

**LNB Bancorp, Inc. (NASDAQ: LNBB; Lorain, OH) has agreed to merge with Northwest Bancshares, Inc. (NASDAQ: NWBI; Warren, PA)**

**Deal Value: \$183.3 million**

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to LNB Bancorp, Inc. in this transaction. This transaction represents Sandler O'Neill's 58th bank or thrift transaction nationwide since January 1, 2014. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period. This transaction represents Sandler O'Neill's 21st bank or thrift transaction in the Midwest since January 1, 2013, more than any other investment bank during that time period.<sup>1</sup>

Northwest Bancshares, Inc. and LNB Bancorp, Inc. jointly announced the signing of a definitive merger agreement pursuant to which Northwest Bancshares, Inc. will acquire LNB Bancorp, Inc., the Lorain, Ohio-based holding company and parent of Lorain National Bank, in a combination cash and stock transaction valued at approximately \$18.64 per share, or \$183.3 million in the aggregate, using the 20 day average closing stock price of Northwest Bancshares, Inc. as of Friday, December 12, 2014.

The transaction is immediately accretive to Northwest's earnings per share excluding merger costs, increasing its stand-alone EPS by approximately 17% beginning in 2016, and will give Northwest access to a new region of prospective customers. The acquisition is expected to increase Northwest's return on average tangible common equity from approximately 7% to approximately 9% after the first year of combined operations and provide Northwest with an additional \$1.24 billion in total assets, \$1.06 billion in total deposits, \$923 million in loans and 20 banking locations based upon financial information as of September 30, 2014. Inclusive of LNB, Northwest will have over \$6.7 billion in deposits and 184 branch locations.

Daniel E. Klimas, President and Chief Executive Officer of LNB Bancorp, Inc., will be named Regional President and market leader for Northwest's Ohio franchise after the acquisition is consummated. Klimas commented, "During our proud 109 year history, LNB has been committed to serving our clients and local communities. Through a consistent level of superior quality service, our dedicated staff has grown a loyal commercial and retail customer base. We are very excited about joining the Northwest team. We strongly believe that Northwest Bancshares, Inc. demonstrates a commitment to its clients, employees and the communities it serves, shares our core values and has an outstanding record of enhancing shareholder value. We are also pleased that Northwest has agreed that the headquarters for the newly formed Ohio Region of Northwest will be Lorain, Ohio."

Under the terms of the merger agreement, which has been approved unanimously by the boards of directors of both companies, shareholders of LNB Bancorp, Inc. will be entitled to elect to receive either 1.461 shares of Northwest Bancshares, Inc. common stock or \$18.70 in cash for each common share of LNB Bancorp, Inc., subject to an overall allocation of exchanged shares into 50% cash and 50% stock. The exchange ratio is fixed and the transaction is expected to qualify as a tax-free exchange for shareholders of LNB Bancorp, Inc. to the extent such shareholders receive Northwest Bancshares common stock. Northwest's annual dividend of \$0.52 per share paid in 2014, excluding special dividends, equates to almost \$0.76 per share for LNB shareholders electing stock, representing an increase of approximately 1,800% over the \$0.04 per share in dividends paid by LNB in 2014. Based on the 20 day average of Northwest's closing stock price before the execution of the definitive agreement, the deal is valued at \$183.3 million, or \$18.64 per share, which equates to a price to tangible book value ratio of 197.7% and a price to earnings ratio, after considering cost savings, of 11.0x based on consensus estimates for LNB's 2016 net income. The tangible book valuation dilution earn back is forecast to be approximately 4.9 years.

Northwest Bancshares, Inc. and LNB Bancorp, Inc. expect to complete the transaction in the second quarter of 2015, after satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of LNB Bancorp.

## Financial Highlights

(Dollars in millions)

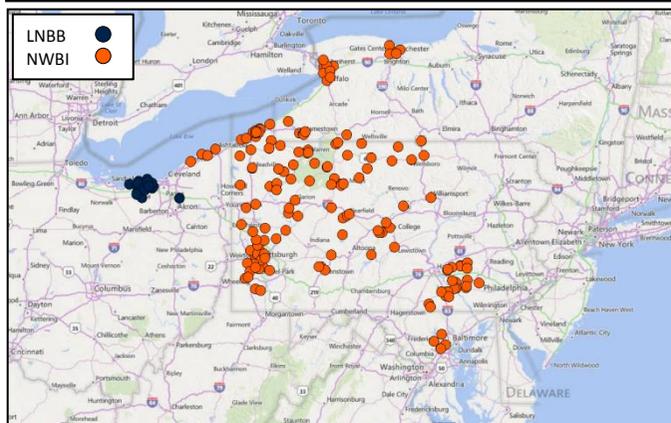
	LNB Bancorp, Inc.	Northwest Bancshares, Inc.
Total Assets	\$1,241	\$7,827
Net Loans	\$907	\$5,885
Total Deposits	\$1,057	\$5,708
Tangible Common Equity	\$91	\$897
Tang. Common Equity / Tang. Assets	7.47%	11.73%

Financial data as of September 30, 2014

<sup>1</sup> Excludes terminated transactions and self-advisory roles

Source: SNL Financial, Press Release

## Pro Forma Map



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