



Brown & Brown, Inc.

Fourth Quarter and Full Year 2017 Results –
January 23, 2018





Information Regarding Forward-Looking Statements

This presentation and the statements made during our Earnings Call may contain certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations.

All statements, other than statements of historical facts, included in this document that address activities, events or developments that we expect or anticipate may occur in the future, including such things as those relating to our anticipated financial results for the fourth quarter and full year ended December 31, 2017, the market performance of our business segments, quarterly interest expense, share repurchases, margin expansion, changes in exposure units, the pipeline of acquisition candidates, future capital expenditures, growth in commissions and fees including organic revenue growth, business strategies, competitive strengths, goals, the benefits of new initiatives, plans, and references to future successes are forward-looking statements. Also, when we use words such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘plan’, ‘probably’ or similar expressions, we are making forward-looking statements.

There are important uncertainties, events and factors that could cause our actual results or performance to differ materially from those forward-looking statements contained in this document or made during our Earnings Call, including the following: our determination as we finalize our financial results for the fourth quarter and full year ended December 31, 2017 that our financial results differ from the current preliminary unaudited numbers set forth herein; the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our business operations; the impact of current market conditions on our results of operations and financial condition; any insolvencies of, or other difficulties experienced by our clients, insurance carriers or financial institutions; volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control; our ability to continue to manage our indebtedness; our ability to compete effectively in our industry; material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane; our ability to retain key employees and clients and attract new business; risks that could negatively affect the success of our acquisition strategy, including continuing consolidation in our industry, which could make it more difficult to identify targets and could make them more expensive, execution risks, integration risks, the risk of post-acquisition deterioration leading to intangible asset impairment charges, and the risk we could incur or assume unanticipated regulatory liabilities such as those relating to violations of anti-corruption and sanctions laws; the timing or ability to carry out share repurchases; the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions; fluctuations in our earnings as a result of potential changes to our valuation allowance(s) on our deferred taxes; any fluctuations in exchange and interest rates that could affect expenses and revenue; the potential costs and difficulties in complying with a wide variety of laws and regulations and any related changes; changes in the tax or accounting policies or treatment of our operations and fluctuations in our tax rate; any potential impact of US healthcare or National Flood Insurance Program legislation; the impact of Tax Reform Act; exposure to potential liabilities arising from errors and omissions and other potential claims against us; and the interruption or loss of our information processing systems or failure to maintain secure information systems and other factors that the Company may not have currently identified or quantified, and other risks, relevant factors and uncertainties identified in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, and the Company’s other filings with the Securities and Exchange Commission.

Many risks and uncertainties may impact the matters addressed in these forward-looking statements. Information about such risks and uncertainties may be found in our filings with the Securities and Exchange Commission. These risks and uncertainties could cause our results or performance to differ materially from those we express in our forward-looking statements.

All forward-looking statements made herein are made only as of the date of this release, and the Company does not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur or of which the Company hereafter becomes aware.



Important Disclosures Regarding Non-GAAP Measures

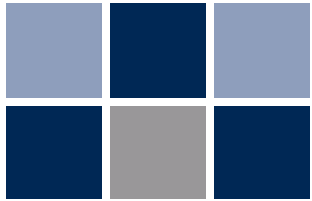
This presentation contains references to "non-GAAP financial measures" as defined in SEC Regulation G, including, Total revenues – adjusted, Net income – adjusted, EBITDAC, EBITDAC Margin, EBITDAC – adjusted, EBITDAC Margin – adjusted, Income before income taxes – adjusted, Income before income taxes margin – adjusted, Diluted earnings per share – adjusted, and Organic Revenue. We present these measures because we believe such information is of interest to the investment community and because we believe it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a generally accepted accounting principles ("GAAP") basis. This supplemental financial information should be considered in addition to, not in lieu of, the Company's consolidated income statements and balance sheets as of the relevant date. Consistent with Regulation G, a description of such information is provided below and a reconciliation of such items to GAAP information can be found in our periodic filings with the SEC. Our method of calculating these non-GAAP financial measures may differ from the methods used by industry peers and, therefore, comparability may be limited.

Earnings Measures – We believe these non-GAAP measures, as defined below, provide a meaningful representation of the operating performance of the Company and improve the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability.

