

Employers Mutual Casualty Company has agreed to acquire all of the outstanding shares of EMC Insurance Group Inc. that it does not currently own for \$36.00 per share in cash

Deal Value: Approximately \$371 Million

Sandler O'Neill served as exclusive financial advisor to the Special Committee of EMC Insurance Group Inc.'s Board of Directors and provided a fairness opinion in this transaction.

Sandler O'Neill has advised on 55 U.S. insurance industry transactions since January 1, 2012, which represents more transactions than any other full-service investment bank during that time period.¹

DES MOINES, Iowa – May 9, 2019 – Employers Mutual Casualty Company (“EMCC”) and EMC Insurance Group Inc. (Nasdaq: EMCI) (“EMCI”) today announced that, following an extensive and thorough negotiation process conducted by an independent Special Committee of the EMCI Board of Directors, they have entered into a definitive merger agreement pursuant to which EMCC, which currently owns approximately 55% of EMCI’s outstanding shares, will acquire all of the remaining shares of EMCI for \$36.00 per share in cash. To effect the transaction, EMCC formed a new wholly-owned subsidiary to be merged into EMCI.

The \$36.00 per share purchase price represents an approximate 50% premium to the \$23.99 closing market price of EMCI’s common stock on November 15, 2018, the last trading day prior to the public announcement of EMCC’s original proposal to acquire 100% ownership of EMCI. It also represents a 27% premium to EMCI’s \$28.44 book value per share as of March 31, 2019, a 16% premium to EMCI’s 52-week closing high prior to the public announcement of EMCC’s original proposal and an increase of 20% over EMCC’s originally proposed purchase price of \$30.00 per share.

In response to EMCC’s original proposal, the EMCI Board formed a Special Committee comprised of independent directors. Bruce G. Kelley, President, Chief Executive Officer and a director of both EMCI and EMCC, recused himself from all of EMCI’s and EMCC’s respective discussions, considerations, recommendations and votes with respect to the proposed transaction. The Special Committee reviewed EMCC’s proposal and considered other options available to EMCI. The EMCI Special Committee was advised by independent financial and legal advisors, and the Special Committee received an opinion from its financial advisor that the \$36.00 per share cash purchase price is fair, from a financial point of view, to EMCI’s minority shareholders. The Special Committee ultimately determined that EMCC’s proposed transaction is in the best interests of EMCI and its minority shareholders and unanimously recommended the transaction to EMCI’s Board, which approved the transaction (with Mr. Kelley recusing himself).

The proposed transaction is anticipated to close in the second half of 2019.

(1) Full service investment banks defined as those advising on insurance industry transactions with an average disclosed deal value of \$50 million or greater. Excludes terminated transactions, self-advisory roles and managed care insurance transactions.

Sources: S&P Global Market Intelligence; Company press release.

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