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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-13619

BROWN & BROWN, INC.
(Exact name of registrant as specified in its charter)

Florida		**59-0864469**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification Number)**
220 South Ridgewood Avenue, Daytona Beach, FL		**32114**
(Address of principal executive offices)		**(Zip Code)**

Registrant's telephone number, including area code: (386) 252-9601

Registrant's Website: www.bbinsurance.com

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
COMMON STOCK, $0.10 PAR VALUE	**NEW YORK STOCK EXCHANGE**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was last sold on June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was $6,377,992,646.

The number of shares of the Registrant's common stock, $0.10 par value, outstanding as of February 21, 2019 was 279,701,832.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Brown & Brown, Inc.'s Proxy Statement for the 2019 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

BROWN & BROWN, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
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Disclosure Regarding Forward-Looking Statements

Brown & Brown, Inc., together with its subsidiaries (collectively, "we," "Brown & Brown" or the "Company"), makes "forward-looking statements" within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995, as amended, throughout this report and in the documents we incorporate by reference into this report. You can identify these statements by forward-looking words such as "may," "will," "should," "expect," "anticipate," "believe," "intend," "estimate," "plan" and "continue" or similar words. We have based these statements on our current expectations about potential future events. Although we believe the expectations expressed in the forward-looking statements included in this Form 10-K and the reports, statements, information and announcements incorporated by reference into this report are based upon reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. Many of these factors have previously been identified in filings or statements made by us or on our behalf. Important factors which could cause our actual results to differ materially from the forward-looking statements in this report include but are not limited to the following items, in addition to those matters described in Part I, Item 1A "Risk Factors" and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations":

- Future prospects;
- Premium rates set by insurance companies and insurable exposure units, which have traditionally varied and are difficult to predict;
- Material adverse changes in economic conditions in the markets we serve and in the general economy;
- Future regulatory actions and conditions in the states in which we conduct our business;
- The occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in Arizona, California, Florida, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, Washington and Wisconsin, because a significant portion of business written by us is for customers located in these states;
- Our ability to attract, retain and enhance qualified personnel and to maintain our corporate culture;
- Competition from others in or entering into the insurance agency, wholesale brokerage, insurance programs and related service business;
- Disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets;
- The integration of our operations with those of businesses or assets we have acquired, including our November 2018 acquisition of The Hays Group, Inc. and certain of its affiliates, or may acquire in the future and the failure to realize the expected benefits of such integration;
- Risks that could negatively affect our acquisition strategy, including continuing consolidation among insurance intermediaries and the increasing presence of private equity investors driving up valuations;
- Our ability to forecast liquidity needs through at least the end of 2019;
- Our ability to renew or replace expiring leases;
- Outcomes of existing or future legal proceedings and governmental investigations;
- Policy cancellations and renewal terms, which can be unpredictable;
- Potential changes to the tax rate that would affect the value of deferred tax assets and liabilities and the impact on income available for investment or distribution to shareholders;
- The inherent uncertainty in making estimates, judgments, and assumptions in the preparation of financial statements in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP");
- Our ability to effectively utilize technology to provide improved value for our customers or carrier partners as well as applying effective internal controls and efficiencies in operations; and
- Other risks and uncertainties as may be detailed from time to time in our public announcements and Securities and Exchange Commission ("SEC") filings.

Assumptions as to any of the foregoing and all statements are not based upon historical fact, but rather reflect our current expectations concerning future results and events. Forward-looking statements that we make or that are made by others on our behalf are based upon a knowledge of our business and the environment in which we operate, but because of the factors listed above, among others, actual results may differ from those in the forward-looking statements. Consequently, these cautionary statements qualify all of the forward-looking statements we make herein. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business or our operations in the way we expect. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We assume no obligation to update any of the forward-looking statements.

PART I

ITEM 1. Business.

General

Brown & Brown is a diversified insurance agency, wholesale brokerage, insurance programs and service organization with origins dating from 1939 and is headquartered in Daytona Beach, Florida. The Company markets and sells insurance products and services, primarily in the property, casualty and employee benefits areas. We provide our customers with quality, non-investment insurance contracts, as well as other targeted, customized risk management products and services. As an agent and broker, we do not assume underwriting risks with the exception of the activity in The Wright Insurance Group, LLC ("Wright"). Within Wright, we operate a write-your-own flood insurance carrier, Wright National Flood Insurance Company ("WNFIC"). WNFIC's entire business consists of policies written pursuant to the National Flood Insurance Program ("NFIP"), the program administered by the Federal Emergency Management Agency ("FEMA") and excess flood policies which are fully reinsured, thereby substantially eliminating WNFIC's exposure to underwriting risk, as these policies are backed by either FEMA or a reinsurance carrier with an AM Best Company rating of "A" or better.