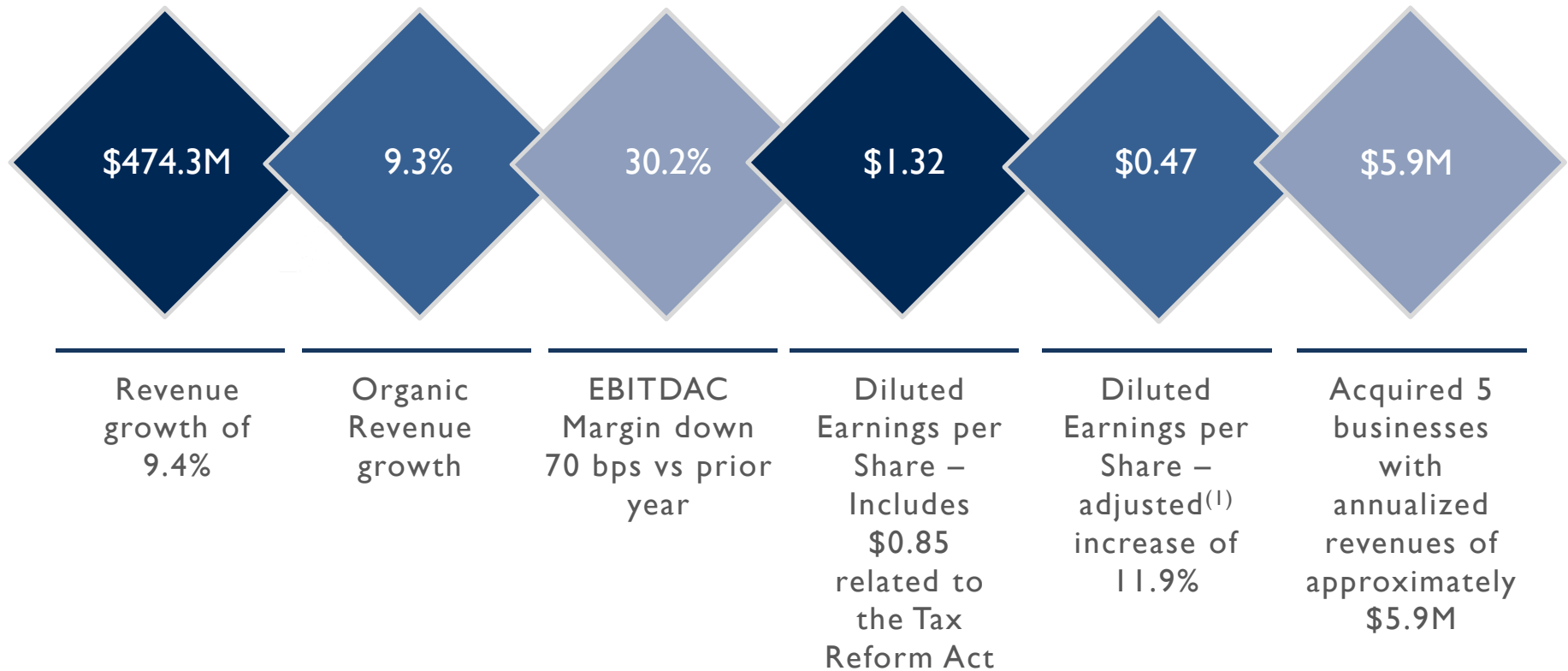
- **Total revenues – adjusted** is defined as Total revenues when excluding the legal settlement in the first quarter of \$20.0M for the full year of 2017.
- **Net income – adjusted** is defined as Net income when removing the after-tax Change in estimated acquisition earn-out payables in 2016 and 2017, for the first quarter of 2017 when removing the effect of the legal settlement in the first quarter, net of associated legal costs, pre-tax of \$18.8M, for 2016, the impact of adopting FASB Accounting Standards Update 2016-09, Compensation-Stock Compensation (Topic 718): *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), and the impact of the Tax Cut and Jobs Act of 2017 (the "Tax Reform Act").
- **EBITDAC** is defined as income before Interest, Income taxes, Depreciation, Amortization and the Change in estimated acquisition earn-out payables.
- **EBITDAC Margin** is defined as EBITDAC divided by Total revenues.
- **EBITDAC – adjusted** is defined as EBITDAC adjusted for a legal settlement, net of associated legal costs, of an adjustment of \$18.8M pre-tax.
- **EBITDAC margin – adjusted** is defined as EBITDAC – adjusted divided by Total revenues – adjusted.
- **Income before income taxes – adjusted** is defined as Income before income taxes, after removing the pre-tax Change in estimated acquisition earn-out payables and an adjustment for a legal settlement.
- **Income before income taxes margin – adjusted** is defined as Income before income taxes – adjusted divided by Total revenues-adjusted.
- **Diluted earnings per share – adjusted** is defined as Diluted earnings per share after removing the Change in estimated acquisition earn-out payables and the adjustment for the legal settlement in 2017, both on a post tax basis, 2016, the impact of adopting ASU 2016-09, and the change in the effective tax rate associated with the Tax Reform Act.

Revenue Measures – We believe that Organic Revenue, as defined below, provides a meaningful representation of the Company's operating performance and improves the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability. The Company has historically viewed Organic Revenue growth as an important indicator when assessing and evaluating the performance of its four segments.

- **Organic Revenue**, a non-GAAP measure, is defined as Commissions and fees less (i) the first twelve months of commission and fee revenues generated from acquisitions, less (ii) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year - "Contingents"), less (iii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year - "GSCs"), and less (iv) divested business (net commissions and fees generated from offices and books of business sold by the Company) with the associated revenue removed from the corresponding period of the prior year.

