

UNITRIN INC
Form DEF 14A
March 29, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant "

Filed by a Party other than the Registrant "

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

UNITRIN, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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Notice of

2010

Annual Meeting

and Proxy Statement

One East Wacker Drive · Chicago, Illinois 60601

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One East Wacker Drive

Chicago, Illinois 60601

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 5, 2010

The 2010 Annual Meeting of Shareholders (Annual Meeting) of Unitrin, Inc. (the Company or Unitrin) will be held at 10:00 a.m. Central Daylight Saving Time on Wednesday, May 5, 2010, at the Chase Auditorium, Chase Tower, 10 S. Dearborn Street (Plaza Level), Chicago, Illinois 60603. Attendees providing proper identification will be directed to the meeting room. The purpose of the Annual Meeting will be to:

- (1) Elect a Board of Directors;
- (2) Ratify the selection of Deloitte & Touche LLP as the Company s independent registered public accountant for 2010; and
- (3) Consider and act upon such other business as may be properly brought before the meeting.

The Board of Directors has fixed March 12, 2010 as the record date for determining shareholders entitled to receive this notice and to vote at the Annual Meeting or any adjournments or postponements of the meeting. A list of registered shareholders as of the close of business as of March 12, 2010 will be available for inspection at the Annual Meeting and for a period of ten days prior to May 5, 2010 during ordinary business hours at the Company s executive offices located at One East Wacker Drive, Chicago, Illinois 60601.

By Order of the Board of Directors.

Scott Renwick

Secretary

Chicago, Illinois

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 5, 2010: The Company's 2010 Proxy Statement and 2009 Annual Report to Shareholders are available under *Investors* on the Company's website at www.unitrin.com.

Regardless of whether you plan to attend the Annual Meeting, please vote your proxy as promptly as possible. You may vote by timely returning your signed and dated proxy card in the postage-paid envelope provided, or you may vote by telephone or through the Internet. Instructions are printed on your proxy card. To obtain directions to attend in person, you may contact Investor Relations by telephone at 312-661-4930, or by e-mail at investor.relations@unitrin.com.

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**PROXY STATEMENT FOR THE
2010 ANNUAL MEETING OF SHAREHOLDERS**

The Board of Directors (Board of Directors or Board) of Unitrin, Inc. (the Company or Unitrin) is furnishing you with this Proxy Statement to solicit proxies to be voted at Unitrin's 2010 Annual Meeting of Shareholders (Annual Meeting). The Annual Meeting will be held at 10:00 a.m. Central Daylight Saving Time on Wednesday, May 5, 2010, at the Chase Auditorium, Chase Tower, 10 S. Dearborn Street (Plaza Level), Chicago, Illinois 60603. The proxies also may be voted at any adjournments or postponements of the meeting.

The mailing address of our principal executive offices is One East Wacker Drive, Chicago, Illinois 60601. We began sending these proxy materials on or about March 29, 2010 to all shareholders entitled to vote at the Annual Meeting.

All properly executed proxy cards, and all properly completed proxies submitted by telephone or through the Internet, that are delivered in response to this solicitation will be voted at the Annual Meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the meeting.

**QUESTIONS AND ANSWERS ABOUT
THE ANNUAL MEETING AND VOTING**

Proxy and Proxy Statement

What is a proxy?

A proxy is your legal appointment of another person to vote the stock you own. That other person is called a proxy. If you appoint someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated our Chairman, President and Chief Executive Officer, Donald G. Southwell, our Executive Vice President and Chief Financial Officer, Eric J. Draut, and our Senior Vice President, General Counsel and Secretary, Scott Renwick, to act as proxies for the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares if you provide a proxy in the manner described in this Proxy Statement.

What is a Proxy Statement?

A Proxy Statement is a document that sets forth the information required by the federal securities laws and regulations administered by the Securities and Exchange Commission (SEC) which is intended to allow you to vote on an informed basis at the Annual Meeting.

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Voting and Record Date

On what am I being asked to vote?

Shareholders will vote on the following proposals at the Annual Meeting:

1. Election of the director nominees listed on pages 13-16 (Nominees); and
2. Ratification of the selection of Deloitte & Touche LLP as the Company s independent registered public accountant for 2010.

Who can vote?

You are entitled to vote at the Annual Meeting if you owned Unitrin common stock (Common Stock) at the close of business on March 12, 2010. This date is called the record date.

