

Northwest Bancshares, Inc.
Form 8-K
June 12, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 11, 2018

NORTHWEST BANCSHARES, INC.

(Exact Name of Registrant as Specified in its Charter)

<u>Maryland</u>	<u>001-34582</u>	<u>27-0950358</u>
(State or Other Jurisdiction	(Commission File No.)	(I.R.S. Employer
of Incorporation)		Identification No.)

<u>100 Liberty Street, Warren, Pennsylvania</u>	<u>16365</u>
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (814) 726-2140

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement

On June 11, 2018, Northwest Bancshares, Inc. (the “Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among Donegal Mutual Insurance Company, Donegal Group Inc., Donegal Financial Services Corporation (“DFSC”, and together with Donegal Mutual Insurance Company and Donegal Group Inc., “Donegal”) and the Company. Pursuant to the Merger Agreement, DFSC will merge with and into the Company, with the Company as the surviving entity. Immediately thereafter, Union Community Bank, the wholly owned subsidiary of DFSC, will merge with and into Northwest Bank, the wholly owned subsidiary of the Company, with Northwest Bank as the surviving entity.

Under the terms of the Merger Agreement, payment will be 50% cash and 50% stock. Specifically, each share of DFSC common stock will be converted into the right to receive \$2,379.09 per share in cash plus 137.84 shares of Company common stock, for total consideration valued at approximately \$85 million. Immediately prior to the closing of the merger, DFSC will also pay a dividend of approximately \$30 million to its two shareholders, Donegal Group Inc. and Donegal Mutual Insurance Company.

The Merger Agreement provides that the exchange ratio will switch to a floating basis if the value of the Company’s shares during a period ending the fifth trading day prior to closing is less than \$15.53 or greater than \$18.99, such that the total purchase price shall not be less than \$80.75 million or more than \$89.25 million. The Company also has the right to alter the mix of cash and stock to be received if the value of the Company’s shares during the calculation period is less than \$15.53.

The transaction has been approved by the Boards of Directors of the Company, DFSC, Donegal Mutual Insurance Company and Donegal Group Inc. and by the stockholders of DFSC. Completion of the transaction is subject to customary closing conditions, including the receipt of required regulatory approvals.

The Merger Agreement includes customary representations, warranties and covenants of the Company and Donegal made to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract by and among the Company and Donegal and are not intended to provide factual, business, or financial information about the Company or Donegal. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to a contractual standard of materiality different from those generally applicable to shareholders or different from what a shareholder might view as material, may have been used for purposes of allocating risk between the Company and Donegal rather than establishing matters as facts, may have been qualified by certain disclosures not reflected in the Merger Agreement that were made to the other party in connection with the negotiation of the Merger Agreement and generally were solely for the benefit of the parties to that agreement. DFSC has agreed to operate its business in the ordinary course consistent with past practice until the closing of the transaction and not to engage in certain kinds of transactions during such period (without the prior written consent of the Company).

Donegal has also agreed not to (i) solicit proposals relating to alternative business combination transactions involving DFSC or Union Community Bank or (ii) enter into discussions or an agreement concerning, or to provide confidential information in connection with, any proposals for alternative business combination transactions involving DFSC or Union Community Bank.

The foregoing description of the Merger Agreement is included to provide information regarding its terms and does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 2.1 to this Current Report on Form 8-K, and is incorporated into this report by reference.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about (1) the benefits of the merger between the Company and DFSC, including anticipated future results, cost savings and accretion to reported earnings that may be realized from the merger; (2) the Company's and DFSC's plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts; and (3) other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. The following factors, among others, could cause actual results to differ materially from the anticipated results expressed in the forward-looking statements: the businesses of the Company and DFSC may not be combined successfully, or such combination may take longer than expected; the cost savings from the merger may not be fully realized or may take longer than expected; operating costs, customer loss and business disruption following the merger may be greater than expected; governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger or otherwise; the stockholders of Donegal may revise their approval of the merger; credit and interest rate risks associated with the Company's and DFSC's respective businesses; and difficulties associated with achieving expected future financial results. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the Company's reports (such as the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the SEC and available at the SEC's Internet website (www.sec.gov). All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to the Company or Donegal or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Except as required by law, the Company and Donegal do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statement is made.

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Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

Item 7.01 Regulation FD Disclosure

On June 12, 2018, the Company issued a press release announcing the execution of the Merger Agreement, which is filed as Exhibit 99.1 to this Current Report on Form 8-K. The Company's investor presentation relating to this transaction is attached as Exhibit 99.2 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

- (a) Financial statements of businesses acquired. Not Applicable.
- (b) Pro forma financial information. Not Applicable.
- (c) Shell company transactions: Not Applicable.
- (d) Exhibits.

Exhibit No. Description

<u>2.1</u>	<u>Agreement and Plan of Merger dated as of June 11, 2018, by and among Donegal Mutual Insurance Company, Donegal Group Inc., Donegal Financial Services Corporation and Northwest Bancshares, Inc.*</u>
<u>99.1</u>	<u>Press Release dated June 12, 2018</u>
<u>99.2</u>	<u>Investor Presentation dated June 12, 2018</u>

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NORTHWEST BANCSHARES, INC.

DATE: June 12, 2018 By: /s/ William W. Harvey, Jr.
William W. Harvey, Jr.
Chief Financial Officer