The Company is compensated for its services primarily by commissions paid by insurance companies and to a lesser extent, by fees paid directly by customers for certain services. Commission revenues are usually a percentage of the premium paid by the insured and generally depend upon the type of insurance, the particular insurance company and the nature of the services provided by us. In some limited cases, we share commissions with other agents or brokers who have acted jointly with us in a transaction. We may also receive from an insurance company a "profit-sharing contingent commission," which is a profit-sharing commission based primarily on underwriting results, but may also contain considerations for volume, growth and/or retention. Fee revenues are generated primarily by: (1) our Services Segment, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare Set-aside services, Social Security disability and Medicare benefits advocacy services, and other claims adjusting services, (2) our National Programs and Wholesale Brokerage Segments, which earn fees primarily for the issuing of insurance policies on behalf of insurance carriers, and (3) our Retail Segment for fees received in lieu of commissions. The amount of our revenues from commissions and fees is a function of several factors, including continued new business production, retention of existing customers, acquisitions and fluctuations in insurance premium rates and "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including loss experience, risk profile and reinsurance rates paid by such insurance companies, none of which we control.

As of December 31, 2018, our activities were conducted in 286 locations in 42 states as follows, as well as in England, Canada, Bermuda, and the Cayman Islands:

Florida	46	Michigan	5	Kentucky	2
California	24	Connecticut	5	New Hampshire	2
New York	19	Colorado	5	Rhode Island	2
Texas	14	Wisconsin	4	Utah	2
Georgia	14	Virginia	4	Kansas	2
Washington	14	Indiana	4	North Carolina	1
New Jersey	13	Oklahoma	4	Mississippi	1
Minnesota	11	Arkansas	4	Vermont	1
Pennsylvania	11	Montana	4	Delaware	1
Massachusetts	10	Ohio	4	Nevada	1
Louisiana	9	South Carolina	3	Maine	1
Oregon	9	Maryland	3	Iowa	1
Illinois	7	New Mexico	3		
Arizona	6	Tennessee	3		
Hawaii	5	Missouri	2		

Industry Overview

Premium pricing within the property and casualty insurance underwriting (risk-bearing) industry has historically been cyclical in nature, and has varied widely based upon market conditions with a “hard” market in which premium rates are increasing or a “soft” market, characterized by stable or declining premium rates in many lines and geographic areas. Premium pricing is influenced by many factors including loss experience, interest rates and the availability of capital being deployed into the insurance market in search of returns.

Segment Information

Our business is divided into four reportable segments: (1) the Retail Segment, (2) the National Programs Segment, (3) the Wholesale Brokerage Segment and (4) the Services Segment. The Retail Segment provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers. The National Programs Segment, which acts as a managing general agent (“MGA”), provides professional liability and related package products for certain professionals, a range of insurance products for individuals, flood coverage, and targeted products and services designated for specific industries, trade groups, governmental entities and market niches, all of which are delivered through a nationwide network of independent agents, including Brown & Brown retail agents. The Wholesale Brokerage Segment markets and sells excess and surplus commercial and personal lines insurance, primarily through independent agents and brokers, as well as Brown & Brown retail agents. The Services Segment provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers’ compensation and all-lines liability arenas, as well as Medicare Set-aside services, Social Security disability and Medicare benefits advocacy services and claims adjusting services.

The following table summarizes (1) the commissions and fees generated by each of our reportable operating segments for 2018, 2017 and 2016, and (2) the percentage of our total commissions and fees represented by each segment for each such period:

(in thousands, except percentages)	2018	%	2017	%	2016	%
Retail Segment	$ 1,041,691	51.8 %	$ 942,247	50.7 %	$ 916,723	52.0 %
National Programs Segment	493,878	24.6 %	479,017	25.8 %	447,808	25.4 %
Wholesale Brokerage Segment	286,364	14.2 %	271,141	14.6 %	242,813	13.8 %
Services Segment	189,041	9.4 %	165,073	8.9 %	156,082	8.8 %
Other	(1,117)	— %	(208)	— %	(639)	— %
Total	$ 2,009,857	100.0 %	$ 1,857,270	100.0 %	$ 1,762,787	100.0 %

We conduct all of our operations within the United States of America, except for one Wholesale Brokerage operation based in England, one National Programs operation in Canada and Retail operations based in Bermuda and The Cayman Islands. These operations generated $15.2 million, $15.9 million and $14.5 million of revenues for the years ended December 31, 2018, 2017 and 2016, respectively. We do not have any material foreign long-lived assets.