How many shares of Unitrin stock are eligible to be voted at the Annual Meeting?

At the close of business on the record date, there were 62,463,203 shares of Common Stock issued and outstanding. Accordingly, 62,463,203 shares of Common Stock are eligible to be voted at the Annual Meeting. Unitrin had no other voting securities outstanding on March 12, 2010.

How many votes do I have?

Each share of Common Stock that you owned on the record date entitles you to one vote. Your proxy card indicates the number of shares of Common Stock that you owned on March 12, 2010 which may be voted at the Annual Meeting.

How do I give a proxy to vote my shares?

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How you give a proxy to vote your shares depends on whether you hold your shares of Common Stock (i) as a registered shareholder or (ii) in street name through an institution, such as a stock brokerage firm or bank. The shares of a registered shareholder are registered with the Company's transfer agent, Computershare Trust Company, N.A. (Computershare), in the shareholder's own name. Shares held in street name are registered with the Company's transfer agent in the name of the stock brokerage firm or other institution (or the name of its nominee), but not in the shareholder's own name. In this case, the institution maintains its own internal records showing the shareholder as the actual beneficial owner of the shares.

Registered shareholders: If you hold your shares of Common Stock as a registered shareholder, you may give a proxy to vote your shares by one of the following methods:

Complete, sign and date the enclosed proxy card and return it no later than the commencement of the Annual Meeting in the postage-paid envelope provided;

Call the toll-free telephone number on the proxy card and follow the recorded instructions no later than 11:59 p.m. Central Daylight Saving Time on Tuesday, May 4, 2010;

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Access the proxy voting website identified on the proxy card and follow the instructions no later than 11:59 p.m. Central Daylight Saving Time on Tuesday May 4, 2010; or

Attend the Annual Meeting in person and deliver a signed proxy or ballot to one of the ushers when requested to do so.

Shares held through 401(k) Plan: For shares held through the Company's employee 401(k) Plan (401(k) Plan), proxy cards must be received, and telephone and website voting must be completed, by 12:00 p.m. (Noon) Central Daylight Saving Time on April 30, 2010 (401(k) Deadline), in order for your voting instructions to be effective. If you provide timely voting instructions for your 401(k) Plan shares, the plan trustee will confidentially vote your shares in accordance with your voting instructions. In accordance with the terms of the 401(k) Plan, if you do not vote your plan shares before the voting deadline, the plan trustee will vote your shares in the same proportion as all other shares were voted in accordance with timely voting instructions provided to the trustee by all other plan participants.

The telephone and internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. Shareholders who wish to give proxy voting instructions over the Internet should be aware that there may be costs associated with electronic access, such as usage charges from internet service providers and telephone companies. In addition, in choosing among the available alternatives for proxy voting, shareholders should be aware that there may be some risk that a vote either by telephone or over the Internet might not be properly recorded or counted because of an unanticipated electronic malfunction. *As described above, please note that the ability of shareholders of record to submit voting instructions by telephone and over the Internet ends at 11:59 p.m. Central Daylight Saving Time on the day before the Annual Meeting, and, for 401(k) Plan shares, at the 401(k) Deadline.* The reason for this cut-off is to allow for the timely assembly and tabulation of voting instruction data.

Shares held in street name: Your broker (or other institution holding your shares of Common Stock in street name) generally will supply you with its own form of proxy card requesting you to provide your voting instructions in writing or, in some cases, by telephone or over the Internet. Following its receipt of your voting instructions, the institution will be authorized to provide a proxy to the Company to vote your shares in accordance with any instructions you provide.

How will my proxy be voted?

If you properly sign and timely return your proxy card to Computershare (or your broker or other institution holding your shares held in street name), or timely deliver your voting instructions by telephone or over the Internet, the individuals designated as proxies on the proxy card will vote your shares as you have directed. With respect to Proposal 1, you may choose to vote **FOR** or to **WITHHOLD** authority to vote for each director Nominee. With respect to Proposal 2, you are given the choice of voting **FOR** or **AGAINST**, or to **ABSTAIN** from voting.

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For shares held as a registered shareholder or through the 401(k) Plan, if you sign the proxy card but do not make specific choices, the designated proxies will vote your shares as recommended by the Company's Board of Directors. The Board of Directors recommends that you vote **FOR** all of the director Nominees in Proposal 1, and **FOR** Proposal 2. For shares held in street name, you should contact your broker (or other institution) to determine the method that your shares will be voted if you sign the proxy card but do not make specific choices.