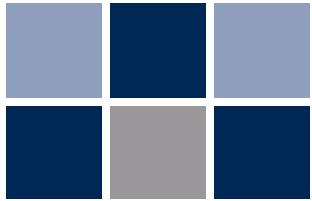


Fourth Quarter 2017 Results (Unaudited)

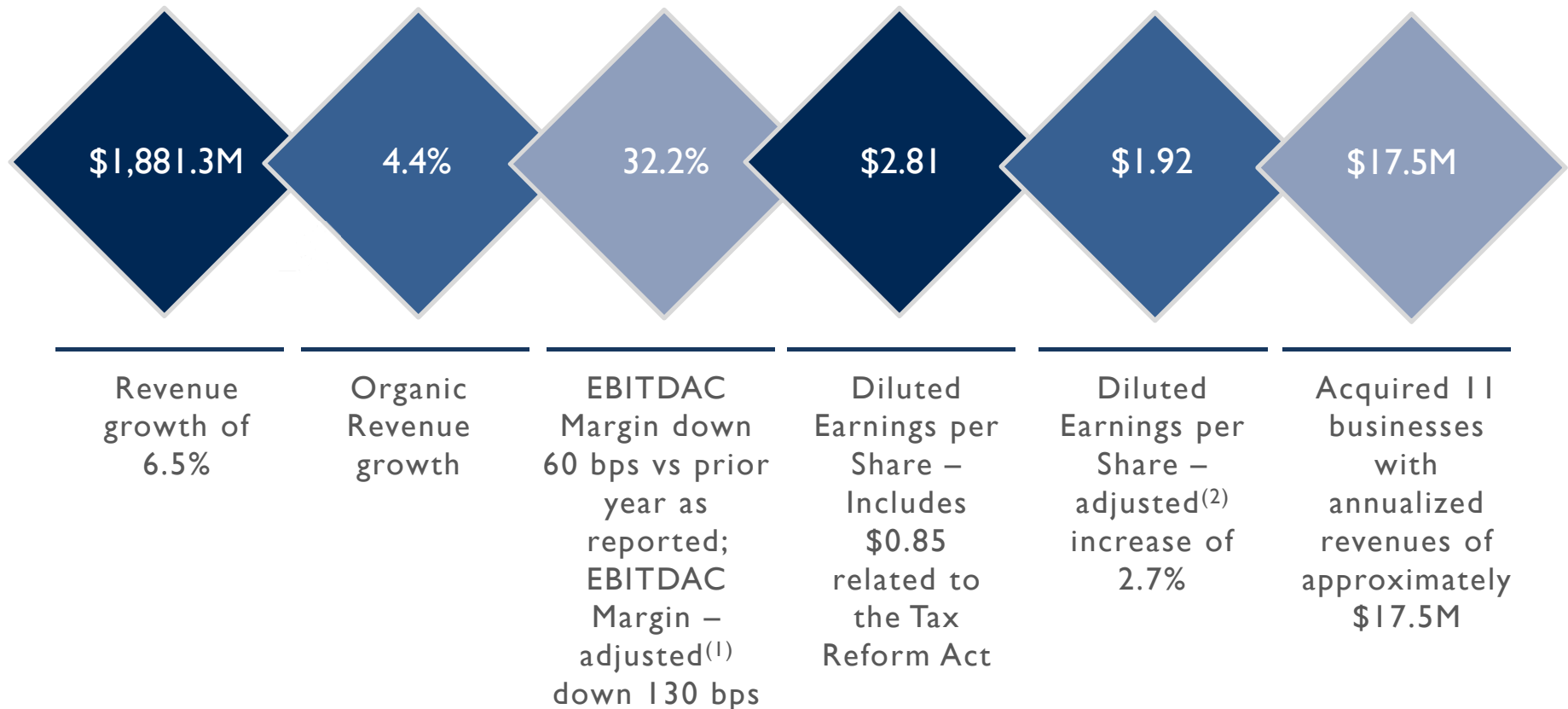


(1) Q4 2017 Diluted Earnings per Share – adjusted was reduced for the impact of the Tax Reform Act.



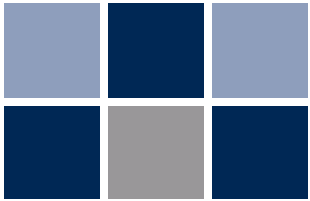


Full Year 2017 Results (Unaudited)



(1) 2017 EBITDAC Margin – adjusted reflects the removal of the effect of the legal settlement in the first quarter, net of associated costs, pre-tax of \$18.8M, as shown on slide 15.

