities Laws and (b) those created by this Agreement. The Stockholder does not own, beneficially or otherwise, any securities of Parent other than the Shares as of the date of this Agreement.

2.2 **Sole Power**. The Stockholder has, and at all times through the Effective Time will have, sole voting power with respect to the matters set forth in this Agreement, sole power of disposition, sole power to issue instructions with respect to the matters set forth in this Agreement, and sole power to agree to all of the matters set forth in this Agreement, in each case, with respect to all of the Shares.

2.3 **Organization**. If an entity, the Stockholder is an entity duly existing under the laws of its jurisdiction of incorporation, organization or formation.

2.4 **Authorization**. The Stockholder, if an entity, has all necessary power and authority or, if an individual, has legal right and capacity to execute and deliver this Agreement, to perform the Stockholder's obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Stockholder and the consummation of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary action of the Stockholder, and no other proceedings on the part of the Stockholder or any Affiliate thereof are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Stockholder and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes

a valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms (except to the extent that enforceability (a) may be limited by applicable bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar Laws affecting or relating to creditors' rights generally (whether now or hereafter in effect) and (b) is subject to general principles of equity).

B-3

---

**Table of Contents**

**2.5 No Violation: Consents.** The execution, delivery and performance of this Agreement by the Stockholder do not and will not, and the consummation by the Stockholder of the transactions contemplated by this Agreement will not, with or without notice or lapse of time, or both, conflict with or violate (a) any Law applicable to the Stockholder or by which any of the Stockholder's property or assets is bound, (b) any order, writ, injunction, decree, judgment, order, statute, rule, or regulation applicable to the Stockholder or by which the Stockholder's property or assets are bound, (c) any Contract to which the Stockholder is a party or by which the Stockholder may be bound, except for violations, breaches or defaults that, individually or in the aggregate, would not reasonably be expected to (x) in any material respect impair or adversely affect the ability of the Stockholder to perform its obligations under this Agreement or (y) prevent or materially delay or adversely affect the consummation of the Merger or (d) in the event the Stockholder is an entity, the Stockholder's certificate of incorporation or bylaws (or comparable governing documents). The Stockholder has revoked or terminated any proxies, voting agreements or similar arrangements previously given or entered into with respect to the Shares. The execution and delivery of this Agreement by the Stockholder do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (1) compliance with the applicable requirements of the Securities Act and the Exchange Act and (2) compliance with any applicable international, federal or state securities or blue sky Laws.

**2.6 Reliance by the Company.** The Stockholder understands and acknowledges that the Company is entering into the Merger Agreement in reliance upon the Stockholder's execution and delivery of this Agreement and the representations and warranties of the Stockholder contained in this Agreement.

**2.7 The Stockholder Has Adequate Information.** The Stockholder is a sophisticated seller with respect to the Shares and has adequate information concerning the business and financial condition of Parent to make an informed decision regarding the sale of the Shares and has independently, without reliance upon the Company, and based on such information as the Stockholder has deemed appropriate, made the Stockholder's own analysis and decision to enter into this Agreement.

**2.8 No Litigation.** There are no Actions pending or, to the knowledge of the Stockholder, threatened against the Stockholder or its Affiliates, or any Judgement to which the Stockholder or its Affiliates is subject to, except, in each case, for those that, individually or in the aggregate, would not reasonably be expected to (a) in any material respect impair or adversely affect the ability of the Stockholder to perform its obligations under this Agreement or (b) prevent or materially delay or adversely affect the consummation of the Merger.

**2.9 Form S-4 and Joint Proxy Statement.** None of the information supplied or to be supplied by the Stockholder individually for inclusion or incorporation by reference in (a) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading or (b) the Joint Proxy Statement will, at the time it is first mailed to the Stockholder, at the time of any amendment thereof or supplement thereto and at the time of the Parent Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

**2.10 No Finder's Fees.** No broker, investment banker, financial advisor, finder, agent or other Person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with this Agreement based upon arrangements made by or on behalf of the Stockholder in his, her or its capacity as a stockholder of Parent.

3. Representations and Warranties of the Company. The Company by this Agreement represents and warrants to the Stockholder, as of the date hereof, that:

3.1 Authorization. The Company has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this

B-4



---

**Table of Contents**

Agreement. The execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of the Company, and no other corporate proceedings on the part of the Company are necessary to approve this Agreement or to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Stockholder, this Agreement constitutes a valid and binding obligation of the Stockholder, enforceable against the Company in accordance with its terms (except to the extent that enforceability (a) may be limited by applicable bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar Laws affecting or relating to creditors' rights generally (whether now or hereafter in effect) and (b) is subject to general principles of equity).

3.2 **No Violation; Consents.** The execution, delivery and performance of this Agreement by the Company do not and will not, and the consummation by the Company of the transactions contemplated by this Agreement will not, with or without notice or lapse of time, or both, conflict with or violate (a) any Law applicable to the Company or by which any of the Company's property or assets is bound, (b) any order, writ, injunction, decree, judgment, order, statute, rule, or regulation applicable to the Company or by which the Company's property or assets are bound, (c) any Contract to which the Company is a party or by which the Company may be bound, except for violations, breaches or defaults that, individually or in the aggregate, would not reasonably be expected to (x) in any material respect impair or adversely affect the ability of the Company to perform its obligations under this Agreement or (y) prevent or materially delay or adversely affect the consummation of the Share Issuance, or (d) the Company's articles of incorporation or code of regulations. The execution and delivery of this Agreement by the Company do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (i) compliance with the applicable requirements of the Securities Act and the Exchange Act and (ii) compliance with any applicable international, federal or state securities or "blue sky" Laws.

4. **Miscellaneous.**

4.1 **Term.** Notwithstanding any other provision of this Agreement or any other agreement, this Agreement and all obligations hereunder shall terminate and cease to have any force or effect upon the earliest of (a) the Closing, (b) any termination of the Merger Agreement in accordance with its terms, (c) the delivery of written notice of termination of this Agreement by the Stockholder to the Company following a Parent Adverse Recommendation Change, (d) the written agreement of the Stockholder and the Company to terminate this Agreement and (e) the delivery of written notice of termination of this Agreement by the Stockholder to the Company following any Fundamental Amendment (the earliest date, the ***Termination Date***). For purposes of this Agreement, ***Fundamental Amendment*** means the execution by the Company, Parent and Merger Sub of an amendment to, or waiver by the Company, Parent or Merger Sub of any provision of, the Merger Agreement that (i) increases the cash component or the stock component of the Merger Consideration, (ii) changes the form of the Merger Consideration in any material respect, (iii) extends the Outside Date (other than as set forth in Section 7.1(b)(iv) of the Merger, (iv) changes the election rights of holders of Company Shares set forth in Article II of the Merger Agreement in any material respect or (v) any amendment, waiver, or other modification to the Merger Agreement that is materially adverse to the Stockholder. If the Stockholder does not exercise the termination right described in clause (e) above within five (5) Business Days following the date the Stockholder is notified that such Fundamental Amendment is effected, then this Agreement shall continue in full force and effect. In no event shall the Stockholder have any personal liability for any damages resulting from a breach of this Agreement other than in connection with an intentional and willful breach of this Agreement by the Stockholder arising out of actions taken by the Stockholder that the Stockholder knew at such time to be in violation hereof.

4.2 Fiduciary Duties. Notwithstanding anything in this Agreement to the contrary: (a) the Stockholder makes no agreement or understanding herein in any capacity other than in the Stockholder's capacity as a beneficial owner of Shares; and (b) if the Stockholder is an individual, nothing herein will be construed to limit or affect the Stockholder or any Representative of the Stockholder, as applicable from (i) exercising the Stockholder's fiduciary duties as a director or officer of Parent or any of its Subsidiaries or (ii) otherwise taking

B-5

---

**Table of Contents**

any action or inaction in such Person's capacity as a director or officer of Parent or any Subsidiary of Parent, and any such action shall not constitute a breach of this Agreement.

4.3 Amendment and Waiver. This Agreement may be amended by mutual agreement of the parties hereto and may not be amended except by an instrument in writing signed by both parties hereto. Subject to applicable Law, either party hereto may (a) extend the time for the performance of any obligation or other act of the other party hereto, (b) waive any inaccuracy in the representations and warranties of the other party contained herein, (c) waive compliance by the other party with any agreement contained herein or (d) waive any condition to which its obligations are subject. Any such extension or waiver shall only be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. Notwithstanding the foregoing, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. In the event that the Company agrees to any amendment, extension or waiver of the terms of this Agreement for the benefit of any other stockholder that has entered into a corresponding agreement with the Company, such amendment, extension or waiver shall automatically be deemed to apply to the Stockholder, *mutatis mutandis*.

