

## KINGSWAY FINANCIAL SERVICES INC.

### **KFS CAPITAL LLC INCREASES ITS CASH OFFER FOR UNITS OF KINGSWAY LINKED RETURN OF CAPITAL TRUST TO C\$20.00 PER UNIT, AN INCREASE OF \$2.50 PER UNIT FROM ITS PRIOR OFFER**

**Toronto, July 9, 2010** – KFS Capital LLC (the “**Offeror**”), an indirect wholly-owned subsidiary of Kingsway Financial Services Inc. (“**KFS**”), announced today that it is increasing the size and price of its previously announced offer (the “**Offer**”) to acquire preferred, retractable, redeemable, cumulative units (the “**Units**”) of Kingsway Linked Return of Capital Trust (“**KLROC**”) (TSX: KSP.UN) as well as extending the expiry time of the Offer.

Holders of Units (“**Unitholders**”) who accept the Offer will now receive \$20.00 per Unit in cash, an increase of \$2.50 or 14.3% per Unit from the previous cash offer price of \$17.50 in cash per Unit. The number of Units subject to the Offer has also been increased to 1,500,000 Units from 750,000 Units. All other terms and conditions of the Offer described in the take-over bid circular dated June 9, 2010 and related documents (the “**Offer Documentation**”) remain unchanged.

The Offer will expire at 10:00 a.m. (Toronto time) on July 23, 2010. Unitholders who have already tendered their Units under the original terms of the Offer will receive the additional cash consideration and are not required to take any further steps.

A formal notice of extension and variation (the “**Notice of Variation**”) containing the amended terms of the Offer, will be mailed to Unitholders on or about July 12, 2010 and will be available from Kingsdale Shareholder Services Inc., the information agent and depositary for the Offer, and on SEDAR at [www.sedar.com](http://www.sedar.com).

Questions regarding the Offer, requests for copies of the Offer Documentation or the Notice of Variation, or requests for assistance in depositing Units pursuant to the Offer should be directed to Kingsdale Shareholder Services Inc., the information agent and depositary for the Offer, at The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2, North American Toll-Free Phone Number 1-888-518-1560, Facsimile 416-867-2271 and North American Toll-Free Facsimile 1-888-518-1560 or at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

This announcement is for informational purposes only and does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. The Offer (as the same may be varied or extended in accordance with applicable law) is being made exclusively by means of, and subject to the terms and conditions set out in, the Offer Documentation. KLROC unitholders should read the materials carefully because they contain important information, including the terms and conditions of the Offer.

This press release includes forward-looking statements that are subject to risks and uncertainties. These statements relate to future events or future performance and reflect management’s current expectations and assumptions. The words “anticipate”, “expect”, “believe”, “may”, “should”, “estimate”, “project”, “intend”, “forecast” or similar words are used to identify such forward-looking information. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management of Kingsway. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, see

Kingsway's securities filings, including its 2009 Annual Report under the heading Risk Factors in the Management's Discussion and Analysis section. The securities filings can be accessed on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com), and on the EDGAR section of the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or through Kingsway's website at [www.kingsway-financial.com](http://www.kingsway-financial.com). Kingsway disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.