

## Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange Announce Revisions to the Terms of its Previously Announced Cash Tender Offer

LOS ANGELES, Oct. 21, 2013 /PRNewswire/ -- Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange (collectively, the "Exchanges") today announced that they had revised the terms of their previously announced cash tender offer for up to the Maximum Tender Amount (as defined below) of Farmers Exchange Capital's outstanding 7.05% Trust Surplus Note Securities (the "7.05% Trust Notes") and 7.20% Trust Surplus Note Securities (the "7.20% Trust Notes" and, together with the 7.05% Trust Notes, the "Trust Notes") in the priority set forth in the table below. The "Maximum Tender Amount" is equal to \$550.0 million aggregate liquidation amount of Trust Notes less the aggregate principal amount of 8.625% Surplus Notes due 2024 (the "2024 Notes" and, together with the Trust Notes, the "Notes") accepted for purchase by Farmers Insurance Exchange pursuant to Farmers Insurance Exchange's previously announced cash tender offer for any and all of its outstanding 2024 Notes. The "Tender Offers" refer, collectively, to Farmers Insurance Exchange's offer to purchase the 2024 Notes and the Exchanges' offer to purchase the Trust Notes.

(Logo: <http://photos.prnewswire.com/prnh/20130731/LA56061LOGO>)

The Tender Offers are being made pursuant to an Offer to Purchase dated October 9, 2013 (the "Offer to Purchase"), which sets forth a more detailed description of the Tender Offers.

The Exchanges announced today that they are revising the fixed spread that will be used in determining the consideration for the 7.05% Trust Notes.

The following table reflects the revised pricing terms for the Tender Offers.

### 2024 Notes Tender Offer

Title of Security	CUSIP Numbers	Principal Amount Outstanding	Reference Treasury Security	Bloomberg Reference Page <sup>(1)</sup>	Fixed Spread (basis points)	Early Tender Premium <sup>(2)</sup>	Hypothetical Total Consideration <sup>(5)</sup>
8.625% Surplus Notes due 2024	309601AA0 U3135PAA1	\$300,000,000	2.500% U.S. Treasury Note due August 15, 2023	FIT1	185	\$50	\$1,343.86

### Trust Notes Tender Offer

Priority Level	Title of Security	CUSIP Numbers	Liquidation Amount Outstanding <sup>(3)</sup>	Reference Treasury Security	Bloomberg Reference Page <sup>(1)</sup>	Fixed Spread (basis points)	Early Tender Premium <sup>(4)</sup>	Hypothetical Total Consideration <sup>(5)</sup>
1	7.05% Trust Surplus Note Securities	309588AC5 U31359AB5	\$500,000,000	2.500% U.S. Treasury Note due August 15, 2023	FIT1	215	\$50	\$1,237.86
2	7.20% Trust Surplus Note Securities	309588AE1	\$150,000,000	2.875% U.S. Treasury Note due May 15, 2043	FIT1	240	\$50	\$1,154.12

(1) The applicable page on Bloomberg from which the Dealer Managers will quote the bid side prices of the applicable Reference Treasury Security.

(2) Per \$1,000.00 principal amount of 2024 Notes validly tendered before 5:00 p.m., New York City time, on October 23, 2013, not validly withdrawn and accepted for purchase.

(3) Liquidation amount \$1,000 per Trust Note.

(4) Per \$1,000.00 liquidation amount of Trust Notes validly tendered before 5:00 p.m., New York City time, on October 23, 2013, not validly withdrawn and accepted for purchase.

(5) Based on the yield to maturity of the applicable Reference Treasury Security at 2:00 p.m., New York City time, on October 8, 2013, and assumes a Settlement Date of November 8, 2013.

Aside from the revision to the fixed spread for the 7.05% Trust Notes, all other terms of the Tender Offers are unchanged.

The Tender Offers are scheduled to expire at Midnight, New York City time, on November 6, 2013, unless extended or earlier

terminated with respect to any series of Notes. Holders must validly tender and not withdraw their notes before 5:00 p.m., New York City time, on October 23, 2013, unless extended with respect to any series of Notes, to receive the applicable total consideration, which includes an early tender payment of \$50 per \$1,000 principal or liquidation amount, as applicable, of Notes accepted for purchase (the "Total Consideration"). Holders who validly tender their Notes after 5:00 p.m., New York City time, on October 23, 2013, unless extended with respect to any series of Notes, but before the offer expires, will only receive the tender offer consideration, which is the Total Consideration minus \$50 per \$1,000 principal or liquidation amount, as applicable, of Notes tendered and accepted for purchase (the "Tender Offer Consideration").