4.4 Costs and Expenses. Each party shall each bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement.

4.5 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, successors and permitted assigns. The obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon each party's respective successors and permitted assigns, which shall include successors by operation of Law, such as by merger.

4.6 Entire Agreement; Third-Party Beneficiaries. This Agreement constitutes the entire agreement, and supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings, between the parties hereto with respect to the subject matter hereof. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties hereto and, as applicable, their respective heirs, legal representatives, successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

4.7 Assignments. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of Law or otherwise, by either party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void.

4.8 Execution in Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in .pdf format shall be sufficient to bind the parties to the terms and conditions of this Agreement.

4.9 Notices, Etc. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or email, upon written confirmation of receipt by facsimile or email, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to Company, to:

Infinity Property and Casualty Corporation

2201 4th Avenue North

Birmingham, Alabama 35203

Attention: General Counsel

B-6

**Table of Contents**

with a copy to:

Keating Muething & Klekamp PLL

One East Fourth Street, Suite 1400

Cincinnati, Ohio 45202

Attention: F. Mark Reuter (mreuter@kmklaw.com)

Nicholas Simon (nsimon@kmklaw.com)

if to Stockholder, to Stockholder's address set forth on the signature page hereto.

4.10 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated by this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

4.11 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

4.12 Submission to Jurisdiction; Service of Process. Each of the parties irrevocably agrees that any Action with respect to this Agreement or the rights or obligations arising hereunder, or for recognition and enforcement of any Judgment in respect of this Agreement or the rights or obligations arising hereunder brought by the other party hereto or its successors or permitted assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). The parties further agree that no party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 4.12, and each party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. Each of the parties hereby irrevocably submits with regard to any such Action for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the aforesaid courts. Each of the parties by this Agreement irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any Action with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 4.12, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the Action in such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties by this Agreement consents to service being made through the notice procedures set forth in Section 4.9 and agrees that service of any process, summons, notice or document by registered mail (return receipt requested and first-class postage prepaid) to the respective

addresses set forth in Section 4.9 shall be effective service of process for any Action in connection with this Agreement or the transactions contemplated hereby.

4.13 Definitions. Capitalized terms used herein but not otherwise defined in the body of this Agreement shall have the respective meanings set forth in the Merger Agreement as in effect on the date hereof.

4.14 Relationship of Parties. Nothing contained herein shall establish any fiduciary, partnership, joint venture or similar relationship between the parties hereto except to the extent otherwise expressly stated herein or therein.

B-7

---

**Table of Contents**

4.15 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

4.16 Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each party shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Court of Chancery, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives any requirement under any law to post security as a prerequisite to obtaining equitable relief.

4.17 Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein, and any statute referred to herein shall include the rules and regulations promulgated thereunder. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it is drafted by both of the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring either party by virtue of authorship of any of the provisions of this Agreement.

\* \* \* \* \*

**Table of Contents**

IN WITNESS WHEREOF, the Company and the Stockholder have caused this Agreement to be duly executed as of the day and year first above written.

**INFINITY PROPERTY AND CASUALTY  
CORPORATION**

By:

Name:

Title:

B-9



**Table of Contents**

*[Signature Page to Voting and Support Agreement]*

**[STOCKHOLDER]:**

*(signature)*

Address:

*[Signature Page to Voting and Support Agreement]*

B-10

---

**Table of Contents**

**Annex C Form of Voting and Support Agreement between Kemper Corporation and the directors and named executive officers of Infinity Property and Casualty Corporation**

**VOTING AND SUPPORT AGREEMENT**

THIS VOTING AND SUPPORT AGREEMENT, dated as of February 13, 2018 (this *Agreement* ), is entered into by and between Kemper Corporation, a Delaware corporation ( *Parent* ), and the undersigned shareholder of the Company (the *Shareholder* ).

**WITNESSETH:**

WHEREAS, Parent, Vulcan Sub, Inc., an Ohio corporation and a wholly owned subsidiary of Parent ( *Merger Sub* ), and Infinity Property and Casualty Corporation, an Ohio corporation (the *Company* ), are contemplating entering into an Agreement and Plan of Merger (as the same may be amended or otherwise modified from time to time in accordance with the terms thereof, the *Merger Agreement* );

WHEREAS, as an inducement to and condition of Parent's and Merger Sub's willingness to enter into the Merger Agreement, they are requiring that the Shareholder enter into this Agreement, and the Shareholder desires to induce Parent and Merger Sub to enter into the Merger Agreement; and

WHEREAS, as of the date of this Agreement, the Shareholder has the power to vote and dispose all of the shares of common stock of the Company, \$0.01 par value per share, of which the Shareholder is the beneficial or record owner and all additional equity securities and equity interests of the Company of which the Shareholder acquires beneficial or record ownership during the period from the date of this Agreement through the Termination Date (including by way of bonus issue, share dividend or distribution, sub-division, recapitalization, consolidation, exchange of shares and the like) (the *Shares* ).

NOW, THEREFORE, in contemplation of the foregoing and in consideration of the mutual agreements, covenants, representations and warranties contained herein and intending to be legally bound by this Agreement, the parties hereto agree as follows:

1. Certain Covenants.

1.1 Voting Agreement. From and after the date of this Agreement until the Termination Date, the Shareholder hereby irrevocably and unconditionally covenants and agrees that at any meeting of the shareholders of the Company (whether annual or special) or at any adjournment or postponement thereof upon which a vote or other approval is sought, the Shareholder shall: (i) appear at such meeting or otherwise cause all of the Shareholder's Shares to be counted as present thereat for the purpose of establishing a quorum whether in person or by proxy; and (ii) vote or cause to be voted, in person or by proxy, all of the Shares (A) in favor of the adoption of the Merger Agreement and the approval of the transactions contemplated thereby, (B) in favor of any proposal to adjourn or postpone such meeting of the Company's shareholders to a later date if there are not sufficient votes to adopt the Merger Agreement, (C) against any Company Acquisition Proposal or any other extraordinary corporate transaction (other than the Merger), such as a merger, consolidation, business combination, tender or exchange offer, reorganization, recapitalization, liquidation or sale or transfer of all or substantially all of the assets or securities of the Company or any of its material Subsidiaries and (D) against any other proposal, action or transaction that would reasonably be expected to materially impede, frustrate, prevent or nullify the Merger or the Merger Agreement. Except as explicitly set forth in this Section 1.1, nothing in this Agreement shall limit the right of the Shareholder to vote in favor of, against or abstain with respect to any other matters presented to the Company's shareholders, and under no

circumstance shall Shareholder be obligated to vote in favor of a Fundamental Amendment.

1.2 Restrictions on Transfer. The Shareholder hereby covenants and agrees that from and after the date of this Agreement until the Termination Date, the Shareholder will not (a) directly or indirectly Transfer (or

C-1

---

**Table of Contents**

cause or permit the transfer of) any Shares, or limit the Shareholder's right to vote the Shares, or agree to do any of the foregoing; (b) knowingly take any action that is, individually or in the aggregate, reasonably likely to prevent or materially impair or delay the Shareholder's ability to satisfy its obligations under this Agreement or (c) take any action that would make any of the Shareholder's representations or warranties contained in this Agreement untrue or incorrect or prevent or materially impair or delay the Shareholder from performing the Shareholder's obligations under this Agreement. Notwithstanding the foregoing, the following Transfers are permitted: (i) Transfers of Shares (A) by will, (B) for estate planning purposes, (C) for charitable purposes or as charitable gifts or donations or (D) to the extent necessary to (1) fund a tax liability arising from the exercise or vesting of any equity incentives in the Company held by Shareholder, including any withholding obligations, (2) effect any net settlement or (3) pay the exercise price in respect, of any such equity incentives and (ii) Transfers of Shares with Parent's prior written consent. For purposes hereof, **Transfer** shall mean, with respect to a Share, to, directly or indirectly, (i) sell, pledge, encumber, exchange, assign, grant an option with respect to, transfer, tender or otherwise dispose of such Share or any interest in such Share (including by gift, merger or operation of law), (ii) enter into any Contract providing for the sale of, pledge of, encumbrance of, exchange of, assignment of, grant of an option with respect to, transfer, tender of or other disposition of such Share or any interest therein (including by gift, merger or operation of law) or (iii) enter into, renew or maintain any put equivalent position (as defined in Rule 16a-1 under the Exchange Act) for the purpose of hedging economic exposure to such Share, excluding from this clause (iii) any put equivalent position entered into prior to the date of this Agreement.