(2) 2017 Diluted Earnings per Share - adjusted reflects the removal of the effect of the legal settlement in the first quarter, net of associated costs, pre-tax of \$18.8M, the expense associated with the change in estimated acquisition earn-out payables of \$9.2M, and the impact of the Tax Reform Act of \$120.9M. 2016 was adjusted to remove the expense associated with the change in estimated acquisition earn-out payables of \$9.2M and the impact of adopting ASU 2016-09 of \$1.3M



Market & Business Overview – 4Q17



All divisions grew well during the quarter, delivering solid organic growth



Recognized higher than expected claims processing revenues associated with recent hurricanes



Recent hurricanes and California fires are causing property rates to increase modestly – flat to up 5%



Capital within the insurance market remains high and impact will not be as material as originally anticipated



Optimism regarding economic benefits of the Tax Reform Act





Consolidated Financial Highlights

(\$ Millions, except per share data; unaudited)	Fourth Quarter			
	2017	2016	\$ Change	% Change
Total revenues	\$474.3	\$433.6	\$40.7	9.4%
<i>Organic Revenue</i>	\$459.6	\$420.4	\$39.2	9.3%
Income before income taxes	\$106.3	\$95.0	\$11.3	11.9%
<i>Income before income taxes margin</i>	22.4%	21.9%		50bps
EBITDAC	\$143.1	\$134.1	\$9.0	6.7%
<i>EBITDAC Margin</i>	30.2%	30.9%		(70bps)
Net income	\$187.5	\$57.7	\$129.8	225.0%
Diluted earnings per share	\$1.32	\$0.41	\$0.91	222.0%
Weighted average number of shares outstanding – Diluted (in thousands)	138,101	138,405	(304)	(0.2%)
Dividends declared per share ⁽¹⁾	\$0.15	\$0.14	\$0.02	11.1%

(1) Actual dividend per share is \$0.150, an increase of 11.1% vs \$0.135 in 2016





Consolidated Financial Highlights – adjusted ⁽¹⁾

(\$ Millions, except per share data; unaudited)	Fourth Quarter			
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$474.3	\$433.6	\$40.7	9.4%
<i>Organic Revenue</i>	\$459.6	\$420.4	\$39.2	9.3%
Income before income taxes - adjusted	\$107.2	\$97.4	\$9.8	10.1%
<i>Income before income taxes margin - adjusted</i>	22.6%	22.5%		10bps
EBITDAC	\$143.1	\$134.1	\$9.0	6.7%
<i>EBITDAC Margin</i>	30.2%	30.9%		(70bps)
Net income - adjusted	\$67.1	\$59.0	\$8.1	13.7%
Diluted earnings per share - adjusted	\$0.47	\$0.42	\$0.05	11.9%

(1) Q4 2017, Income before income taxes – adjusted, Net income – adjusted and Diluted earnings per share - adjusted reflects the removal of the expense associated with the Change in estimated acquisition earn-out payables of \$0.9M and for the change in the impact of the Tax Reform Act. Q4 2016 reflects the removal of the expense associated with the Change in estimated acquisition earn-out payables of \$2.4M.





Revenue Analysis

(\$ Millions; unaudited)	Fourth Quarter			
<u>REVENUES</u>	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Total revenues	\$474.3	\$433.6	\$40.7	9.4%
Investment income	(0.5)	(0.3)	(0.2)	
Other income, net	(0.4)	(0.2)	(0.2)	
Commissions and fees	473.4	433.1	40.3	9.3%
Profit-sharing contingent commissions	(6.8)	(7.4)	0.6	
Guaranteed supplemental commissions	(2.2)	(2.6)	0.4	
Core commissions and fees	464.4	423.1	41.3	9.8%
Acquisitions	(4.8)	-	(4.8)	
Dispositions	-	(2.7)	2.7	
Organic Revenue	\$459.6	\$420.4	\$39.2	9.3%



Analysis of EBITDAC Margin

Fourth Quarter (unaudited)

EBITDAC Margin - 2016	30.9%
Arrowhead Core Commercial	(0.3%)
Retail Performance Incentive Plan	(0.6%)
Incremental IT Investment	(0.7%)
Net change in Gain/Loss on Disposal	0.4%
Other	0.5%
EBITDAC Margin - 2017	30.2%



Retail Segment

(\$ Millions; unaudited)

Fourth Quarter

	2017	2016	\$ Change	% Change
Total revenues	\$230.7	\$222.0	\$8.7	3.9%
<i>Organic Revenue</i>	\$224.5	\$215.9	\$8.6	4.0%
Income before income taxes	\$44.8	\$43.5	\$1.3	3.0%
<i>Income before income taxes margin</i>	19.4%	19.6%		(20bps)
EBITDAC	\$64.3	\$68.1	(\$3.8)	(5.6%)
<i>EBITDAC Margin</i>	27.9%	30.7%		(280bps)

Business and Market Commentary

Organic Revenue growth driven across substantially all lines of business

Coastal property rates are flat to up 5%. Continued increases in Auto and Employee Benefits rates. Exposure units continue to increase

Income before income taxes up due to changes in acquisition earn-out expense and lower intercompany interest charges, partially offset by performance incentive plan and investment in technology