See Note 16 to the Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional segment financial data relating to our business.

Retail Segment

As of December 31, 2018, our Retail Segment employed 5,028 full-time equivalent employees. Our retail insurance agency business provides a broad range of insurance products and services to commercial, public and quasi-public entities, professional and individual customers. The categories of insurance we principally sell include: commercial packages, group medical, workers’ compensation, property risk and general liability. We also sell and service group and individual life, accident, disability, health, hospitalization, medical, dental and other ancillary insurance products.

No material part of our retail business is attributable to a single customer or a few customers. During 2018, commissions and fees from our largest single Retail Segment customer represented three tenths of one percent (0.3%) of the Retail Segment’s total commissions and fees.
In connection with the selling and marketing of insurance coverages, we provide a broad range of related services to our customers, such as risk management strategies, loss control surveys and analysis, consultation in connection with placing insurance coverages and claims processing.

National Programs Segment

As of December 31, 2018, our National Programs Segment employed 1,962 full-time equivalent employees. Our National Programs Segment works with over 40 well-capitalized carrier partners, offering more than 51 programs, which can be grouped into five broad categories: (1) Professional Programs, (2) Personal Lines Programs, (3) Commercial Programs, (4) Public Entity-Related Programs, and (5) the National Flood Program:

Professional Programs. Professional Programs provide professional liability and related package insurance products tailored to the needs of specific professional groups. Professional Programs negotiate policy forms and coverage options with their specific insurance carriers. Securing endorsements of these products from a professional association or sponsoring company is also an integral part of their function. Professional Programs affiliate with professional groups, including but not limited to, dentists, oral surgeons, hygienists, lawyers, optometrists, opticians, ophthalmologists, insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate title agents and escrow agents. In addition, Professional Programs encompasses supplementary insurance-related products to include weddings, events, medical facilities and cyber liability.

Below are brief descriptions of the Professional Programs:

Healthcare Professionals: Allied Protector Plan® ("APP®") specializes in customized professional liability and business insurance programs for individual practitioners and businesses in the healthcare industry. The APP program offers liability insurance coverage for, among others, dental hygienists and dental assistants, home health agencies, physical therapy clinics, and medical directors. Also available through the APP program is cyber/data breach insurance offering a solution to privacy breaches and information security exposures tailored to the needs of healthcare organizations.

Dentists: First initiated in 1969, the Professional Protector Plan® ("PPP®") for Dentists provides dental professionals insurance products including professional and general liability, property, employment practices liability, workers' compensation, claims and risk management. The PPP recognized the importance of policyholder and customer service and developed a customized, proprietary, web-based rating and policy issuance system, which provides a seamless policy delivery resource and access to policy information on a real time basis. Obtaining endorsements from state and local dental societies and associations plays an integral role in the PPP partnership.

Financial Professionals: CalSurance® and CITA Insurance Services® have specialized since 1980 to offer professional liability programs designed for insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate brokers and real estate title agents. A component of CalSurance is Lancer Claims Services, which provides specialty claims administration for insurance companies underwriting CalSurance product lines.

Lawyers: The Lawyer's Protector Plan® ("LPP®") has been providing professional liability insurance for over 30 years with a niche focus on law firms with fewer than 20 attorneys. The LPP program handles all aspects of insurance operations including underwriting, distribution management, policy issuance and claims.

Optometrists, Opticians, and Ophthalmologists: Since 1973 the Optometric Protector Plan® ("OPP®"), provides professional liability, general liability, property, workers' compensation insurance and risk management programs for eye care professionals nationwide. Our carrier partners offer specialty insurance products tailored to the eye care profession, and our agents and brokers are chosen for their expertise. Through our strategic carrier partnerships, we also offer professional liability coverage to chiropractors, podiatrists and physicians nationwide.