What is the effect of marking the proxy card to withhold authority in the election of directors?

A proxy card that has been marked **WITHHOLD** with respect to one or more director Nominees will be considered as part of the voting power present with respect to the election of directors and will have the effect of a vote against any such nominees.

What is the effect of marking the proxy card to abstain from voting on Proposal 2?

A proxy card marked **ABSTAIN** from voting on Proposal 2 will be treated as present for purposes of determining a quorum and counted as votes cast against the proposal.

What are broker non-votes and how might they affect voting?

The applicable New York Stock Exchange (NYSE) rules allow a stockbroker holding securities in street name for its customer to exercise discretionary voting power for those securities with respect to some matters (called discretionary matters) but not others (called non-discretionary matters), depending on the subject matter of the proposal being voted on. Broker non-votes can occur when a stockbroker does not receive voting instructions from its customer on a non-discretionary matter. *Under revised NYSE rules in effect this year, director elections are considered non-discretionary matters for which brokers can not vote undirected shares. Therefore, your shares will not be voted with regard to Proposal 1 unless you provide timely voting instructions to your broker.* Under the NYSE rules, Proposal 2 is considered a discretionary matter for brokers, and a broker not receiving voting instructions from a customer will be free to cast a vote in its discretion as to this matter.

How will voting on any other business be conducted?

As of the date hereof, the Company's management is aware of no business that may come before the Annual Meeting other than Proposals 1 and 2 as described in this Proxy Statement, and only the Board of Directors may introduce any additional business. However, if any other business should properly come before the Annual Meeting, your proxy card

will authorize the persons designated as proxies to vote on any such matters in their discretion.

May I revoke my proxy or change my voting instructions?

Shares held as a registered shareholder: You may revoke your proxy or change your voting instructions for registered shares as follows:

Deliver to Computershare another signed proxy card with a later date anytime prior to the commencement of the Annual Meeting;

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Notify Unitrin's Secretary, Scott Renwick, in writing prior the commencement of the Annual Meeting that you have revoked your proxy;

Call the toll-free telephone number, or access the proxy voting website, identified on the proxy card and re-vote anytime prior to 11:59 p.m. Central Daylight Saving Time on Tuesday, May 4, 2010; or

Attend the Annual Meeting in person and deliver a new signed proxy or ballot to one of the ushers when requested to do so.

Shares held through the 401(k) Plan: You may revoke your proxy or change your voting instructions for shares held through the 401(k) Plan by completing any of the following:

Deliver to Computershare prior to the 401(k) Deadline another signed proxy card with a later date; or

Call the toll-free telephone number, or access the proxy voting website, identified on the proxy card and re-vote anytime prior to the 401(k) Deadline.

Shares held in street name: You should contact your stockbroker (or other institution holding your shares) to determine the procedures, if any, for revoking or changing your voting instructions for shares held in street name.

If I plan to attend the Annual Meeting, should I give my proxy?

Regardless of whether you plan to attend the Annual Meeting, we urge you to give a proxy. Returning your proxy card or giving voting instructions by telephone or over the Internet will not affect your right to attend the Annual Meeting and vote in person. However, giving a proxy will ensure that your shares are represented at the Annual Meeting in the event that you are unable to attend.

How do I vote in person?

If you owned Common Stock in your own name on March 12, 2010, your name will appear on the list of registered shareholders of the Company and, if you wish to attend in person, you will be admitted to the Annual Meeting and may vote by written ballot or by delivering a signed proxy card. However, note that: (i) Shares held through the 401(k) Plan must be voted by the 401(k) Deadline and, accordingly, may not be voted in person at the Annual Meeting; and (ii) if your shares are held in the name of a broker, bank or other institution, you must present written evidence at the Annual Meeting from the institution indicating that you were the beneficial owner of the shares on

March 12, 2010 and that you have been authorized by that institution to vote your shares in person. This written evidence is generally called a *Legal Proxy* and should be submitted to the Company's Secretary, Scott Renwick, prior to the commencement of the Annual Meeting.

What does it mean if I receive more than one proxy card?

