

**CHARTER
of the
COMPENSATION COMMITTEE
of the
BOARD OF DIRECTORS
of
UNITRIN, INC. (“COMPANY”)**

A. **COMPENSATION COMMITTEE PURPOSE.** The Compensation Committee (the “Committee”) of the Company’s Board of Directors (“Board”) shall be a standing committee of the Board and shall discharge the Board’s responsibilities relating to: (a) the oversight of the compensation of (i) all executive officers of the Company, and (ii) all operating company presidents and group executives (the persons described in (i) and (ii) are collectively referred to as the “Subject Employees”); and (b) such other matters as are enumerated below in this Charter. The Committee shall also prepare the Committee’s report required by the rules of the Securities and Exchange Commission (“SEC”) to be included in the Company’s proxy statement for its annual meeting of shareholders.

B. **COMPOSITION OF COMMITTEE.** The Committee shall consist of three or more members appointed annually by the Board of Directors, considering the recommendation of the Nominating & Corporate Governance Committee. Each member of the Committee shall satisfy the standards of independence under applicable law and those contained in the listing requirements of the New York Stock Exchange or such other securities market or exchange on which the Company’s common stock may from time to time be listed or qualified for trading (the “Listing Requirements”). Except as otherwise determined by resolution of the Board, each Committee member shall also satisfy the definition of a “non-employee director” under SEC Rule 16b-3 and an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, or any comparable or successor provisions to either of them. The Board shall select one of the Committee members as the Chairman of the Committee, considering the recommendation of the Nominating & Corporate Governance Committee.

The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to satisfying the standards outlined above. Except as expressly provided in this Charter, the Amended and Restated Bylaws of the Company, the Corporate Governance Guidelines of the Company, the Listing Requirements or applicable law (collectively, the “Governing Rules”), the Committee shall fix its own rules of procedure.

C. COMMITTEE DUTIES AND RESPONSIBILITIES.

1. The Committee shall have the sole authority to retain and terminate any outside legal, accounting or other advisors, including compensation consultants to assist the Committee in its evaluation of the compensation of the Company's Chief Executive Officer ("CEO") and other Subject Employees, and shall likewise have sole authority to approve such advisors' fees and other terms of retention and may direct the proper officers of the Company to pay the reasonable fees and expenses of any such advisors.

2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation based on this evaluation. In determining any long-term incentive component of CEO compensation, the Committee may consider such factors as it deems relevant and material including such factors as the Company's performance and shareholder return, the value of similar awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Committee shall annually review and make recommendations to the Board with respect to incentive-compensation plans and equity-based plans covering the Subject Employees.

4. The Committee shall annually review and approve, for the CEO and all of the other Subject Employees: (a) their annual base salaries, (b) all discretionary bonuses to be awarded to any such persons, and (c) bonuses to be paid under the Unitrin, Inc. 2009 Performance Incentive Plan (or any successor plan or other plans from time to time in effect). The Committee shall also annually set the performance criteria to be used in calculating bonus awards under the Incentive Bonus Plan or any successor plan or other plans from time to time in effect for any of the Subject Employees.

5. The Committee shall review and approve, prior to implementation, all employment agreements, severance arrangements, and change in control agreements/provisions covering the CEO or any of the other executive officers of the Company.

6. The Committee shall administer the Company's 1990 Stock Option Plan, the 1997 Stock Option Plan, the 2002 Stock Option Plan, the 1995 Non-Employee Director Stock Option Plan and the 2005 Restricted Stock and Restricted Stock Unit Plan as the same are in effect from time to time and such other stock option or similar equity-based plans as may from time to time be instituted by the Board or the Committee (collectively, the "Plans"). Except for grants under the 1995 Non-Employee Director Stock Option Plan (which grants are determined by formula), the Committee shall have

authority in accordance with the terms of the Plans to approve the selection of persons to whom stock options, stock appreciation rights, restricted stock and restricted stock units are granted under the Plans and to establish the terms and conditions thereof.

7. The Committee shall annually review and make recommendations to the Board with respect to director compensation.

8. The Committee may form subcommittees of two or more members and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided that the Committee may not delegate to a subcommittee any power or authority required by the Governing Rules to be exercised by the Committee as a whole.

9. The Committee shall discharge any other duty or responsibility assigned to it by the Board.

10. The Committee shall make regular reports to the Board and report its findings to the Board.

D. REVIEW OF CHARTER AND COMMITTEE'S PERFORMANCE. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.

E. MEETINGS OF COMMITTEE. The Committee shall meet at such times as deemed necessary or appropriate by the Chairman or a majority of the members of the Committee but no less frequently than annually.

F. MINUTES OF MEETINGS. The Committee shall maintain minutes of each meeting of the Committee, to be prepared by a person designated by the Chairman as the secretary of such meeting and shall be submitted to the Committee for approval at its next meeting. All such minutes shall be filed with the records of the Company.

Revised: December 2009

Last Reviewed: December 2009