Physicians: The Physicians Protector Plan program provides professional liability insurance solutions for physicians on an admitted basis in several key states. The program offers comprehensive insurance solutions and provides risk management benefits and claims services.

Professional Risk Specialty Group: Professional Risk Specialty Group ("PRSG") has been providing errors & omissions ("E&O"), professional liability and malpractice insurance for over 22 years both in a direct retail sales and brokering capacity. PRSG has been an exclusive state administrator for a Lawyers Professional Liability Program since 1994. The admitted Lawyers Professional Liability Program focuses on law firms with fewer than 20 attorneys, and the non-admitted Lawyers Professional Liability Program is for firms with 20 or more attorneys and is available for primary or excess coverage. PRSG is also involved in direct sales and brokering for other professionals, such as accountants, architects & engineers, medical malpractice, directors & officers, employment practices liability, title agency E&O and miscellaneous E&O.

Real Estate Title Professionals: TitlePac® provides professional liability products and services designed for real estate title agents and escrow agents.

Wedding Protector Plan® and Protector Plan® for Events: These programs provide an online wedding and private event cancellation and postponement insurance policy that offers financial protection if certain unfortunate or unforeseen events should occur during the period leading up to and including the wedding or event date. Liability and liquor liability is available as an option.

The Professional Protector Plan® for Dentists and the Lawyer's Protector Plan® are marketed and sold primarily through a national network of independent agencies and also through our Brown & Brown retail offices. Certain professional liability programs, CalSurance® and TitlePac®, are principally marketed and sold directly to our insured customers. Under our agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims. For the programs that we market through independent agencies, we receive a wholesale commission or "override," which is then shared with these independent agencies.

Personal Lines Programs. Arrowhead is an MGA, General Agent ("GA"), and Program Administrator ("PA") to the property and casualty insurance industry. Arrowhead acts as a virtual insurer providing outsourced product development, marketing, underwriting, actuarial, compliance and claims and other administrative services to insurance carrier partners. As an MGA, Arrowhead has the authority to underwrite, bind insurance carriers, issue policies, collect premiums and provide administrative and claims services.

Below are brief descriptions of the Personal Lines Programs:

Marine: is a national program manager and wholesale producer of marine insurance products including yachts and high-performance boats, small boats, commercial marine and marine artisan contractors.

Personal Property: mono-line property coverage for homeowners and renters in numerous states.

Residential Earthquake: specializes in mono-line residential earthquake coverage for California home and condominium owners.

Wheels: provides private passenger automobile and motorcycle coverage for a range of drivers. Arrowhead's auto program offers two personal auto coverage types: one traditional non-standard auto product offering minimum state required liability limits and another targeting full coverage, multi-vehicle risks. The auto product is written in several states including California, Georgia, Michigan, and Alabama, South Carolina and Tennessee.

Commercial Programs. Commercial Programs market products and services to specific industries, trade groups, and market niches. Most of these products and services are marketed and sold primarily through independent agents, including certain of our Retail Segment offices. However, a number of these products and services are also marketed and sold directly to insured customers. Under agency agreements with the insurance companies that underwrite these programs, we often have authority to bind coverages (subject to established guidelines), to bill and collect premiums and, in some cases, to adjust claims.

Below are brief descriptions of the Commercial Programs:

Affinity programs: Programs provided for package coverage to booksellers and security alarm installers.

All Risk is a program writing all risks meaning that any risk that the contract does not specifically omit is automatically covered. The coverages usually include commercial earthquake, wind, fire and flood. The All Risk program writes insurance on both a primary and excess, shared and layered programs.

American Specialty Insurance & Risk Services, Inc. provides insurance and risk management services for customers in professional sports, motor sports, amateur sports and the entertainment industry.

Automotive Aftermarket was launched in 2012, and writes commercial package insurance for non-dealership automotive services such as mechanical repair shops, brake shops, transmissions shops, oil and lube shops, parts retailers and wholesalers, tire retailers and wholesalers, and auto recyclers. This program distributes product through a direct sales force, independent agencies and our Retail Segment.

Bellingham Underwriters focuses on the commercial transportation industry and companies that are in the business of supporting the commercial transportation industry. The trucking program is specifically designed to handle all coverages for a trucker. Other programs include specialty auto, repair services, forest products and commercial ambulance.

Core Commercial targets accounts paying under $100,000 in annual premium, this program offers business owner's policies (BOPs) and commercial package coverages for a broad range of industries nationwide.