If your Unitrin shares are held under different names or in more than one account, you will receive more than one proxy card. Each proxy card will indicate the number of shares you are entitled to vote on that particular proxy card.

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Quorum and Required Vote

What is a quorum?

To conduct business at the Annual Meeting, a quorum must be present; that is, a majority of the shares of Common Stock outstanding and entitled to vote as of the record date must be represented in person or by proxy at the Annual Meeting. If you properly submit a proxy, your shares covered by that proxy will be counted towards a quorum.

How many votes are required to elect the Nominees for the Board of Directors and to ratify the selection of the independent registered public accountant?

Under the Company's Amended and Restated Bylaws (Bylaws), if a quorum is present, the affirmative vote of a majority of the outstanding Common Stock having voting power present, in person or by proxy, at the Annual Meeting, is required to elect each Nominee and to ratify the selection of the independent registered public accountant.

Shareholder Proposals, Nominations and Communications

May a shareholder nominate someone at the 2010 Annual Meeting to be a director of Unitrin or bring any other business before the 2010 Annual Meeting?

The Company's Bylaws require advance notice to the Company if a shareholder intends to attend an annual meeting of shareholders in person and to nominate someone for election as a director or to bring other business before the meeting. Such a notice may be made only by a shareholder of record within the time period established in the Bylaws and described in each year's proxy statement. The deadline for notices in relation to the 2010 Annual Meeting has expired, and the Company did not receive any such notices during the prescribed notice period. *Accordingly, no such director nominations or other business proposed by shareholders from the floor of the 2010 Annual Meeting will be in order.* The procedures for shareholders to nominate directors or make other proposals relating to the 2011 Annual Meeting are summarized below in the answers to the following two questions.

How can a shareholder nominate someone to be a director of Unitrin or bring any other business before the 2011 Annual Meeting?

In accordance with the advance notice requirements of the Bylaws described above, if a shareholder of record wishes to nominate directors or bring other business to be considered by shareholders at the 2011 Annual Meeting, such proposals must be made in writing to the Company no earlier than February 4, 2011 and no later than March 7, 2011. However, if the date of the 2011 Annual Meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the 2010 Annual Meeting (*i.e.*, May 5, 2011), then such nominations and proposals must be delivered in writing to the Company no earlier than 90 days prior to the 2011 Annual Meeting and no later than the close of business on the *later* of (i) the 60th day prior to the 2011 Annual Meeting, or (ii) the 10th day following the day on which public announcement of the date of the 2011 Annual Meeting is first made.

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All shareholder proposals and notices should be submitted to the Secretary of Unitrin, at One East Wacker Drive, Chicago, Illinois 60601.

Please note that these requirements relate only to matters intended to be proposed from the floor of the 2011 Annual Meeting. They are separate from certain SEC requirements which must be met to have shareholder proposals included in the Company's Proxy Statement, as described immediately below.

When are shareholder proposals due so that they may be included in Unitrin's Proxy Statement for the 2011 Annual Meeting?

Pursuant to regulations of the SEC, shareholders who intend to submit proposals for inclusion in the Company's proxy materials for the 2011 Annual Meeting must do so no later than November 29, 2010. Certain other SEC requirements must also be met to have a shareholder proposal included in the Company's Proxy Statement. In addition, these requirements are independent of the advance notice requirements of the Company's Bylaws described immediately above. Under SEC rules in effect on the date of this Proxy Statement, shareholder nominations of persons for election to the Board of Directors are not eligible for inclusion in the Company's proxy materials. All shareholder proposals and notices should be submitted to the Secretary of Unitrin, at One East Wacker Drive, Chicago, IL 60601.

How may a shareholder or other interested party communicate with the Board of Directors?

Shareholders and other interested parties may communicate with the Board of Directors, or with the non-management directors as a group, by calling the Unitrin Corporate Responsibility Hotline (Hotline) at 866-398-0010 or submitting a report or inquiry online at www.listenupreports.com.

The Hotline and the online reporting function are managed by an independent company, and reports can be made anonymously or confidentially. Communications will be directed to the Chairman of the Nominating & Corporate Governance Committee if addressed to the non-management or independent directors as a group.

Cost of Proxy Solicitation

What are the costs of soliciting these proxies and who pays them?

