

Arthur J. Gallagher & Co. Signs Agreement to Acquire Cadence Insurance, Inc.

Arthur J. Gallagher & Co.

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Arthur J. Gallagher & Co. →

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ROLLING MEADOWS, Ill., Oct. 24, 2023 /PRNewswire/ -- Arthur J. Gallagher & Co. today announced it has signed a definitive agreement to acquire Baton Rouge, Louisiana-headquartered Cadence Insurance, Inc. (Cadence Insurance), a wholly-owned subsidiary of Cadence Bank (NYSE:**CADE**). The transaction is subject to regulatory approval and is expected to close during the fourth quarter of 2023.

Cadence Insurance offers a full suite of commercial property/casualty, employee benefits and personal lines products to clients from 34 offices spanning 9 different states across the Southeast, including Texas. The Cadence Insurance team led by Markham McKnight and Chris Boone will operate under the direction of Bumpy Triche, head of Gallagher's Mid-South retail property/casualty brokerage operations and Robby White, head of Gallagher's South-Central region employee benefits consulting and brokerage operations.

"Cadence Insurance is a fast-growing agency with strong niche capabilities across Construction, Real Estate, Manufacturing, Healthcare and Professional Services. With a similar culture, a high-performing team and a significant Southeastern presence there are immense long-term growth opportunities as part of Gallagher," said J. Patrick Gallagher, Jr., Chairman, President and CEO. "I look forward to welcoming Markham, Chris and the nearly 800 Cadence Insurance colleagues to our growing Gallagher family of professionals."



The acquisition is expected to expand Gallagher's property/casualty and employee benefits presence across several states in the Southeast and Texas and broaden our capabilities across multiple niche practice groups, including Construction, Real Estate, Manufacturing, Healthcare, Professional Services and high-net-worth personal lines.

As part of the transaction, Gallagher will become the preferred insurance broking partner of Cadence Bank.

Financial Terms

Cadence Insurance pro forma revenues and EBITDAC (including minimal expected expense synergies) for the trailing 12 months ended September 30, 2023 were approximately \$170 million and \$62 million, respectively. Under the agreement, Gallagher will acquire the stock of Cadence Insurance for \$749 million, which is net of Gallagher's discounted tax benefit associated with the transaction of approximately \$155 million. Integration costs and expected non-cash management retention costs are expected to total \$70 million over the next 3 years.

About Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co. (NYSE:**AJG**), a global insurance brokerage, risk management and consulting services firm, is headquartered in Rolling Meadows, Illinois. Gallagher provides these services in approximately 130 countries around the world through its owned operations and a network of correspondent brokers and consultants.

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Information Concerning Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipates," "believes," "contemplates," "see," "should," "could," "will," "estimates," "expects," "intends," "plans" and variations thereof and similar expressions, are intended to identify forward-looking statements. Examples of forward-looking statements regarding the acquisition described in this press release include, but are not limited to, statements regarding expected benefits of the proposed transaction, the expected consideration to be paid in the

proposed transaction, the expected revenue and EBITDAC impacts of the proposed transaction, the size and status of the combined organization, required regulatory approvals and the expected timing of the completion of the proposed transaction.

Gallagher's actual results may differ materially from those contemplated by the forward-looking statements. Readers are therefore cautioned against relying on any of the forward-looking statements, which are neither statements of historical fact nor guarantees or assurances of future performance.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include those related to the ability of each party to consummate the proposed transaction including the possibility that the proposed transaction is not completed when expected or at all because required regulatory approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the possibility that the anticipated benefits of the proposed transaction are not realized when expected or at all, including as a result of the impact of, or issues arising from, the integration of the acquired operations or changes to the financial information presented herein; changes in worldwide and national economic conditions, including the onset of a recession or economic downturn; political unrest in the U.S. or other countries around the world; a potential U.S. government shutdown; heightened competition for talent and increased compensation costs; cybersecurity and data privacy related risks; changes in premium rates and in insurance markets generally; changes in the insurance brokerage industry's competitive landscape; and additional factors discussed in Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and our subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

Any forward-looking statement made by Gallagher in this press release speaks only as of the date on which it is made. Except as required by applicable law, Gallagher does not undertake to update the information included herein.

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