1.3 **No Solicitation**. Prior to the Expiration Date, the Shareholder shall not take any action that would be a breach of Sections 5.3(a) or (b) of the Merger Agreement if taken by the Company. Notwithstanding the foregoing, the Shareholder and its Affiliates and their respective Representatives, in their capacity as Representatives of the Company, shall be entitled to take an action (or omit to take an action) to the extent the Company's Representatives would be permitted to take such action (or omit to take such action) pursuant to Section 5.3 of the Merger Agreement.

1.4 **Certain Events**. This Agreement and the obligations hereunder will attach to the Shares and will be binding upon any Person to whom or which legal or beneficial ownership of any or all of the Shares passes, whether by operation of applicable Law or otherwise, including, as applicable, the Shareholder's heirs, legal representatives, successors and assigns. At all times commencing with the execution and delivery of this Agreement and continuing until the Termination Date, in furtherance of this Agreement, the Shareholder hereby authorizes the Company or its counsel to notify the Company's transfer agent that there is a stop transfer order with respect to all of the Shares (and that this Agreement places limits on the voting and transfer of the Shares), subject to the provisions hereof and provided that any such stop transfer order and notice will immediately be withdrawn and terminated by the Company following the Termination Date and shall not apply to any Transfer that is permitted hereunder.

1.5 **Appraisal Rights**. The Shareholder hereby waives, to the fullest extent permitted by Law, and agrees not to assert any rights of appraisal or any dissenters' rights that (whether under applicable Law or otherwise) the Shareholder may have or could potentially have or acquire in connection with the Merger in respect of the Shares.

1.6 **Disclosure**. The Shareholder hereby authorizes Parent to publish and disclose in any announcement or disclosure required by the Securities and Exchange Commission (the **SEC**), NASDAQ, the NYSE or any other national securities exchange and, to the extent required by applicable Law, the Form S-4 and Joint Proxy Statement (including all documents and schedules filed with the SEC in connection therewith) and any other required filings under the Securities Act of 1933 (the **Securities Act**) or the Securities Exchange Act of 1934 (the **Exchange Act**), or otherwise required by Law, the Shareholder's identity and ownership of the Shares and the nature of the Shareholder's commitments, arrangements and understandings under this Agreement.

1.7 Inconsistent Agreements. The Shareholder hereby covenants and agrees that, except for this Agreement, the Shareholder shall not (a) any time prior to the Termination Date, enter into any voting agreement, voting trust or similar agreement or arrangement with respect to the Shares that is inconsistent with this

C-2

---

**Table of Contents**

Agreement and (b) grant at any time while this Agreement remains in effect a proxy, consent or power of attorney with respect to the Shares that is inconsistent with this Agreement.

1.8 Further Assurances. From time to time and without additional consideration, the Shareholder shall execute and deliver, or cause to be executed and delivered, such additional instruments, and shall take such further actions, as Parent may reasonably request for the purpose of carrying out the intent of this Agreement.

1.9 Irrevocable Proxy. Subject to the last sentence of Section 1.1 above, prior to the Termination Date, solely in the event of a failure by the Shareholder to act in accordance with Shareholder's obligations as to voting pursuant to Section 1.1 no later than the third Business Day prior to any meeting at which shareholders of the Company will consider and vote on any of the matters described in Section 1.1, the Shareholder hereby irrevocably grants to, and appoints, Parent, and any individual designated in writing by Parent, and each of them individually, as the Shareholder's proxy and attorney-in-fact (with full power of substitution and including for purposes of Section 1701.48 of the Ohio General Corporation Law), for and in the name, place and stead of the Shareholder, to vote the Shares, or grant a consent or approval in respect of the Shares, in a manner consistent with this Agreement. The Shareholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon the Shareholder's execution and delivery of this Agreement. The Shareholder hereby affirms that the irrevocable proxy set forth in this Section 1.9 is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of the Shareholder under this Agreement. The Shareholder hereby further affirms that the irrevocable proxy is coupled with an interest and may be revoked only under the circumstances set forth in the last sentence of this Section 1.9. The Shareholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with applicable Law. The Shareholder shall, upon written request by Parent, as promptly as practicable execute and deliver to Parent a separate written instrument or proxy that embodies the terms of this irrevocable proxy set forth in this Section 1.9. Notwithstanding the foregoing, the proxy and appointment granted hereby shall be automatically revoked, without any action by the Shareholder, upon the Termination Date and Parent may terminate any proxy granted pursuant to this Section 1.9 at any time at its sole discretion by written notice to the Shareholder.

2. Representations and Warranties of the Shareholder. The Shareholder by this Agreement represents and warrants to Parent, as of the date hereof, that:

2.1 Ownership. The Shares are, and prior to the Effective Time the Shares will be, beneficially owned by the Shareholder, free and clear of any Liens of any nature whatsoever, except for (a) restrictions on transfer under securities Laws and (b) those created by this Agreement. The Shareholder does not own, beneficially or otherwise, any securities of the Company other than the Shares set forth on the signature page of this Agreement.

2.2 Sole Power. The Shareholder has, and at all times through the Effective Time will have, sole voting power with respect to the matters set forth in this Agreement, sole power of disposition, sole power to issue instructions with respect to the matters set forth in this Agreement, and sole power to agree to all of the matters set forth in this Agreement, in each case, with respect to all of the Shares.

2.3 Organization. If an entity, the Shareholder is an entity duly existing under the laws of its jurisdiction of incorporation, organization or formation.

2.4 Authorization. The Shareholder, if an entity, has all necessary power and authority or, if an individual, has legal right and capacity to execute and deliver this Agreement, to perform the Shareholder's obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the

Shareholder and the consummation of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary action of the Shareholder, and no other proceedings on the part of the Shareholder or any Affiliate thereof are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by Parent, this Agreement constitutes a valid and binding obligation of the Shareholder, enforceable

C-3

---

**Table of Contents**

against the Shareholder in accordance with its terms (except to the extent that enforceability (a) may be limited by applicable bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar Laws affecting or relating to creditors' rights generally (whether now or hereafter in effect) and (b) is subject to general principles of equity).

**2.5 No Violation; Consents.** The execution, delivery and performance of this Agreement by the Shareholder do not and will not, and the consummation by the Shareholder of the transactions contemplated by this Agreement will not, with or without notice or lapse of time, or both, conflict with or violate (a) any Law applicable to the Shareholder or by which any of the Shareholder's property or assets is bound, (b) any order, writ, injunction, decree, judgment, order, statute, rule, or regulation applicable to the Shareholder or by which the Shareholder's property or assets are bound, (c) any Contract to which the Shareholder is a party or by which the Shareholder may be bound, except for violations, breaches or defaults that, individually or in the aggregate, would not reasonably be expected to (x) in any material respect impair or adversely affect the ability of the Shareholder to perform its obligations under this Agreement or (y) prevent or materially delay or adversely affect the consummation of the Merger, or (d) in the event the Shareholder is an entity, the Shareholder's certificate of incorporation or bylaws (or comparable governing documents). The Shareholder has revoked or terminated any proxies, voting agreements or similar arrangements previously given or entered into with respect to the Shares. The execution and delivery of this Agreement by the Shareholder do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (1) compliance with the applicable requirements of the Securities Act and the Exchange Act and (2) compliance with any applicable international, federal or state securities or "blue sky" Laws.

**2.6 Reliance by Parent.** The Shareholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon the Shareholder's execution and delivery of this Agreement and the representations and warranties of the Shareholder contained in this Agreement.

**2.7 The Shareholder Has Adequate Information.** The Shareholder is a sophisticated seller with respect to the Shares and has adequate information concerning the business and financial condition of the Company to make an informed decision regarding the sale of the Shares and has independently, without reliance upon Parent, and based on such information as the Shareholder has deemed appropriate, made the Shareholder's own analysis and decision to enter into this Agreement.

**2.8 No Litigation.** There are no Actions pending or, to the knowledge of the Shareholder, threatened against the Shareholder or its Affiliates, or any Judgement to which the Shareholder or its Affiliates is subject to, except, in each case, for those that, individually or in the aggregate, would not reasonably be expected to (a) in any material respect impair or adversely affect the ability of the Shareholder to perform its obligations under this Agreement or (b) prevent or materially delay or adversely affect the consummation of the Merger.