Earthquake and DIC is a Differences-in-Conditions ("DIC") Program, writing notably earthquake and flood insurance coverages to commercial property owners. The Earthquake and DIC program writes insurance on both a primary and excess layer basis.

Fabricare: Irving Weber Associates, Inc. ("IWA") has specialized in this niche since 1946, providing package insurance including workers' compensation to dry cleaners, linen supply and uniform rental operations. IWA also offers insurance programs for independent grocery stores and restaurants.

Florida Intracoastal Underwriters, Limited Company ("FIU") specializes in providing insurance coverage for coastal and inland high-value condominiums and apartments. FIU has developed a specialty insurance facility to support the underwriting activities associated with these risks.

Forestry is a logging equipment specialist for mobile equipment typically to the logging industry in Southeast U.S.

Manufactured Housing provides package policies in all states for manufactured home communities, including mobile home parks, manufactured home dealers and RV parks.

Parcel Insurance Plan® is a specialty insurance agency providing insurance coverage to commercial and private shippers for small packages and parcels with insured values of less than $25,000 each.

Proctor Financial, Inc. ("Proctor") provides insurance programs and compliance solutions for financial institutions that service mortgage loans. Proctor's products include lender-placed hazard and flood insurance, full insurance outsourcing, mortgage impairment, and blanket equity insurance. Proctor acts as a wholesaler and writes surplus lines property business for its financial institution customers. Proctor receives payments for insurance compliance tracking as well as commissions on lender-placed insurance.

Sigma Underwriting Managers is a nationwide wind catastrophic property insurance specialist for commercial and habitational properties and has over 100 years of underwriting experience. The commercial nationwide program is designed to write all types of low- to-medium-hazard properties including adult living facilities, hotels/motels, medical offices, shopping centers, restaurants, warehouses and churches. The Florida habitational property program is a high-valued property program for commercial residential accounts.

Railroad: The Railroad Protector Plan® ("RRPP®") provides insurance products for contractors, manufacturers and wholesalers supporting the railroad industry (not the railroads themselves). The insurance coverages include general liability, property, inland marine, commercial auto and umbrella.

Tribal provides tailored solutions across multiple lines of business to sovereign Indian nations.

Workers' Compensation provides workers' compensation insurance coverage primarily for California-based insureds. Arrowhead's workers' compensation program targets industry segments such as agriculture, contractors, food services, horticulture and manufacturing.

Wright Specialty Insurance Agency, LLC provides insurance products for specialty industries such as food, grocery, K-12 education and franchise programs that are offered throughout the U.S.

Health Special Risk, Inc. provides accident & health, special events insurance products, and administrative services to licensed agents, brokers, and insurance companies across the U.S.

Daily Rental provides loaner car coverage for auto dealerships.

Public Entity-Related Programs. Public Entity-Related Programs administer various insurance trusts specifically created for cities, counties, municipalities, school boards, special taxing districts and quasi-governmental agencies. These insurance coverages can range from providing fully insured programs to establishing risk retention insurance pools to excess and facultative specific coverages.

Below are brief descriptions of the Public Entity-Related Programs:

Public Risk Underwriters of Indiana, LLC: doing business as Downey Insurance is a program administrator of insurance trusts offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, schools, special taxing districts and other public entities in the State of Indiana.

Public Risk Underwriters of The Northwest, Inc.: doing business as Clear Risk Solutions, a program administrator of insurance trusts offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, school boards and non-profit organizations in the State of Washington.

Public Risk Underwriters of Illinois, LLC: doing business as Ideal Insurance Agency is a program administrator offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for municipalities, schools, fire districts and other public entities in the State of Illinois.

Public Risk Underwriters of New Jersey, Inc.: provides administrative services and insurance procurement for the Statewide Insurance Fund ("Statewide"). Statewide is a municipal joint insurance fund comprising coverages for counties, municipalities, utility authorities, community colleges and emergency services entities in New Jersey.

Public Risk Underwriters of Florida, Inc.: is the program administrator for the Preferred Governmental Insurance Trust offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, schools, special taxing districts and other public entities in the State of Florida.

Wright Risk Management Company, LLC: is a program administrator for the New York Schools Insurance Reciprocal and the New York Municipal Insurance Reciprocal offering tailored property and casualty insurance products, risk management consulting, third-party administration and related services designed for cities, counties, municipalities, schools, special taxing districts and other public entities in the State of New York.

