

Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange Announce Pricing of \$500 million Trust Surplus Note Securities Issued by Farmers Exchange Capital III

LOS ANGELES, Oct. 1, 2014 /PRNewswire/ -- Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange (collectively, the "Farmers Exchanges") today announced that Farmers Exchange Capital III, a newly organized Delaware statutory trust (the "Trust"), priced an offering of its trust surplus note securities. The offering consists of \$500 million aggregate liquidation amount of trust surplus note securities (the "Trust Notes"). Distributions will accrue on the Trust Notes at a fixed rate of 5.454% per annum until and including October 15, 2034, and thereafter at a floating rate equal to the London inter-bank offered rate for three-month deposits in U.S. dollars plus 3.454% per annum. The Trust may redeem some or all of the Trust Notes at any time on or after October 15, 2034 at a price equal to 100% of the liquidation amount of the Trust Notes redeemed plus accumulated distributions to but not including the date fixed for redemption. The Trust Notes will be subject to mandatory redemption on October 15, 2054.

The Trust exists for the sole purpose of issuing the Trust Notes and investing the proceeds thereof in an equivalent amount of surplus notes due 2054 issued by the Farmers Exchanges (the "Exchange Surplus Notes"). Each of the Farmers Exchanges will issue Exchange Surplus Notes to the Trust, with the interest rates and payment and maturity dates of such Exchange Surplus Notes corresponding to the distribution rate and distribution, redemption and other payment dates of the Trust Notes. Payments of interest and principal made by the Farmers Exchanges in respect of the Exchange Surplus Notes may only be used by the Trust to make distributions on and redemptions of the Trust Notes.

The Farmers Exchanges intend to use the net proceeds from the sale of the Exchange Surplus Notes to the Trust to repay outstanding amounts under the 6.15% Certificates of Contribution due 2021 issued by Farmers Insurance Exchange and Truck Insurance Exchange and for general corporate purposes. Pending such application of the net proceeds from the sale of the Exchange Surplus Notes to the Trust, the Farmers Exchanges intend to reduce temporarily their all lines quota share reinsurance program.

The Trust Notes will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act and applicable state securities laws. The Trust Notes will be offered in the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of 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.

About the Farmers Exchanges

The Farmers 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 a multi-line, multi-channel (exclusive and independent agents, direct and affinity), insurance provider, whose core business is insurance for individuals and small businesses. The Farmers Insurance Group of Companies ranks as the sixth largest property and casualty all lines insurance group in the United States and actively markets automobile, homeowners, specialty and commercial lines of insurance in all 50 states and serve more than 10 million households. Farmers Group, Inc. and its subsidiaries, in their

capacity as attorneys-in-fact, provide administrative and management services to the Farmers Exchanges. "Farmers®" is a trade name of the Farmers Exchanges and their subsidiaries and affiliates.

For more information about Farmers, visit its Web site at www.farmers.com or at www.Facebook.com/FarmersInsurance.

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<https://newsroom.farmers.com/2014-10-01-Farmers-Insurance-Exchange-Fire-Insurance-Exchange-and-Truck-Insurance-Exchange-Announce-Pricing-of-500-million-Trust-Surplus-Note-Securities-Issued-by-Farmers-Exchange-Capital-III>