**2.9 Form S-4 and Joint Proxy Statement.** None of the information supplied or to be supplied by the Shareholder individually for inclusion or incorporation by reference in (a) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading or (b) the Joint Proxy Statement will, at the time it is first mailed to the Shareholder, at the time of any amendment thereof or supplement thereto and at the time of the Company Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.



2.10 No Finder's Fees. No broker, investment banker, financial advisor, finder, agent or other Person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with this Agreement based upon arrangements made by or on behalf of the Shareholder in his, her or its capacity as a shareholder of the Company.

C-4

---

**Table of Contents**

3. Representations and Warranties of Parent. Parent by this Agreement represents and warrants to the Shareholder, as of the date hereof, that:

3.1 Authorization. Parent has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery by Parent of this Agreement and the consummation by Parent of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of Parent, and no other corporate proceedings on the part of Parent are necessary to approve this Agreement or to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Parent and, assuming the due authorization, execution and delivery by the Shareholder, this Agreement constitutes a valid and binding obligation of the Shareholder, enforceable against Parent in accordance with its terms (except to the extent that enforceability (a) may be limited by applicable bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar Laws affecting or relating to creditors' rights generally (whether now or hereafter in effect) and (b) is subject to general principles of equity).

3.2 No Violation; Consents. The execution, delivery and performance of this Agreement by Parent do not and will not, and the consummation by Parent of the transactions contemplated by this Agreement will not, with or without notice or lapse of time, or both, conflict with or violate (a) any Law applicable to Parent or by which any of Parent's property or assets is bound, (b) any order, writ, injunction, decree, judgment, order, statute, rule, or regulation applicable to Parent or by which Parent's property or assets are bound, (c) any Contract to which Parent is a party or by which Parent may be bound, except for violations, breaches or defaults that, individually or in the aggregate, would not reasonably be expected to (x) in any material respect impair or adversely affect the ability of Parent to perform its obligations under this Agreement or (y) prevent or materially delay or adversely affect the consummation of the Merger, or (d) Parent's certificate of incorporation or bylaws. The execution and delivery of this Agreement by Parent do not and will not require any consent, approval, order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (i) compliance with the applicable requirements of the Securities Act and the Exchange Act and (ii) compliance with any applicable international, federal or state securities or "blue sky" Laws.

4. Miscellaneous.

4.1 Term. Notwithstanding any other provision of this Agreement or any other agreement, this Agreement and all obligations hereunder shall terminate and cease to have any force or effect upon the earliest of (a) the Closing, (b) any termination of the Merger Agreement in accordance with its terms, (c) the delivery of written notice of termination of this Agreement by the Shareholder to Parent following a Company Adverse Recommendation Change, (d) the written agreement of the Shareholder and Parent to terminate this Agreement and (e) the delivery of written notice of termination of this Agreement by the Shareholder to Parent following any Fundamental Amendment (the earliest date, the **Termination Date**). For purposes of this Agreement, **Fundamental Amendment** means the execution by the Company, Parent and Merger Sub of an amendment to, or waiver by the Company, Parent or Merger Sub of any provision of, the Merger Agreement that (i) reduces the cash component or the stock component of the Merger Consideration, (ii) changes the form of the Merger Consideration in any material respect, (iii) extends the Outside Date (other than as set forth in Section 7.1(b)(iv) of the Merger Agreement), (iv) changes the election rights of holders of Company Shares set forth in Article II of the Merger Agreement in any material respect, or (v) any amendment, waiver, or other modification to the Merger Agreement that is materially adverse to the Shareholder. If the Shareholder does not exercise the termination right described in clause (e) above within five (5) Business Days following the date the Shareholder is notified that such Fundamental Amendment is effected, then this Agreement shall continue in full force and effect. In no event shall the Shareholder have any personal liability for any damages resulting from a breach of this Agreement other than in connection with an intentional and willful breach of this

Agreement by the Shareholder arising out of actions taken by the Shareholder that the Shareholder knew at such time to be in violation hereof.

4.2 Fiduciary Duties. Notwithstanding anything in this Agreement to the contrary: (a) the Shareholder makes no agreement or understanding herein in any capacity other than in the Shareholder's capacity as a

C-5

---

**Table of Contents**

beneficial owner of Shares; and (b) if the Shareholder is an individual, nothing herein will be construed to limit or affect the Shareholder or any Representative of the Shareholder, as applicable from (i) exercising the Shareholder's fiduciary duties as a director or officer of the Company or any of its Subsidiaries or (ii) otherwise taking any action or inaction in such Person's capacity as a director or officer of the Company or any Subsidiary of the Company, and any such action shall not constitute a breach of this Agreement.

4.3 **Amendment and Waiver.** This Agreement may be amended by mutual agreement of the parties hereto and may not be amended except by an instrument in writing signed by both parties hereto. Subject to applicable Law, either party hereto may (a) extend the time for the performance of any obligation or other act of the other party hereto, (b) waive any inaccuracy in the representations and warranties of the other party contained herein, (c) waive compliance by the other party with any agreement contained herein or (d) waive any condition to which its obligations are subject. Any such extension or waiver shall only be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. Notwithstanding the foregoing, no failure or delay by any party in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. In the event that Parent agrees to any amendment, extension or waiver of the terms of this Agreement for the benefit of any other shareholder that has entered into a corresponding agreement with Parent, such amendment, extension or waiver shall automatically be deemed to apply to the Shareholder, *mutatis mutandis*.

4.4 **Costs and Expenses.** Each party shall each bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement.

4.5 **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, successors and permitted assigns. The obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon each party's respective successors and permitted assigns, which shall include successors by operation of Law, such as by merger.

4.6 **Entire Agreement; Third-Party Beneficiaries.** This Agreement constitutes the entire agreement, and supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings, between the parties hereto with respect to the subject matter hereof. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties hereto and, as applicable, their respective heirs, legal representatives, successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement, except that Merger Sub shall be an express third-party beneficiary of this Agreement.

4.7 **Assignments.** Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of Law or otherwise, by either party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void.

4.8 **Execution in Counterparts.** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or by electronic delivery in .pdf format shall be sufficient to bind the parties to the terms and conditions of this Agreement.

4.9 **Notices, Etc.** All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or email, upon written confirmation of receipt by facsimile or email, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date

of mailing if delivered by registered or certified mail, return receipt

C-6

**Table of Contents**

requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to Parent, to:

Kemper Corporation

One East Wacker Drive

Chicago, Illinois 60601

Attention: James J. McKinney, Chief Financial Officer

(jmckinney@kemper.com)

C. Thomas Evans, Jr., General Counsel

(tevans@kemper.com)

with a copy to:

Sidley Austin LLP

One South Dearborn Street

Chicago, Illinois 60603

Attention: Michael P. Goldman (mgoldman@sidley.com)

Brian J. Fahrney (bfahrney@sidley.com)

Facsimile: (312) 853-7036

if to the Shareholder, to the Shareholder's address set forth on the signature page hereto.

4.10 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated by this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Ohio, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Ohio.

4.11 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

4.12 Submission to Jurisdiction: Service of Process. Each of the parties irrevocably agrees that any Action with respect to this Agreement or the rights or obligations arising hereunder, or for recognition and enforcement of any

Judgment in respect of this Agreement or the rights or obligations arising hereunder brought by the other party hereto or its successors or permitted assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). The parties further agree that no party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 4.12, and each party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. Each of the parties hereby irrevocably submits with regard to any such Action for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than the aforesaid courts. Each of the parties by this Agreement irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any Action with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 4.12, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or

---

**Table of Contents**

otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the Action in such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties by this Agreement consents to service being made through the notice procedures set forth in Section 4.9 and agrees that service of any process, summons, notice or document by registered mail (return receipt requested and first-class postage prepaid) to the respective addresses set forth in Section 4.9 shall be effective service of process for any Action in connection with this Agreement or the transactions contemplated hereby.

4.13 Definitions. Capitalized terms used herein but not otherwise defined in the body of this Agreement shall have the respective meanings set forth in the Merger Agreement as in effect on the date hereof.

4.14 Relationship of Parties. Nothing contained herein shall establish any fiduciary, partnership, joint venture or similar relationship between the parties hereto except to the extent otherwise expressly stated herein or therein.

4.15 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

4.16 Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each party shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Court of Chancery, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives any requirement under any law to post security as a prerequisite to obtaining equitable relief.