National Flood Program. Operating as Wright Flood, WNFIC is an insurance carrier. This business provides policies written pursuant to the NFIP, the program administered by FEMA, as well as excess flood insurance policies, all of which are fully reinsured, thereby substantially eliminating WNFIC's exposure to underwriting risk, given that these policies are backed by either FEMA or a reinsurance carrier with an AM Best Company rating of "A" or better. Through Wright National Flood Insurance Services, the Company acts as an MGA, selling private primary flood insurance policies for a carrier partner.

Wholesale Brokerage Segment

At December 31, 2018, our Wholesale Brokerage Segment employed 1,281 full-time equivalent employees. Our Wholesale Brokerage Segment markets and sells excess and surplus commercial insurance products and services to retail insurance agencies (including Brown & Brown retail offices). The Wholesale Brokerage Segment offices represent various U.S. and U.K. surplus lines insurance companies. Additionally, certain offices are also Lloyd's of London correspondents. The Wholesale Brokerage Segment also represents admitted insurance companies for purposes of affording access to such companies for smaller agencies that otherwise do not have access to large insurance company representation. Excess and surplus insurance products encompass many insurance coverages, including personal lines, homeowners, yachts, jewelry, commercial property and casualty, commercial automobile, garage, restaurant, builder's risk and inland marine lines. Difficult-to-insure general liability and products liability coverages are a specialty, as is excess workers' compensation coverage. Wholesale brokers solicit business through mailings and direct contact with retail agency representatives. During 2018, commissions and fees from our largest Wholesale Brokerage Segment customer represented approximately 1.0% of the Wholesale Brokerage Segment's total commissions and fees.

Services Segment

At December 31, 2018, our Services Segment employed 1,042 full-time equivalent employees and provided a wide range of insurance-related services.

Below are brief descriptions of the businesses within the Services Segment.

The Advocator Group, LLC ("The Advocator Group") and *Social Security Advocates for the Disabled LLC ("SSAD")* assist individuals throughout the United States who are seeking to establish eligibility for coverage under the federal Social Security Disability program and provides health plan selection and enrollment assistance for Medicare beneficiaries. These two businesses work closely with employer sponsored group life, disability and health plan participants to assist disabled individuals in receiving the education, advocacy and benefit coordination assistance necessary to achieve the fastest possible benefit approvals. In addition, The Advocator Group also provides second injury fund recovery services to the workers' compensation insurance market.

American Claims Management ("ACM") provides third-party administration ("TPA") services to both the commercial and personal property and casualty insurance markets on a nationwide basis, and provides claims adjusting, administration, subrogation, litigation and data management services to insurance companies, self-insureds, public municipalities, insurance brokers and corporate entities. ACM services also include managed care, claim investigations, field adjusting and audit services. Approximately 59% of ACM's 2018 revenues were derived from various Arrowhead programs in our National Programs Segment, with the remainder generated from third parties.

ICA provides comprehensive claims management solutions for both personal and commercial lines of insurance. ICA is a national service provider for daily claims, catastrophic claims, vendor management, TPA operations and staff augmentation. Additional claims services offered by ICA include first notice of loss, fast track, field appraisals and quality control.

NuQuest provides a full spectrum of Medicare Secondary Payer ("MSP") statutory compliance services, from Medicare Set-aside Allocation through Professional Administration to over 250 insurance carriers, third-party administrators, self-insured employers, attorneys, brokers and related claims professionals nationwide. Specialty services include medical projections, life care plans, Medicare Set-aside analysis, allocation and administration.

Professional Disability Associates, LLC ("PDA") is a disability services firm that provides specialty risk resources, including medical, vocational and claim management services to the disability insurance market. PDA has a nationwide physician referral network to address the needs of the industry for claim expertise across multiple specialties. PDA services top disability insurance carriers in the U.S. and Canada, as well as several other insurers, reinsurers, self-insured employers and consulting firms.

Preferred Governmental Claims Solutions ("PGCS") provides TPA services for government entities and self-funded or fully-insured workers' compensation and liability plans and trusts. PGCS' services include claims administration and a dedicated subrogation recovery department.

Protect Professionals Claims Management ("PPCM") provides TPA services to professional liability insurance markets on a nationwide basis. PPCM's services include claims adjusting, administration, litigation and data management for professional programs for dentists and lawyers administered by our National Programs Segment.