EBITDAC Margin down due to the prior year \$2.7m credit for non-cash stock-based compensation, and in the current year producer growth incentive plan and incremental investment in technology





National Programs Segment

(\$ Millions; unaudited)	Fourth Quarter			
	2017	2016	\$ Change	% Change
Total revenues	\$137.2	\$115.0	\$22.2	19.3%
Organic Revenue	\$131.9	\$109.8	\$22.1	20.1%
Income before income taxes	\$41.8	\$23.4	\$18.4	78.6%
Income before income taxes margin	30.5%	20.3%		1020bps
EBITDAC	\$58.2	\$43.2	\$15.0	34.7%
EBITDAC Margin	42.4%	37.6%		480bps

Business and Market Commentary

Organic Revenue growth driven by claims activity from recent hurricanes, core commercial, DIC & several other programs; offsetting other carrier changes

Realized approximately \$19M of year over year claims processing revenues from weather events

Income before income taxes increased due to the revenue growth as well as lower intercompany interest expense

EBITDAC Margin increased primarily due to the revenue growth within the division





Wholesale Brokerage Segment

(\$ Millions; unaudited)	Fourth Quarter			
	2017	2016	\$ Change	% Change
Total revenues	\$62.9	\$58.2	\$4.7	8.1%
<i>Organic Revenue</i>	\$60.3	\$56.4	\$3.9	6.9%
Income before income taxes	\$12.3	\$10.9	\$1.4	12.8%
<i>Income before income taxes margin</i>	19.6%	18.7%		90bps
EBITDAC	\$17.3	\$15.4	\$1.9	12.3%
<i>EBITDAC Margin</i>	27.5%	26.5%		100bps

Business and Market Commentary

Brokerage business realized improved growth driven by increasing economic expansion, construction

Realized growth across most lines of business driven by higher new business and less downward rate pressure on renewals

Most rates are flat to up 5%

EBITDAC Margin increase driven by leveraging revenues, control of expenses and margin expansion on 2016 acquisitions





Services Segment

(\$ Millions; unaudited)	Fourth Quarter			
	2017	2016	\$ Change	% Change
Total revenues	\$43.0	\$38.5	\$4.5	11.7%
<i>Organic Revenue</i>	\$42.9	\$38.4	\$4.5	11.8%
Income before income taxes	\$8.0	\$6.4	\$1.6	25.0%
<i>Income before income taxes margin</i>	18.6%	16.6%		200bps
EBITDAC	\$10.3	\$8.1	\$2.2	27.2%
<i>EBITDAC Margin</i>	24.0%	21.0%		300bps

Business and Market Commentary

Improved new business realized across most of our businesses during the quarter

Realized incremental growth from Hurricanes Irma and Harvey

Income before income taxes impacted by the EBITDAC drivers and lower intercompany interest charges

EBITDAC Margin expansion due to revenue growth and effective control of expenses





Consolidated Financial Highlights – adjusted (1)

	Full Year			
	2017	2016	\$ Change	% Change
Total revenues - adjusted	\$1,861.3	\$1,766.6	\$94.7	5.4%
<i>Organic Revenue</i>	<i>\$1,767.0</i>	<i>\$1,692.4</i>	<i>\$74.6</i>	<i>4.4%</i>
Income before income taxes - adjusted	\$440.2	\$432.7	\$7.5	1.7%
<i>Income before income taxes margin - adjusted</i>	<i>23.7%</i>	<i>24.5%</i>		<i>(80bps)</i>
EBITDAC - adjusted	\$586.6	\$579.9	\$6.7	1.2%
<i>EBITDAC Margin - adjusted</i>	<i>31.5%</i>	<i>32.8%</i>		<i>(130bps)</i>
Net income - adjusted	\$272.8	\$264.3	\$8.5	3.2%
Diluted earnings per share - adjusted	\$1.92	\$1.87	\$0.05	2.7%
Weighted average number of shares outstanding - Diluted (in thousands)	138,793	137,804	989	0.7%
Dividends declared per share	\$0.56	\$0.50	\$0.05	10.4%

(1) 2017 Total revenues – Adjusted, Income before incomes taxes – adjusted, Net income – adjusted and Diluted earnings per share - adjusted reflects the removal of the effect of the legal settlement in the first quarter, net of associated costs, pre-tax of \$18.8M, the expense associated with the change in estimated acquisition earn-out payables of \$9.2M, and the impact of the Tax Reform Act of \$120.9M. 2016 reflects the removal of the expense associated with the change in estimated acquisition earn-out payables of \$9.2M and the impact of adopting ASU 2016-09 of \$1.3M