4.17 Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words `include`, `includes` or `including` are used in this Agreement, they shall be deemed to be followed by the words `without limitation`. The words `hereof`, `herein` and `hereunder` and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein, and any statute referred to herein shall include the rules and regulations promulgated thereunder. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it is drafted by both of the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring either party by virtue of authorship of any of the provisions of this Agreement.



\* \* \* \* \*

C-8

**Table of Contents**

IN WITNESS WHEREOF, Parent and the Shareholder have caused this Agreement to be duly executed as of the day and year first above written.

**KEMPER CORPORATION**

By: \_\_\_\_\_

\_\_\_\_\_  
Name:

Title:

*[Signature Page to Voting and Support Agreement]*

C-9

Table of Contents

**[SHAREHOLDER]:**

*(signature)*

Address:

*[Signature Page to Voting and Support Agreement]*

C-10

---

**Table of Contents**

**Annex D Opinion of Goldman Sachs & Co. LLC**

**[LETTERHEAD OF GOLDMAN SACHS & CO. LLC]**

**PERSONAL AND CONFIDENTIAL**

February 13, 2018

Board of Directors

Kemper Corporation

One East Wacker Drive

Chicago, IL 606061

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to Kemper Corporation (the Company ) of the Aggregate Consideration (defined below) to be paid by the Company for all of the outstanding shares of common stock, no par value per share (the Infinity Common Stock ), of Infinity Property and Casualty Corporation ( Infinity ) pursuant to the Agreement and Plan of Merger, dated as of February 13, 2018 (the Agreement ), by and among the Company, Vulcan Sub, Inc., a wholly owned subsidiary of the Company ( Merger Sub ), and Infinity. Pursuant to the Agreement, Merger Sub will be merged with and into Infinity and each outstanding share of Infinity Common Stock will be converted into the right to receive, at the election of the holder thereof, either (i) a combination of stock and cash (taken in the aggregate, the Mixed Consideration ) consisting of (x) \$51.60 in cash plus (y) 1.2019 shares of common stock, par value \$0.01 per share (the Company Common Stock ) of the Company; (ii) \$129.00 in cash, subject to pro-rata as set forth in the Agreement (the Cash Election Consideration ), or (iii) 2.0031 shares of Company Common Stock, subject to pro-rata as set forth in the Agreement (the Share Election Consideration ) (the aggregate of the Mixed Consideration, the Cash Election Consideration and the Share Election Consideration to be paid pursuant to the Agreement, the Aggregate Consideration ).

Goldman Sachs & Co. LLC and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs & Co. LLC and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, Infinity and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the Transaction ). We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, all of which are contingent upon consummation of the Transaction, and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We have provided certain financial advisory and/or underwriting services to the Company and/or its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as a joint book-running manager with respect to a public offering of the Company's 4.350% Senior Notes due 2025 (aggregate principal amount \$200,000,000) in June 2017. We may also in the future provide financial advisory and/or underwriting services to the Company, Infinity and their respective

affiliates for which our Investment Banking Division may receive compensation.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to stockholders and Annual Reports on Form 10-K of the Company and Infinity for the five fiscal years ended

D-1

**Table of Contents**

Board of Directors

Kemper Corp

February 13, 2018

Page 2

December 31, 2016; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company and Infinity; certain other communications from the Company and Infinity to their respective stockholders; certain publicly available research analyst reports for the Company and Infinity; certain internal financial analyses and forecasts for Infinity on a stand-alone basis prepared by its management; certain internal financial analyses and forecasts for the Company and certain financial analyses and forecasts for Infinity, in each case, on a stand-alone basis, and certain financial analyses and forecasts for the Company on a pro-forma basis giving effect to the Transaction, in each case, as prepared by the management of the Company and approved for our use by the Company (collectively, the "Forecasts"); and certain operating synergies projected by the management of the Company to result from the Transaction, as approved for our use by the Company (the "Synergies"). We have also held discussions with members of the senior managements of the Company and Infinity regarding their assessment of the past and current business operations, financial condition and future prospects of Infinity and with the members of senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company and the strategic rationale for, and the potential benefits of, the Transaction; reviewed the reported price and trading activity for the shares of Company Common Stock and the shares of Infinity Common Stock; compared certain financial and stock market information for the Company and Infinity with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the property and casualty insurance industry and in other industries; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts and the Synergies have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company or Infinity or any of their respective subsidiaries and we have not been furnished with any such evaluation or appraisal. We are not actuaries and our services did not include any actuarial determination or evaluation by us or any attempt to evaluate actuarial assumptions and we have relied on your actuaries with respect to reserve adequacy. In that regard, we have made no analysis of, and express no opinion as to, the adequacy of the loss and loss adjustments expenses reserves or the future policy benefit reserves of the Company or the adequacy of the loss and loss adjustments expenses reserves of Infinity. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or Infinity or on the expected benefits of the Transaction in any way meaningful to our analysis. We also have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. This opinion addresses only the fairness from a financial point of view to the Company, as of the date hereof, of the Aggregate Consideration to be paid by the Company for all of the outstanding shares of Infinity Common Stock pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Transaction, including, the fairness of the Transaction to, or any

D-2

**Table of Contents**

Board of Directors

Kemper Corp

February 13, 2018

Page 3

consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or Infinity, or any class of such persons in connection with the Transaction, whether relative to the Aggregate Consideration to be paid by the Company for all of the outstanding shares of Infinity Common Stock pursuant to the Agreement or otherwise. We are not expressing any opinion as to the prices at which shares of Company Common Stock will trade at any time or as to the impact of the Transaction on the solvency or viability of the Company or Infinity or the ability of the Company or Infinity to pay their respective obligations when they come due. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to how any holder of Company Common Stock should vote with respect to such Transaction or any other matter. This opinion has been approved by a fairness committee of Goldman Sachs & Co. LLC.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Aggregate Consideration to be paid by the Company for all of the outstanding shares of Infinity Common Stock pursuant to the Agreement is fair from a financial point of view to the Company.

Very truly yours,

/s/ Goldman Sachs & Co. LLC  
(GOLDMAN SACHS & CO. LLC)

D-3



---

**Table of Contents**

**Annex E Opinion of Deutsche Bank Securities Inc.**

Deutsche Bank

Corporate & Investment Bank  
February 13, 2018

Board of Directors

Infinity Property and Casualty Corporation

2201 4<sup>th</sup> Avenue North

Birmingham, Alabama 35203

Ladies and Gentlemen:

Deutsche Bank Securities Inc. ( Deutsche Bank ) has acted as financial advisor to Infinity Property and Casualty Corporation (the Company ) in connection with the Agreement and Plan of Merger, dated as of February 13, 2018 (the Merger Agreement ), by and among Kemper Corporation ( Parent ), Vulcan Sub, Inc., a subsidiary of Parent ( Merger Sub ), and the Company which provides, among other things, for the merger of Merger Sub with and into the Company, as a result of which the Company will become a wholly owned subsidiary of Parent (the Transaction ). As set forth more fully in the Merger Agreement, as a result of the Merger, each share of common stock, no par value per share (the Company Common Stock ), of the Company, other than Appraisal Shares (as defined in the Merger Agreement) and shares owned by Parent, Merger Sub, any other direct or indirect wholly owned subsidiary of Parent, or any Acquired Company (as defined in the Merger Agreement), will be converted into the right to receive, at the election of the holder thereof and subject to the proration and election procedures set forth in the Merger Agreement (as to which we express no view or opinion) the following consideration (the Merger Consideration ): (a) (i) \$51.60 in cash without interest (the Per Share Cash Amount ) and (ii) 1.2019 shares (the Mixed Election Stock Exchange Ratio ) of common stock, par value \$0.01 per share (the Parent Common Stock ), of Parent (the Mixed Consideration ), or (b) an amount in cash, without interest, equal to the sum of (i) the Per Share Cash Amount plus (ii) the product of the Mixed Election Stock Exchange Ratio multiplied by \$64.40 (the Cash Consideration ), or (c) a number of shares of Parent Common Stock equal to (i) the Mixed Election Stock Exchange Ratio plus (ii) the quotient of the Per Share Cash Amount divided by \$64.40 (the Stock Consideration ).

You have requested our opinion, as investment bankers, as to the fairness of the Merger Consideration, from a financial point of view, to the holders of outstanding shares of Company Common Stock (excluding Parent and its affiliates).