USIS provides TPA services for insurance entities and self-funded or fully-insured workers' compensation and liability plans. USIS's services include claims administration, cost containment consulting, services for secondary disability and subrogation recoveries, and risk management services such as loss control. USIS's services also include certified and non-certified medical management programs, access to medical networks, case management, and utilization review services certified by URAC, formerly the Utilization Review Accreditation Commission.

In 2018, our four largest contracts represented approximately 20.0% of fees revenues in our Services Segment.

Employees

At December 31, 2018, the Company had 9,590 full-time equivalent employees. For the purposes of measuring full-time equivalent employees, those working more than 30 hours per week are counted as a full-time equivalent employee and those working less than 30 hours per week are counted as half of a full-time equivalent employee. We have agreements with our sales employees and certain other employees that include provisions: (1) protecting our confidential information and trade secrets, (2) restricting their ability post-employment to solicit the business of our customers, and (3) preventing the hiring of our employees for a period of time after separation from employment with us. The enforceability of such agreements varies from state to state depending upon applicable law and factual circumstances. The majority of our employment relationships are at-will and terminable by either party at any time; however, the covenants regarding confidential information and non-solicitation of our customers and employees generally extend for a period of at least two years after cessation of employment.

None of our employees are subject to a collective bargaining agreement and we consider our relations with our employees to be good.

Competition

The insurance intermediary business is highly competitive, and numerous firms actively compete with us for customers and insurance markets. Competition in the insurance business is largely based upon innovation, knowledge, terms and conditions of coverage, quality of service and price. A number of firms and banks with substantially greater resources and market presence compete with us.

A number of insurance companies directly sell insurance, primarily to individuals, and do not pay commissions to third-party agents and brokers. In addition, the Internet continues to be a source for direct placement of personal lines insurance business. While it is difficult to quantify the impact on our business from individuals purchasing insurance over the Internet, we believe this risk would generally be isolated to personal lines customers with single-line coverage, or small businesses that do not have a complex insurance program, which represent a small portion of our overall Retail Segment.

Regulation, Licensing and Agency Contracts

We and/or our designated employees must be licensed to act as agents, brokers, intermediaries or third-party administrators by state regulatory authorities in the locations in which we conduct business. Regulations and licensing laws vary by individual state and international location and are often complex.

The applicable licensing laws and regulations in all states and international jurisdictions are subject to amendment or reinterpretation by regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. We endeavor to monitor the licensing of our employees, but the possibility exists that we and/or our employees could be excluded or temporarily suspended from carrying on some or all of our activities in, or could otherwise be subjected to penalties by a particular jurisdiction.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the SEC. We make available free of charge on our website, at www.bbinsurance.com, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act and the rules promulgated thereunder, as soon as reasonably practicable after electronically filing or furnishing such material to the SEC. These documents are posted on our website at www.bbinsurance.com and may be accessed by selecting the "Investor Relations" link and then the "SEC Filings" link.

The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at www.sec.gov.

The charters of the Audit, Compensation and Nominating/Governance Committees of our Board of Directors as well as our Corporate Governance Principles, Code of Business Conduct and Ethics and Code of Ethics-CEO and Senior Financial Officers (including any amendments to, or waivers of any provision of any of these charters, principles or codes) are also available on our website or upon request. Requests for copies of any of these documents should be directed in writing to: Corporate Secretary, Brown & Brown, Inc., 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, or by telephone to (386)-252-9601.

ITEM 1A. Risk Factors.

Our business, financial condition, results of operations and cash flows are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause our actual results to vary materially from recent results or our anticipated future results. We present these risk factors grouped by category, and the risks factors contained in each respective category are presented in order of their relative priority to us.

Risks Related to Our Business

OUR INABILITY TO RETAIN OR HIRE QUALIFIED EMPLOYEES, AS WELL AS THE LOSS OF ANY OF OUR EXECUTIVE OFFICERS, COULD NEGATIVELY IMPACT OUR ABILITY TO RETAIN EXISTING BUSINESS AND GENERATE NEW BUSINESS.

Our success depends on our ability to attract and retain skilled and experienced personnel. There is significant competition from within the insurance industry and from businesses outside the industry for exceptional employees, especially in key positions. If we are not able to successfully attract, retain and motivate our employees, our business, financial results and reputation could be materially and adversely affected.