Revenue Analysis

(\$ Millions; unaudited)	Full Year			
REVENUES	2017	2016	\$ Change	% Change
Total revenues	\$1,881.3	\$1,766.6	\$114.7	6.5%
Investment income	(1.6)	(1.4)	(0.2)	
Other income, net	(22.4)	(2.4)	(20.0)	
Commissions and fees	1,857.3	1,762.8	94.5	5.4%
Profit-sharing contingent commissions	(52.2)	(54.0)	1.8	
Guaranteed supplemental commissions	(10.4)	(11.5)	1.1	
Core commissions and fees	1,794.7	1,697.3	97.4	5.7%
Acquisitions	(27.7)	-	(27.7)	
Dispositions	-	(4.9)	4.9	
Organic Revenue	\$1,767.0	\$1,692.4	\$74.6	4.4%





Estimated Impact of New Standard on Revenue Recognition

(\$ Millions, unaudited)

	<u>Q1</u>	<u>Q2</u>
Revenues	\$25-\$30	(\$25)-(\$30)
Expenses	\$8-12	(\$6)-(\$9)
	<u>Q3</u>	<u>Q4</u>
Revenues	\$3-\$7	(\$3)-(\$7)
Expenses	(\$2)-(\$6)	(\$2)-(\$6)
Full-year revenues	Negligible	
Full-year expenses	(\$4)-(\$8)	

Note: Estimates based on 12 months of data measured as of 9/30/2017



Estimated Impact of the Tax Reform Act

(\$ Millions; unaudited)	Rate %
2017 As Reported	11.1%
DTL/Repatriation	26.9%
2017 Underlying	38.0%
Fed Tax Rate Adjustment and State Impact	(12.5%)
Additional Non-Deductions ⁽¹⁾	2.0%
Pro-forma 2018	27 - 28%

Estimated DTL Revaluation	
2017 DTL - Before Reform	\$380
Revaluation of Net Deferred Tax Liabilities	(\$124)
Revalued Net Deferred Tax Liabilities Dec 2017	\$256

Rate Impacts – 2017

- Revalue federal deferred tax liabilities from 35% to 21%
- Accrual for deemed repatriation tax for cumulative international earnings at rate of 15.5%

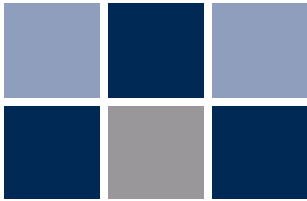
Rate Impacts – 2018

- Federal tax rate 21% vs 35%, offset by state tax deduction impact
- Section 162M and entertainment costs now non-deductible

Estimated Deemed Repatriation Tax

Cumulative Earnings	\$20
Tax rate	15.5%
Repatriation Tax	\$3

(1) Increase due to estimate impact of Tax Reform Act under IRS Code Section 162(m) and non-deductible entertainment



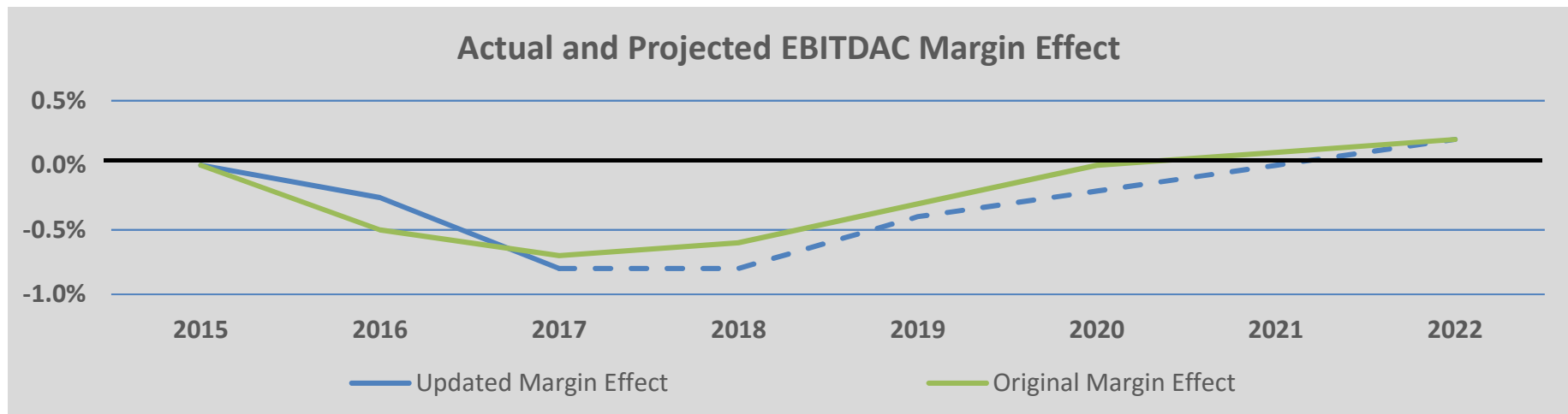
Information Technology Update

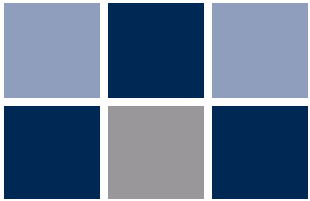
Program Objectives

- Upgrade core financial and management reporting systems
- Streamline and simplify core architecture
- Upgrade and enhance agency/policy management systems
- Enhance data capture and analytics
- Reduce inefficient technology spend
- Improve technology platforms to support growth