In connection with our role as financial advisor to the Company, and in arriving at our opinion, we reviewed certain publicly available financial and other information concerning the Company and Parent; certain internal analyses, financial forecasts and other information relating to the Company prepared by management of the Company; and certain internal analyses, financial forecasts and other information relating to Parent and the combined company prepared by management of Parent and approved for our use by the Company. We have also held discussions with certain senior officers, other representatives and advisors of the Company regarding the businesses and prospects of the Company and with certain senior officers, other representatives and advisors of Parent regarding the

E-1

**Table of Contents**

Infinity Property and Casualty Corporation

February 13, 2018

Page 2

businesses and prospects of Parent and the combined company. In addition, we have (i) reviewed the reported prices and trading activity for the Company Common Stock and Parent Common Stock, (ii) compared certain financial and stock market information for the Company and Parent with, to the extent publicly available, similar information for certain other companies we considered relevant whose securities are publicly traded, (iii) reviewed, to the extent publicly available, the financial terms of certain recent business combinations which we deemed relevant, (iv) reviewed the Merger Agreement, and (v) performed such other studies and analyses and considered such other factors as we deemed appropriate.

We have not assumed responsibility for independent verification of, and have not independently verified, any information, whether publicly available or furnished to us, concerning the Company or Parent, including, without limitation, any financial information considered in connection with the rendering of our opinion. Accordingly, for purposes of our opinion, we have, with your knowledge and permission, assumed and relied upon the accuracy and completeness of all such information. We have not conducted a physical inspection of any of the properties or assets, and have not prepared, obtained or reviewed any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities), of the Company, Parent or any of their respective subsidiaries, nor have we evaluated the solvency or fair value of the Company, Parent or any of their respective subsidiaries (or the impact of the Transaction thereon) under any law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts made available to us and used in our analyses, we have assumed with your knowledge and permission that such forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company as to the matters covered thereby. In rendering our opinion, we express no view as to the reasonableness of such forecasts and projections or the assumptions on which they are based. Our opinion is necessarily based upon economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our opinion of which we become aware after the date hereof.

For purposes of rendering our opinion, we have assumed with your knowledge and permission that, in all respects material to our analysis, the Transaction will be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to our analysis. We also have assumed with your knowledge and permission that all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Transaction will be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions will be imposed that would be material to our analysis. We are not legal, regulatory, tax or accounting experts and have relied on the assessments made by the Company and its other advisors with respect to such issues.

This opinion has been approved and authorized for issuance by a Deutsche Bank fairness opinion review committee and is addressed to, and is for the use and benefit of, the Board of Directors of the Company in connection with and for the purpose of its evaluation of the Transaction. This opinion is limited to the fairness of the Merger Consideration, from a financial point of view, to the holders of Company Common Stock (excluding Parent and its

affiliates) as of the date hereof. This opinion does not address any other terms of the Transaction or the Merger Agreement. Nor does it address the terms of any other agreement entered into or to be entered into in connection with the Transaction. You have not asked us to, and this opinion does not, address the fairness of the Transaction, or any

E-2

**Table of Contents**

Infinity Property and Casualty Corporation

February 13, 2018

Page 3

consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of the Company, nor does it address the fairness of the contemplated benefits of the Transaction. This opinion does not address the allocation of the Merger Consideration among the holders of Company Common Stock who receive the Mixed Consideration, the Cash Consideration, the Stock Consideration or any combination thereof or the relative fairness of the Mixed Consideration, the Cash Consideration or the Stock Consideration. We express no opinion as to the merits of the underlying decision by the Company to engage in the Transaction or the relative merits of the Transaction as compared to any alternative transactions or business strategies. Nor do we express an opinion, and this opinion does not constitute a recommendation, as to how any holder of shares of Company Common Stock should vote or act with respect to the Transaction or any other matter, including whether any such holder should elect to receive the Mixed Consideration, the Cash Consideration or the Stock Consideration. In addition, we do not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of any parties to the Transaction, or any class of such persons, in connection with the Transaction, whether relative to the Merger Consideration or otherwise. This opinion does not in any manner address the prices at which the Company Common Stock, the Parent Common Stock or any other securities will trade at any time.

Deutsche Bank will be paid a fee for its services as financial advisor to the Company in connection with the Transaction, a portion of which becomes payable upon delivery of this opinion (or would have become payable if Deutsche Bank had advised the Board of Directors that it was unable to render this opinion) and a substantial portion of which is contingent upon consummation of the Transaction. The Company has also agreed to reimburse Deutsche Bank for its expenses, and to indemnify Deutsche Bank against certain liabilities, in connection with its engagement. We are an affiliate of Deutsche Bank AG (together with its affiliates, the DB Group ). One or more members of the DB Group have, from time to time, provided investment banking, commercial banking (including extension of credit) or other financial services to Parent or its affiliates for which they have received, and in the future may receive, compensation. In addition, the DB Group may also provide investment and commercial banking services to the Company, Parent or their respective affiliates in the future, for which we would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of the Company, Parent and their respective affiliates for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

Based upon and subject to the foregoing assumptions, limitations, qualifications and conditions, it is Deutsche Bank's opinion as investment bankers that, as of the date hereof, the Merger Consideration is fair, from a financial point of view, to the holders of outstanding shares of Company Common Stock (excluding Parent and its affiliates).

Very truly yours,

/s/ DEUTSCHE BANK SECURITIES INC.

DEUTSCHE BANK SECURITIES INC.

E-3

**Table of Contents**

**Annex F Ohio Revised Code Section 1701.85**

1701.85 Dissenting shareholders compliance with section fair cash value of shares.

(A)

(1) A shareholder of a domestic corporation is entitled to relief as a dissenting shareholder in respect of the proposals described in sections 1701.74, 1701.76, and 1701.84 of the Revised Code, only in compliance with this section.

(2) If the proposal must be submitted to the shareholders of the corporation involved, the dissenting shareholder shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date fixed for the determination of shareholders entitled to notice of a meeting of the shareholders at which the proposal is to be submitted, and such shares shall not have been voted in favor of the proposal.

(3) Not later than twenty days before the date of the meeting at which the proposal will be submitted to the shareholders, the corporation may notify the corporation's shareholders that relief under this section is available. The notice shall include or be accompanied by all of the following:

(a) A copy of this section;

(b) A statement that the proposal can give rise to rights under this section if the proposal is approved by the required vote of the shareholders;

(c) A statement that the shareholder will be eligible as a dissenting shareholder under this section only if the shareholder delivers to the corporation a written demand with the information provided for in division (A)(4) of this section before the vote on the proposal will be taken at the meeting of the shareholders and the shareholder does not vote in favor of the proposal.

(4) If the corporation delivers notice to its shareholders as provided in division (A)(3) of this section, a shareholder electing to be eligible as a dissenting shareholder under this section shall deliver to the corporation before the vote on the proposal is taken a written demand for payment of the fair cash value of the shares as to which the shareholder seeks relief. The demand for payment shall include the shareholder's address, the number and class of such shares, and the amount claimed by the shareholder as the fair cash value of the shares.

(5) If the corporation does not notify the corporation's shareholders pursuant to division (A)(3) of this section, not later than ten days after the date on which the vote on the proposal was taken at the meeting of the shareholders, the dissenting shareholder shall deliver to the corporation a written demand for payment to the dissenting shareholder of the fair cash value of the shares as to which the dissenting shareholder seeks relief, which demand shall state the dissenting shareholder's address, the number and class of such shares, and the amount claimed by the dissenting shareholder as the fair cash value of the shares.

(6) If a signatory, designated and approved by the dissenting shareholder, executes the demand, then at any time after receiving the demand, the corporation may make a written request that the dissenting shareholder provide evidence of the signatory's authority. The shareholder shall provide the evidence within a reasonable time but not sooner than twenty days after the dissenting shareholder has received the corporation's written request for evidence.

(7) The dissenting shareholder entitled to relief under division (A)(3) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.80 of the Revised Code and a dissenting shareholder





---

**Table of Contents**

entitled to relief under division (A)(5) of section 1701.84 of the Revised Code in the case of a merger pursuant to section 1701.801 of the Revised Code shall be a record holder of the shares of the corporation as to which the dissenting shareholder seeks relief as of the date on which the agreement of merger was adopted by the directors of that corporation. Within twenty days after the dissenting shareholder has been sent the notice provided in section 1701.80 or 1701.801 of the Revised Code, the dissenting shareholder shall deliver to the corporation a written demand for payment with the same information as that provided for in division (A)(4) of this section.

(8) In the case of a merger or consolidation, a demand served on the constituent corporation involved constitutes service on the surviving or the new entity, whether the demand is served before, on, or after the effective date of the merger or consolidation. In the case of a conversion, a demand served on the converting corporation constitutes service on the converted entity, whether the demand is served before, on, or after the effective date of the conversion.