The Company has retained the services of Innisfree M&A Incorporated (Innisfree) to aid in the solicitation of proxies. Innisfree estimates that its fees and expenses for these services will not exceed \$16,500. The Company will bear the total expense of the solicitation which will include, in addition to the amounts paid to Innisfree, amounts paid for printing and postage and to reimburse banks, brokerage firms and others for their expenses in forwarding proxy solicitation material. Although the principal solicitation of proxies is being made by mail, telephone solicitation may also be made and some proxy materials will be distributed over the Internet. Additional proxy solicitation may be made through direct communication with certain shareholders or their representatives by directors, officers and employees of the Company and its subsidiaries, who will receive no additional compensation for such solicitation.

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Additional Information about Unitrin and Householding Requests

Where can I find more information about Unitrin?

The company files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports, and other information with the SEC. The public can obtain copies of these materials by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, by calling the SEC at 202-551-8090 or 800-SEC-0330, or by accessing the SEC's website at *www.sec.gov*. In addition, as soon as reasonably practicable after such materials are filed with or furnished to the SEC, the Company makes copies available to the public free of charge (other than access charges by internet service providers) on or through its website at *www.unitrin.com*. **You may also obtain a copy at no charge of the Company's most recent annual report on Form 10-K, including the financial statements and the financial statement schedules, other materials filed with the SEC and additional information regarding Unitrin as follows:**

Contact Unitrin Investor Relations by telephone at 312-661-4930, or by e-mail at investor.relations@unitrin.com.

Write to Unitrin at One East Wacker Drive, Chicago, Illinois 60601, Attention: Investor Relations.

How may shareholders with the same address request delivery of either single or multiple copies of the Company's Proxy Statement?

If you share an address with another shareholder, you may have received only one Proxy Statement unless you provided contrary instructions. This is commonly referred to as householding. If you wish, you may request a separate copy from the Company at the address or phone number noted above. Similarly, if you and another shareholder sharing your address received multiple copies of this Proxy Statement, you may request a single copy for future deliveries of communications from the Company at the address or phone number listed above.

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OWNERSHIP OF UNITRIN COMMON STOCK

Directors and Executive Officers

The following table shows the beneficial ownership of the Common Stock as of March 12, 2010 (unless otherwise indicated) by: (i) each director and director Nominee; (ii) each executive officer named in the SUMMARY COMPENSATION TABLE FOR 2009 on page 51 (Named Executive Officers); and (iii) all directors and executive officers as a group. To the Company's knowledge, the beneficial owner has both sole voting and sole dispositive power with respect to the shares listed opposite his or her name, unless otherwise indicated.

Name	Amount and Nature of Beneficial Ownership	Percent of Class(1)
<i>Directors and Director Nominee</i>		
James E. Annable	90,311(2)	*
Eric J. Draut <i>Executive Vice President and Chief Financial Officer</i>	501,104(2)	*
Douglas G. Geoga	47,298(2)	*
Reuben L. Hedlund	34,020(2)	*
Julie M. Howard**		
Wayne Kauth	32,090(2)	*
Fayez S. Sarofim	3,849,668(2)(3)	6.2%
Donald G. Southwell <i>Chairman, President and Chief Executive Officer</i>	729,601(2)	1.2%
David P. Storch <i>Director Nominee</i>		
Richard C. Vie	1,252,015(2)	2.0%
Ann E. Ziegler	41,200(2)	*
<i>Named Executive Officers (other than Messrs. Southwell and Draut, who are listed above)</i>		
Scott Renwick <i>Senior Vice President, General Counsel and Secretary</i>	242,624(2)	*
Richard Roeske <i>Vice President and Chief Accounting Officer</i>	148,610(2)	*
<i>Directors and All Executive Officers as a Group (17 persons)</i>	7,255,462(4)	11.2%

** Ms. Howard joined the Board of Directors on February 3, 2010.

(1) The percentages shown for any individual and for the directors and executive officers as a group are based on the number of shares outstanding on the record date, March 12, 2010, plus shares which the respective individual or the group has the right to acquire through the exercise of stock options that are currently vested or that will vest as of May 11, 2010 (see notes (2) and (4) below). An asterisk in this

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column indicates ownership of less than 1% of the outstanding Common Stock. Each outstanding share of Common Stock includes an attached right under the Company's shareholder rights plan adopted August 4, 2004 (the Rights Plan). Among other provisions of the Rights Plan, if any person or group beneficially owns 15% or more (22% or more in the case of the

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Company's existing stockholder, Singleton Group LLC, and certain related persons) of the Common Stock without approval of the Board of Directors, then each shareholder (other than the non-approved acquirer and its affiliates and transferees) would be entitled to buy Common Stock having twice the market value of the exercise price of the rights which has been set at \$150 per share.