A tender of Notes may be validly withdrawn at any time up to 5:00 p.m., New York City time, on October 23, 2013, unless extended with respect to any series of Notes, but not thereafter.

The Total Consideration for each \$1,000 principal or liquidation amount, as applicable, of Notes validly tendered and accepted for purchase pursuant to the Tender Offers will be determined in the manner described in the Offer to Purchase by reference to the fixed spread over the yield to maturity of the applicable U.S. Treasury Security specified for each series of Notes on the cover page of the Offer to Purchase, as calculated by the Dealer Managers at 2:00 p.m., New York City time, on October 24, 2013, unless extended with respect to any series of Notes, as shown in the table above.

In addition to the Total Consideration or the Tender Offer Consideration, as applicable, holders whose Notes are accepted for purchase will receive accrued and unpaid interest or accumulated and unpaid distributions, as applicable, up to, but not including, the settlement date, which is expected to occur promptly following the expiration of the Tender Offers.

The Tender Offers are subject to the satisfaction or waiver of certain conditions set forth in the Offer to Purchase. In particular, the Tender Offers are conditioned on the completion of one or more financing transactions on terms reasonably satisfactory to the Exchanges resulting in the issuance of surplus notes by the Exchanges in an aggregate principal amount of no less than \$350 million and receipt of the requisite regulatory approvals related thereto. If any of these conditions are not satisfied, none of the Exchanges would be required to purchase any of the Notes tendered. The proceeds from such surplus note issuance, together with cash on hand, would fund the cash required to purchase the Notes validly tendered and accepted for purchase.

The complete terms and conditions of the offer are set forth in the Offer to Purchase. Holders of the Notes are urged to read these documents carefully before making any decision with respect to the Tender Offers.

Questions regarding the Tender Offers may be directed to the Dealer Managers, Citigroup Global Markets Inc. at (800) 558-3745 (toll-free) or (212) 723-6106 (collect), or RBS Securities Inc. at (203) 897-6145 (collect) or (877) 297-9832 (toll-free). Requests for documents may be directed to Global Bondholder Services Corporation, the information agent and depository for the Tender Offers, at (212) 430-3774 (for banks and brokers) or (866) 807-2200 (toll-free).

This press release is for informational purposes only and does not constitute an offer to purchase or a solicitation of an offer to sell with respect to the Notes, nor is this press release an offer to sell, a solicitation to buy or an offer to purchase or sell any securities. The Tender Offers are being made only pursuant to the Offer to Purchase and only in such jurisdictions as is permitted under applicable law.

### **About the Exchanges**

The Exchanges are three reciprocal insurers owned by their policyholders, and together with their subsidiaries and affiliates comprise the Farmers Insurance Group of Companies®. The Farmers Insurance Group of Companies is the country's fourth largest insurance group offering both personal lines passenger automobile and homeowners insurance and is a leading insurer of small businesses in the United States, and also provides a wide range of other insurance and financial services products. Farmers is proud to serve more than 10 million households with approximately 19.9 million individual policies across all 50 states through the efforts of over 50,000 exclusive and independent agents. Farmers Group, Inc. and its subsidiaries, in their capacity as attorneys-in-fact, provide administrative and management services to the Exchanges. "Farmers®" is a trade name of the Exchanges and their subsidiaries and affiliates.

For more information about Farmers, visit its Web site at [www.farmers.com](http://www.farmers.com) or at [www.Facebook.com/FarmersInsurance](http://www.Facebook.com/FarmersInsurance).

For questions specific to the Exchanges, please contact Mark Toohey at [mark\\_toohey@farmersinsurance.com](mailto:mark_toohey@farmersinsurance.com) or 805.907.2216.

SOURCE Farmers Insurance

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<https://newsroom.farmers.com/2013-10-21-Farmers-Insurance-Exchange-Fire-Insurance-Exchange-and-Truck-Insurance-Exchange-Announce-Revisions-to-the-Terms-of-its-Previously-Announced-Cash-Tender-Offer>