(9) If the corporation sends to the dissenting shareholder, at the address specified in the dissenting shareholder's demand, a request for the certificates representing the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder, within fifteen days from the date of the sending of such request, shall deliver to the corporation the certificates requested so that the corporation may endorse on them a legend to the effect that demand for the fair cash value of such shares has been made. The corporation promptly shall return the endorsed certificates to the dissenting shareholder. A dissenting shareholder's failure to deliver the certificates terminates the dissenting shareholder's rights as a dissenting shareholder, at the option of the corporation, exercised by written notice sent to the dissenting shareholder within twenty days after the lapse of the fifteen-day period, unless a court for good cause shown otherwise directs. If shares represented by a certificate on which such a legend has been endorsed are transferred, each new certificate issued for them shall bear a similar legend, together with the name of the original dissenting holder of the shares. Upon receiving a demand for payment from a dissenting shareholder who is the record holder of uncertificated securities, the corporation shall make an appropriate notation of the demand for payment in its shareholder records. If uncertificated shares for which payment has been demanded are to be transferred, any new certificate issued for the shares shall bear the legend required for certificated securities as provided in this paragraph. A transferee of the shares so endorsed, or of uncertificated securities where such notation has been made, acquires only the rights in the corporation as the original dissenting holder of such shares had immediately after the service of a demand for payment of the fair cash value of the shares. A request under this paragraph by the corporation is not an admission by the corporation that the shareholder is entitled to relief under this section.

(B) Unless the corporation and the dissenting shareholder have come to an agreement on the fair cash value per share of the shares as to which the dissenting shareholder seeks relief, the dissenting shareholder or the corporation, which in case of a merger or consolidation may be the surviving or new entity, or in the case of a conversion may be the converted entity, within three (3) months after the service of the demand by the dissenting shareholder, may file a complaint in the court of common pleas of the county in which the principal office of the corporation that issued the shares is located or was located when the proposal was adopted by the shareholders of the corporation, or, if the proposal was not required to be submitted to the shareholders, was approved by the directors. Other dissenting shareholders, within that three-month period, may join as plaintiffs or may be joined as defendants in any such proceeding, and any two or more such proceedings may be consolidated. The complaint shall contain a brief statement of the facts, including the vote and the facts entitling the dissenting shareholder to the relief demanded. No answer to a complaint is required. Upon the filing of a complaint, the court, on motion of the petitioner, shall enter an order fixing a date for a hearing on the complaint and requiring that a copy of the complaint and a notice of the filing and of the date for hearing be given to the respondent or defendant in the manner in which summons is required to be served or substituted service is required to be made in other cases. On the day fixed for the hearing on the complaint or any adjournment of it, the court shall determine from the complaint and from evidence submitted by either party whether the dissenting shareholder is entitled to be paid the fair cash value of any shares and, if so, the number and class of such shares. If the court



---

**Table of Contents**

finds that the dissenting shareholder is so entitled, the court may appoint one or more persons as appraisers to receive evidence and to recommend a decision on the amount of the fair cash value. The appraisers have power and authority specified in the order of their appointment. The court thereupon shall make a finding as to the fair cash value of a share and shall render judgment against the corporation for the payment of it, with interest at a rate and from a date as the court considers equitable. The costs of the proceeding, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable. The proceeding is a special proceeding and final orders in it may be vacated, modified, or reversed on appeal pursuant to the Rules of Appellate Procedure and, to the extent not in conflict with those rules, Chapter 2505. of the Revised Code. If, during the pendency of any proceeding instituted under this section, a suit or proceeding is or has been instituted to enjoin or otherwise to prevent the carrying out of the action as to which the shareholder has dissented, the proceeding instituted under this section shall be stayed until the final determination of the other suit or proceeding. Unless any provision in division (D) of this section is applicable, the fair cash value of the shares that is agreed upon by the parties or fixed under this section shall be paid within thirty days after the date of final determination of such value under this division, the effective date of the amendment to the articles, or the consummation of the other action involved, whichever occurs last. Upon the occurrence of the last such event, payment shall be made immediately to a holder of uncertificated securities entitled to payment. In the case of holders of shares represented by certificates, payment shall be made only upon and simultaneously with the surrender to the corporation of the certificates representing the shares for which the payment is made.

(C)

(1) If the proposal was required to be submitted to the shareholders of the corporation, fair cash value as to those shareholders shall be determined as of the day prior to the day on which the vote by the shareholders was taken and, in the case of a merger pursuant to section 1701.80 or 1701.801 of the Revised Code, fair cash value as to shareholders of a constituent subsidiary corporation shall be determined as of the day before the adoption of the agreement of merger by the directors of the particular subsidiary corporation. The fair cash value of a share for the purposes of this section is the amount that a willing seller who is under no compulsion to sell would be willing to accept and that a willing buyer who is under no compulsion to purchase would be willing to pay, but in no event shall the fair cash value of a share exceed the amount specified in the demand of the particular shareholder. In computing fair cash value, both of the following shall be excluded:

(a) Any appreciation or depreciation in market value resulting from the proposal submitted to the directors or to the shareholders ;

(b) Any premium associated with control of the corporation, or any discount for lack of marketability or minority status.

(2) For the purposes of this section, the fair cash value of a share that was listed on a national securities exchange at any of the following times shall be the closing sale price on the national securities exchange as of the applicable date provided in division (C)(1) of this section:

(a) Immediately before the effective time of a merger or consolidation;

(b) Immediately before the filing of an amendment to the articles of incorporation as described in division (A) of section 1701.74 of the Revised Code;

(c) Immediately before the time of the vote described in division (A)(1)(b) of section 1701.76 of the Revised Code.



---

**Table of Contents**

(D)

(1) The right and obligation of a dissenting shareholder to receive fair cash value and to sell such shares as to which the dissenting shareholder seeks relief, and the right and obligation of the corporation to purchase such shares and to pay the fair cash value of them terminates if any of the following applies:

(a) The dissenting shareholder has not complied with this section, unless the corporation by its directors waives such failure;

(b) The corporation abandons the action involved or is finally enjoined or prevented from carrying it out, or the shareholders rescind their adoption of the action involved;

(c) The dissenting shareholder withdraws the dissenting shareholder's demand, with the consent of the corporation by its directors;

(d) The corporation and the dissenting shareholder have not come to an agreement as to the fair cash value per share, and neither the shareholder nor the corporation has filed or joined in a complaint under division (B) of this section within the period provided in that division.

(2) For purposes of division (D)(1) of this section, if the merger, consolidation, or conversion has become effective and the surviving, new, or converted entity is not a corporation, action required to be taken by the directors of the corporation shall be taken by the partners of a surviving, new, or converted partnership or the comparable representatives of any other surviving, new, or converted entity.

(E) From the time of the dissenting shareholder's giving of the demand until either the termination of the rights and obligations arising from it or the purchase of the shares by the corporation, all other rights accruing from such shares, including voting and dividend or distribution rights, are suspended. If during the suspension, any dividend or distribution is paid in money upon shares of such class or any dividend, distribution, or interest is paid in money upon any securities issued in extinguishment of or in substitution for such shares, an amount equal to the dividend, distribution, or interest which, except for the suspension, would have been payable upon such shares or securities, shall be paid to the holder of record as a credit upon the fair cash value of the shares. If the right to receive fair cash value is terminated other than by the purchase of the shares by the corporation, all rights of the holder shall be restored and all distributions which, except for the suspension, would have been made shall be made to the holder of record of the shares at the time of termination.

Amended by 129th General Assembly File No.72, HB 48, §1, eff. 5/4/2012.

Effective Date: 07-01-1994; 10-12-2006

---

**Table of Contents**

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

The following is a description of the general effect of the General Corporation Law of the State of Delaware (the *DGCL* ), the Kemper Corporation ( *Kemper* ) Restated Certificate of Incorporation, dated as of August 6, 2014 (the *Kemper Charter* ), the Kemper Amended and Restated Bylaws, effective as of August 6, 2014 (the *Kemper Bylaws* ) and certain contracts under which directors or officers of Kemper may be insured or indemnified against liability which such directors or officers may incur in such capacity.

Pursuant to Section 145 of the DGCL, a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than a derivative action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or serving at the request of such corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of such corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The DGCL also permits indemnification by a corporation under similar circumstances for expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of a derivative action or suit, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to such corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that such person is fairly and reasonably entitled to indemnity for such expenses that such court shall deem proper.