	Original Estimate	Updated Estimate
Potential Investment ⁽¹⁾	\$30 – \$40M	\$30 – \$40M
Time Horizon of Investment	2-3 years	3-4 years
Breakeven	4-6 years	5-7 years
Interim Margin Impact	35-60bps	50-60bps

(1) Represents impact to EBITDAC





Closing Comments



Optimistic about continued economic expansion to drive further growth in exposure units



Premium rates will more than likely be higher than what was experienced in 2017, with rates flat to up 5%



Benefit from lower taxes will be deployed within our capital allocation framework, focused upon investments in teammates, innovation and acquisitions



Continued execution of our technology initiatives, with goal of improving teammate and customer experience at lower cost



Actively engaged with many M&A targets, even though pricing remains very competitive

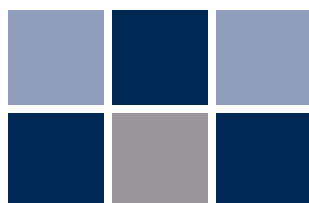




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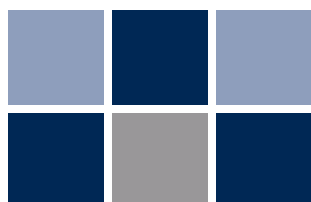
Fourth Quarter and Full Year 2017 Reconciliation of Non-GAAP Measures





GAAP to adjusted Reconciliation – Fourth Quarter 2017

	Fourth Quarter			
	As Reported 2017	Change in Earn-Out Payables	Tax Reform Act	Adjusted 2017
Total revenues	\$474.3	-	-	\$474.3
Income before income taxes	\$106.3	\$0.9	-	\$107.2
<i>Income before income taxes margin</i>	22.4%	-	-	22.6%
Net income	\$187.5	\$0.5	(\$120.9)	\$67.1
Diluted earnings per share	\$1.32	\$0.00	(\$0.85)	\$0.47



GAAP to adjusted Reconciliation – Fourth Quarter 2016

(\$ Millions, except per share data; unaudited)

Fourth Quarter

	<u>As Reported</u> 2016	<u>Change in</u> <u>Earn-Out</u> <u>Payables</u>	<u>Adjusted</u> 2016
Total revenues	\$433.6	-	\$433.6
Income before income taxes	\$95.0	\$2.4	\$97.4
<i>Income before income taxes margin</i>	21.9%	-	22.5%
Net income	\$57.7	\$1.3	\$59.0
Diluted earnings per share	\$0.41	\$0.01	\$0.42





GAAP to adjusted Reconciliation – Full Year 2017

(\$ Millions, except per share data; unaudited)

Full Year

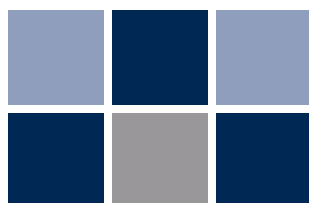
	<u>As Reported</u> <u>2017</u>	<u>Change in</u> <u>Earn-Out</u> <u>Payables</u>	<u>Legal</u> <u>Settlement</u>	<u>Tax Reform</u> <u>Act</u>	<u>Adjusted</u> <u>2017</u>
Total revenues	\$1,881.3	-	(\$20.0)	-	\$1,861.3
Income before income taxes	\$449.8	\$9.2	(\$18.8)	-	\$440.2
<i>Income before income taxes margin</i>	23.9%	-	-	-	23.7%
EBITDAC	\$605.3		(\$18.8)	-	\$586.5
<i>EBITDAC Margin</i>	32.2%	-	-	-	31.5%
Net income	\$399.6	\$5.7	(\$11.6)	(\$120.9)	\$272.8
Diluted earnings per share	\$2.81	\$0.04	(\$0.08)	(\$0.85)	\$1.92





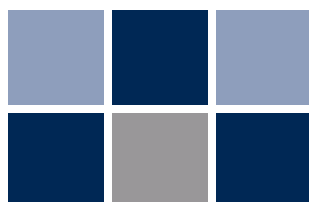
GAAP to adjusted Reconciliation – Full Year 2016

	Full Year			
	As Reported 2016	Change in Earn-Out Payables	ASU 2016- 09	Adjusted 2016
Total revenues	\$1,766.6	-	-	\$1,766.6
Income before income taxes	\$423.5	\$9.2	-	\$432.7
<i>Income before income taxes margin</i>	24.0%	-	-	24.5%
Net income	\$257.5	\$5.5	\$1.3	\$264.3
Diluted earnings per share	\$1.82	\$0.04	\$0.01	\$1.87