- (2) Shares shown for the directors and the Named Executive Officers include shares as to which they have the right to acquire through the exercise of stock options that are currently vested or that will vest as of May 11, 2010. The number of such shares for each such person is as follows: Annable (33,319); Draut (382,143); Geoga (40,298); Hedlund (32,000); Howard (0); Kauth (25,090); Sarofim (0); Southwell (578,795); Vie (1,034,139); Ziegler (36,000); Renwick (183,010); and Roeske (91,815). Shares shown for Mr. Hedlund include 2,020 shares pledged in accordance with his brokerage firm's customary margin account requirements. Shares shown for Messrs. Draut and Roeske include, respectively, 20,000 and 15,000 shares of time-based restricted stock subject to forfeiture and other restrictions until vesting on September 1, 2010. Shares shown for Messrs. Draut, Renwick, Roeske and Southwell include shares of performance-based restricted stock subject to forfeiture and other restrictions until vesting under the terms of their grant agreements. The number of such shares for each such person is as follows: Draut (15,000); Renwick (6,000); Roeske (3,000); and Southwell (30,000).
- (3) Based on information as of December 31, 2009 contained in a Schedule 13G/A filed jointly with the SEC by Mr. Sarofim and Fayez Sarofim & Co. on February 12, 2010, Mr. Sarofim may be deemed to be the beneficial owner of 3,849,668 shares of Common Stock. Of such shares, Mr. Sarofim reported sole voting and dispositive power as to 2,461,070 shares, shared voting power as to 1,325,664 shares, and shared dispositive power as to 1,388,598 shares. Substantially all of the shares which are not subject to sole voting and dispositive power are held in accounts managed by Fayez Sarofim & Co. (of which Mr. Sarofim is the Chairman of the Board, President, a director, and the majority shareholder) or by its wholly-owned subsidiaries, Sarofim Trust Co. and Sarofim International Management Company, or are owned directly by Sarofim International Management Company for its own account. Fayez Sarofim & Co. maintains policies which preclude Mr. Sarofim from exercising voting and dispositive power with respect to Common Stock held in accounts managed by Fayez Sarofim & Co. and its subsidiaries. Mr. Sarofim's mailing address is Two Houston Center, Suite 2907, 909 Fannin Street, Houston, Texas 77010.
- (4) Shares shown for directors and all executive officers as a group include shares beneficially owned by (i) all directors, (ii) all Named Executive Officers, and (iii) all other executive officers of the Company. Such shares include an aggregate total of 2,637,337 shares that all directors and executive officers have the right to acquire as of May 11, 2010 through the exercise of stock options, and an aggregate total of 30,636 shares that are pledged in accordance with customary margin account requirements, which includes the shares held by Mr. Hedlund and one executive officer who is not a Named Executive Officer.

Table of Contents**Certain Beneficial Owners**

The following table shows the beneficial ownership of Common Stock by each person, other than the Company's directors and executive officers shown above, known by the Company to be the beneficial owner of more than five percent of the outstanding Common Stock. To the Company's knowledge, the beneficial owner has both sole voting and sole dispositive powers with respect to the shares listed opposite the beneficial owner's name, unless otherwise indicated.

Name	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Singleton Group LLC 11661 San Vicente Blvd., Suite 915 Los Angeles, California 90049	11,534,520(2)	18.5%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	3,304,080(3)	5.3%

- (1) Based on the number of shares outstanding on the record date, March 12, 2010. Each outstanding share of Common Stock includes an attached right under the Company's Rights Plan. See footnote (1) to the table in the preceding section entitled "Directors and Executive Officers."
- (2) Based on information contained in a Form 4 filed with the SEC on February 9, 2010, the Singleton Group LLC (" LLC ") directly owns 11,534,520 shares of Common Stock. As reported in a Schedule 13D/A filed with the SEC on February 3, 2010, the LLC and Christina Singleton Mednick, William W. Singleton and Donald E. Rugg, as managers of the LLC, share voting and dispositive power with respect to the shares of Common Stock held by the LLC, and so may be deemed beneficial owners of all such shares. William W. Singleton and Christina Singleton Mednick have indirect interests in these shares as managers of the LLC and as trustees and beneficiaries of certain trusts holding membership interests in the LLC.