To the extent a present or former director or officer is successful in the defense of such an action, suit or proceeding referenced above, or in defense of any claim, issue or matter therein, a corporation is required by the DGCL to indemnify such person for actual and reasonable expenses incurred in connection therewith. Expenses (including attorneys' fees) incurred by such persons in defending any action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding upon, in the case of a current officer or director, receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that such person is not entitled to be so indemnified.

The DGCL provides that the indemnification described above shall not be deemed exclusive of other indemnification that may be granted by a corporation pursuant to its bylaws, disinterested directors' vote, stockholders' vote, agreement or otherwise.

Section 102(b)(7) of the DGCL enables a corporation, in its certificate of incorporation or an amendment thereto, to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for violations of the directors' fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit. The Kemper Charter and Kemper Bylaws provide for such limitations on liability for its directors.

The DGCL also provides corporations with the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of such corporation, or is or was serving at the request

II-1

---

**Table of Contents**

of such corporation in a similar capacity for another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability as described above. The Kemper Charter and Kemper Bylaws contain similar provisions. Moreover, the Kemper Charter and the Kemper Bylaws state that Kemper may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements), as well as enter into contracts providing indemnification to the fullest extent permitted by law and including as part thereof provisions with respect to any or all of the foregoing, to ensure the payment of such amount as may become necessary to effect indemnification as provided therein, or elsewhere. Kemper currently maintains a directors and officers liability insurance policy insuring the directors and officers of Kemper and its subsidiaries in certain instances.

The Kemper Charter and Kemper Bylaws require Kemper to indemnify and hold harmless, to the fullest extent authorized by the DGCL (or other applicable law), as the same exists or may hereafter be amended, any person who was or is made a party to or is threatened to be made a party to or is involuntarily involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a *proceeding*) by reason of the fact that he or she is or was a director or officer of Kemper, or is or was serving (during his or her tenure as director and/or officer) at the request of Kemper as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such proceeding is an alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as director or officer, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection with such proceeding. Such director or officer shall have the right to be paid by Kemper for expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the DGCL (or other applicable law) requires, the payment of such expenses in advance of the final disposition of any such proceeding shall be made only upon receipt by Kemper of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that he or she is not entitled to be indemnified.

Each of the Kemper Charter and the Kemper Bylaws provide that, if a claim for indemnification or advancement of expenses under the Kemper Charter and the Kemper Bylaws is not paid in full within ninety (90) days after a written claim has been received by Kemper, the claimant may at any time thereafter bring suit against Kemper to recover the unpaid amount of such claim, together with interest thereon, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim, including reasonable attorneys' fees incurred in connection therewith. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to Kemper) that the claimant has not met the standards of conduct which make it permissible under the DGCL (or other applicable law) for Kemper to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on Kemper. Neither the failure of Kemper (or of the Kemper board of directors, its directors who are not parties to the proceeding with respect to which indemnification is claimed, its shareholders, or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL (or other applicable law), nor an actual determination by any such person or persons that such claimant has not met such applicable standard of conduct, shall be a defense to such action or create a presumption that the claimant has not met the applicable standard of conduct.

The Kemper Charter and Kemper Bylaws provide that the rights conferred by the provisions regarding indemnification and right of the claimant to bring suit are not exclusive of any other right which any director, officer, representative, employee or other agent may have or hereafter acquire under the DGCL or any other statute, or any provision contained in the Kemper Charter or Kemper Bylaws, or any agreement, or pursuant to a vote of shareholders



or disinterested directors, or otherwise.

II-2

**Table of Contents**

Each of Kemper's directors, including the directors who are also members of management, is a party to an indemnification and expense advancement agreement with Kemper, as permitted by the DGCL. The provisions of these agreements are substantially the same as the indemnification provisions applicable to the directors under the Kemper Charter and the Kemper Bylaws, except that the agreements may not be amended or terminated without the written consent of the respective director.

The foregoing statements are subject to the detailed provisions of the DGCL, the Kemper Charter, the Kemper Bylaws and the form of indemnification and expense advancement agreements between Kemper and its directors, the form of which was filed as Exhibit 10.25 to Kemper's Current Report on Form 8-K filed February 6, 2012.

**Item 21. Exhibits and Financial Statement Schedules****(a) Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
2.1	<u>Agreement and Plan of Merger, dated as of February 13, 2018, by and among Kemper Corporation, Vulcan Sub, Inc. and Infinity Property and Casualty Corporation, incorporated by reference to Exhibit 2.1 to Kemper's Current Report on Form 8-K (File No. 001-18298) filed with the SEC on February 14, 2018</u>
3.1	<u>Restated Certificate of Incorporation of Kemper Corporation, incorporated by reference to Exhibit 3.2 to Kemper's Current Report on Form 8-K (File No. 001-18298) filed with the SEC on August 8, 2014</u>
3.2	<u>Amended and Restated Bylaws of Kemper Corporation, incorporated by reference to Exhibit 3.3 to Kemper's Current Report on Form 8-K (File No. 001-18298) filed with the SEC on August 8, 2014</u>
5.1	<u>Opinion of Sidley Austin LLP regarding the validity of the securities being issued</u>
23.1	<u>Consent of Deloitte &amp; Touche LLP</u>
23.2	<u>Consent of Ernst &amp; Young LLP</u>
23.3	<u>Consent of Sidley Austin LLP (included in Exhibit 5.1)</u>
24.1	<u>Power of Attorney (included on signature page)</u>
99.1	<u>Form of Voting and Support Agreement between Kemper Corporation and the directors and named executive officers of Infinity Property and Casualty Corporation, incorporated by reference to Exhibit 99.1 to Kemper's Current Report on Form 8-K (File No. 001-18298) filed with the SEC on February 14, 2018</u>
99.2	<u>Form of Voting and Support Agreement between Infinity Property and Casualty Corporation and the directors and named executive officers of Kemper Corporation, incorporated by reference to Exhibit 99.2 to Kemper's Current Report on Form 8-K (File No. 001-18298) filed with the SEC on February 14, 2018</u>
99.3*	Form of Proxy Card of Kemper Corporation
99.4*	Form of Proxy Card of Infinity Property and Casualty Corporation

99.5	<u>Consent of Goldman Sachs &amp; Co. LLC</u>
99.6	<u>Consent of Deutsche Bank Securities Inc.</u>
99.7*	Form of Certificate of Election

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request

\* To be filed by amendment

---

**Table of Contents**

**Item 22. *Undertakings***

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned Registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering

prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

II-4

**Table of Contents**

(d) The Registrant undertakes that every prospectus: (i) that is filed pursuant to paragraph (c) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(f) The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first-class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(g) The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, Kemper Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on the 4th day of April, 2018.

KEMPER CORPORATION

By: /S/ JOSEPH P. LACHER, JR.

Name: Joseph P. Lacher, Jr.

Title: President and Chief Executive  
Officer

**POWER OF ATTORNEY**

Each person whose signature appears below on the following page hereby appoints each of Joseph P. Lacher, Jr., President and Chief Executive Officer and C. Thomas Evans, Jr., Senior Vice President, Secretary and General Counsel, and each of them acting alone, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/S/ ROBERT J. JOYCE Robert J. Joyce	Chairman of the Board and Director	April 4, 2018
/S/ JOSEPH P. LACHER, JR. Joseph P. Lacher, Jr.	President, Chief Executive Officer and Director (principal executive officer)	April 4, 2018
/S/ JAMES J. MCKINNEY James J. McKinney	Senior Vice President and Chief Financial Officer (principal financial officer)	April 4, 2018
/S/ RICHARD ROESKE		April 4, 2018

Edgar Filing: KEMPER Corp - Form S-4

Richard Roeske

Vice President and Chief Accounting Officer  
(principal accounting officer)

/S/ GEORGE N. COCHRAN

April 4, 2018

George N. Cochran

Director

/S/ KATHLEEN M. CRONIN

April 4, 2018

Kathleen M. Cronin

Director

II-6



---

**Table of Contents**

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/S/ DOUGLAS G. GEOGA		April 4, 2018
Douglas G. Geoga	Director	
/S/ THOMAS M. GOLDSTEIN		April 4, 2018
Thomas M. Goldstein	Director	
/S/ LACY M. JOHNSON		April 4, 2018
Lacy M. Johnson	Director	
/S/ CHRISTOPHER B. SAROFIM		April 4, 2018
Christopher B. Sarofim	Director	
/S/ DAVID P. STORCH		April 4, 2018
David P. Storch	Director	
/S/ SUSAN D. WHITING		April 4, 2018
Susan D. Whiting	Director	