Income before income taxes to EBITDAC and EBITDAC Margin

(\$ Millions; unaudited)	Fourth Quarter		Full Year	
	<u>Total</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Income before income taxes	\$106.3	\$95.0	\$449.7	\$423.5
<i>Income before income taxes margin</i>	22.4%	21.9%	23.9%	24.0%
Amortization	21.0	21.7	85.4	86.7
Depreciation	5.5	5.1	22.7	21.0
Interest	9.4	9.9	38.3	39.5
Change in estimated acquisition earn-out payables	0.9	2.4	9.2	9.2
EBITDAC	\$143.1	\$134.1	\$605.3	\$579.9
<i>EBITDAC Margin</i>	30.2%	30.9%	32.2%	32.8%



Income before income taxes to EBITDAC and EBITDAC Margin

	Fourth Quarter							
	Retail		Programs		Wholesale		Services	
	2017	2016	2017	2016	2017	2016	2017	2016
Income before income taxes	\$44.8	\$43.5	\$41.8	\$23.4	\$12.3	\$10.9	\$8.0	\$6.4
<i>Income before income taxes margin</i>	<i>19.4%</i>	<i>19.6%</i>	<i>30.5%</i>	<i>20.3%</i>	<i>19.6%</i>	<i>18.7%</i>	<i>18.6%</i>	<i>16.6%</i>
Amortization	10.6	10.8	6.6	6.9	2.8	2.7	1.2	1.1
Depreciation	1.2	1.4	1.4	2.0	0.4	0.4	0.4	0.4
Interest	7.2	8.8	8.3	10.8	1.5	1.4	0.7	1.3
Change in estimated acquisition earn-out payables	0.5	3.6	0.1	0.1	0.3	0.0	0.0	(1.1)
EBITDAC	\$64.3	\$68.1	\$58.2	\$43.2	\$17.3	\$15.4	\$10.3	\$8.1
<i>EBITDAC Margin</i>	<i>27.9%</i>	<i>30.7%</i>	<i>42.4%</i>	<i>37.6%</i>	<i>27.6%</i>	<i>26.5%</i>	<i>24.0%</i>	<i>21.0%</i>



Commissions and Fees to Organic Revenue

(\$ Millions; unaudited)

Fourth Quarter

	Retail		Programs		Wholesale		Services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Commissions and Fees	\$230.5	\$221.7	\$137.1	\$114.9	\$62.9	\$58.1	\$42.9	\$38.4	\$473.4	\$433.1
Total Change	8.8		22.2		4.8		4.5		40.3	
Total Growth %	4.0%		19.3%		8.3%		11.8%		9.3%	
Less Contingents	1.1	0.8	4.0	5.2	1.7	1.4	0.0	0.0	6.8	7.4
Less GSCs	2.0	2.3	0.0	0.0	0.2	0.3	0.0	0.0	2.2	2.6
Core Commissions and Fees	\$227.4	\$218.6	\$133.0	\$109.7	\$61.0	\$56.4	\$42.9	\$38.4	\$464.4	\$423.1
Less Acquisition Revenues	3.0		1.1		0.7		0.0		4.8	
Less Divested Business		2.7		0.0		0.0		0.0		2.7
Organic Revenue	\$224.5	\$215.9	\$131.9	\$109.7	\$60.3	\$56.4	\$42.9	\$38.4	\$459.6	\$420.4
Organic Revenue Growth	\$8.6		\$22.1		\$3.9		\$4.5		\$39.1	
Organic Revenue Growth %	4.0%		20.1%		6.9%		11.8%		9.3%	

- (1) The Retail Segment includes commissions and fees that are reported in the “Other” column of the Segment Information in the Notes to the Consolidated Financial Statements in our SEC filings, which includes corporate and consolidation items.
- (2) Core commissions and fees is defined as Commissions and fees less (i) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year (“Contingents”) and less (ii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year (“GSCs”).





Commissions and Fees to Organic Revenue

(\$ Millions; unaudited)

	<u>Total</u>	
	<u>2017</u>	<u>2016</u>
Commissions and Fees	\$1,857.3	\$1,762.8
Total Change	94.5	
Total Growth %	5.4%	
Less Contingents	52.2	54.0
Less GSCs	10.4	11.5
Core Commissions and Fees	\$1,794.7	\$1,697.3
Less Acquisition Revenues	27.7	
Less Divested Business		4.9
Organic Revenue	\$1,767.0	\$1,692.4
Organic Revenue Growth	\$74.6	
Organic Revenue Growth %	4.4%	

- (1) Core commissions and fees is defined as Commissions and fees less (i) profit-sharing contingent commissions (revenues from insurance companies based upon the volume and the growth and/or profitability of the business placed with such companies during the prior year (“Contingents”) and less (ii) guaranteed supplemental commissions (commissions from insurance companies based solely upon the volume of the business placed with such companies during the current year (“GSCs”).



*The Cheetah:
Since our beginning, we've known that doing the best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our corporate culture and has served as a symbol for our company since 1983.*

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