

Farmers Insurance Exchange Announces Pricing of its \$400 million 4.747% Surplus Notes due 2057

LOS ANGELES, Oct. 10, 2017 /PRNewswire/ -- Farmers Insurance Exchange ("Farmers Exchange") today announced the pricing of its offering (the "Offering") of \$400 million aggregate principal amount of surplus notes (the "Surplus Notes"). Interest will accrue on the Surplus Notes at a fixed rate of 4.747% per annum to but not including November 1, 2037, and thereafter at a floating rate equal to the London inter-bank offered rate for three-month deposits in U.S. dollars plus 3.231% per annum. Farmers Exchange may redeem some or all of the Surplus Notes at any time on or after November 1, 2037 at a price equal to 100% of the principal amount of the Surplus Notes redeemed plus accrued and unpaid interest, if any. The Surplus Notes will mature on November 1, 2057.

Farmers Exchange intends to use the net proceeds from the Offering, together with cash on hand, to repay its 6.15% Certificate of Contribution due 2021 issued to Zurich American Insurance Company, with an outstanding principal amount of \$707 million as of June 30, 2017, on December 29, 2017.

The Surplus Notes have not been and 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 Surplus 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 Farmers Exchange

Farmers Exchange is a reciprocal insurer owned by its policyholders. Farmers Exchange and its 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. Farmers Group, Inc. in its capacity as attorney-in-fact, provides administrative and management services to Farmers Exchange. "Farmers®" is a trade name of Farmers Exchange and its subsidiaries and affiliates.

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