The Schedule 13D/A reports that Donald E. Rugg has sole voting and dispositive power with respect to 343 shares of Common Stock. As a result of such 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 11,534,863 shares of Common Stock, which constitutes 18.5% of the Common Stock.

- (3) In a Schedule 13G filed with the SEC on February 8, 2010, Dimensional Fund Advisors LP (" Dimensional ") reported beneficial ownership of an aggregate of 3,304,080 shares of Common Stock as of December 31, 2009, as to which Dimensional has sole dispositive power and which includes 3,217,435 shares as to which it has sole

voting power. According to the Schedule 13G, these shares are held by four investment companies to which Dimensional furnishes investment advice and certain other commingled group trusts and separate accounts for which Dimensional serves as investment manager, and Dimensional disclaims beneficial ownership of the shares.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company s directors and executive officers and persons who beneficially own more than ten percent of the registered class of the Company s equity securities, to file with the SEC reports of ownership and reports of changes in ownership of such securities. Directors, executive officers, and greater than ten percent shareholders are required to furnish the Company with copies of all the reports they file under Section 16(a). Based on the Company s knowledge of stock transfers, its review of copies of reports filed under Section 16(a) and written representations by persons furnished to the Company, the Company believes that all filing requirements applicable to its directors, executive officers and more than ten percent beneficial owners were complied with for the fiscal year ended December 31, 2009.

PROPOSAL 1:

ELECTION OF DIRECTORS

Election

Eleven directors are to be elected at the Annual Meeting to serve for a term of one year or until the election of their successors. If any of the persons named below declines or is unable to serve as a director (which is not anticipated), the individuals designated as proxies on the proxy card reserve full discretion to vote for any or all other persons who may be nominated. The affirmative vote of the majority of the outstanding Common Stock having voting power present, in person or by proxy, at the Annual Meeting is required to elect each director Nominee.

Business Experience of Nominees

Each of the individuals selected by the Board of Directors to serve as a Nominee for election to the Board of Directors at the Annual Meeting meets the nominee standards for board members previously adopted by the Board of Directors as described below on page 23. The Nominating & Corporate Governance Committee and the Board of Directors believes that each Nominee has demonstrated significant business achievements, ethical principles and commitment to serve the Company and its shareholders, and that the specific experience, qualifications, attributes and skills of each Nominee adds to the collective ability of the Board to perform its duties and discharge its responsibilities with competence, professionalism and expertise. Each Nominee other than Ms. Howard, who joined the Board in February 2010, and Mr. Storch, who is not currently a Board member, is an incumbent member of the Board of Directors with at least seven years of tenure and therefore contributes invaluable institutional knowledge and experience gained from his or her past years of service to the Company.

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The following is a summary of the business positions and public-company directorships held by each Nominee over at least the past five years, as well as some specific factors particular to such Nominee that, combined with the generally applicable factors noted above, led the Board to conclude that he or she should be selected as a nominee for election to the Board of Directors at the Annual Meeting:

James E. Annable, 66, has been a director of the Company since November 1993. Dr. Annable serves as Secretary to the Federal Advisory Council of the Board of Governors of the Federal Reserve Board. Previously, Dr. Annable served as Economic Advisor to the Chief Executive Officer of JPMorgan Chase & Co. Prior to his retirement in June 2001, Dr. Annable served as Senior Vice President and Director of Economics for Bank One Corporation, and previously held a variety of offices with the bank and its predecessors.

Dr. Annable holds a doctorate in economics and has extensive experience as an economic advisor to several major financial institutions, as well as the Federal Reserve Board. His expertise is of particular significance to the Board because changes in the U.S. economy and financial markets can significantly impact the results of operations and financial position of the Company and its subsidiaries.

Eric J. Draut, 52, has been a director of the Company since February 2002, at which time he was elected Executive Vice President. Mr. Draut is the Company's Chief Financial Officer, a position he has held since February 1997. Mr. Draut was a Senior Vice President of the Company from February 1999 until February 2002, and served as Treasurer from April 1992 until February 2002. Mr. Draut was a Vice President between October 1997 and February 1999, and Controller from February 1990 until February 1997. Mr. &