Losing employees who manage or support substantial customer relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete customer engagements, which would adversely affect our results of operations. Also, if any of our key personnel were to join an existing competitor or form a competing company, some of our customers could choose to use the services of that competitor instead of our services. While our key personnel are generally prohibited by contract from soliciting our employees and customers for a two-year period following separation from employment with us, they are not prohibited from competing with us.

In addition, we could be adversely affected if we fail to adequately plan for the succession of our senior leaders and key executives. While we have succession plans in place and we have employment arrangements with certain key executives, these do not guarantee that the services of these executives will continue to be available to us. Although we operate with a decentralized sales and service operating model, the loss of our senior leaders or other key personnel, or our inability to continue to identify, recruit and retain such personnel, could materially and adversely affect our business, results of operations and financial condition.

OUR GROWTH STRATEGY DEPENDS, IN PART, ON THE ACQUISITION OF OTHER INSURANCE INTERMEDIARIES, WHICH MAY NOT BE AVAILABLE ON ACCEPTABLE TERMS IN THE FUTURE OR WHICH, IF CONSUMMATED, MAY NOT BE ADVANTAGEOUS TO US.

Our growth strategy partially includes the acquisition of other insurance intermediaries. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets requires us to implement and continuously improve our operations and our financial and management information systems. Integrated, acquired businesses may not achieve levels of revenues or profitability comparable to our existing operations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with firms and banks that may have substantially greater resources than we do. Acquisitions also involve a number of special risks, such as diversion of management’s attention; difficulties in the integration of acquired operations and retention of personnel; increase in expenses and working capital requirements, which could reduce our return on invested capital; entry into unfamiliar markets or lines of business; unanticipated problems or legal liabilities; estimation of the acquisition earn-out payables; and tax and accounting issues, some or all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Post-acquisition deterioration of operating performance could also result in lower or negative earnings contribution and/or goodwill impairment charges.

A CYBERSECURITY ATTACK, OR ANY OTHER INTERRUPTION IN INFORMATION TECHNOLOGY AND/OR DATA SECURITY AND/OR OUTSOURCING RELATIONSHIPS, COULD ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITION AND REPUTATION.

We rely on information technology and third party vendors to provide effective and efficient service to our customers, process claims, and timely and accurately report information to carriers and which often involves secure processing of confidential sensitive, proprietary and other types of information. Cybersecurity breaches of any of the systems we rely on may result from circumvention of security systems, denial-of-service attacks or other cyber-attacks, hacking, “phishing” attacks, computer viruses, ransomware, malware, employee or insider error, malfeasance, social engineering, physical breaches or other actions, any of which could expose us to data loss, monetary and reputational damages and significant increases in compliance costs. An interruption of our access to, or an inability to access, our information technology, telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. If sustained or repeated, such a business interruption, system failure or service denial could result in a deterioration of our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions. We have from time to time experienced cybersecurity breaches, such as computer viruses, unauthorized parties gaining access to our information technology systems and similar incidents, which to date have not had a material impact on our business.

Additionally, we are an acquisitive organization and the process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk as we might not adequately identify weaknesses in the targets' information systems, which could expose us to unexpected liabilities or make our own systems more vulnerable to attack. In the future, any material breaches of cybersecurity, or media reports of the same, even if untrue, could cause us to experience reputational harm, loss of clients and revenue, loss of proprietary data, regulatory actions and scrutiny, sanctions or other statutory penalties, litigation, liability for failure to safeguard clients' information or financial losses. Such losses may not be insured against or not fully covered through insurance we maintain.

While we have invested and continue to invest in technology security initiatives, policies and resources and employee training, entirely eliminating all risk of improper access to private information is not possible. The cost and operational consequences of implementing, maintaining and enhancing further system protections measures could increase significantly as cybersecurity threats increase. As these threats evolve, cybersecurity incidents will be more difficult to detect, defend against and remediate. Any of the foregoing may have a material adverse effect on our business, financial condition and reputation.

RAPID TECHNOLOGICAL CHANGE MAY REQUIRE ADDITIONAL RESOURCES AND TIME TO ADEQUATELY RESPOND TO DYNAMICS, WHICH MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATING RESULTS.

Frequent technological changes, new products and services and evolving industry standards are influencing the insurance business. The Internet, for example, is increasingly used to securely transmit benefits and related information to customers and to facilitate business-to-business information exchange and transactions.

We are continuously taking steps to upgrade and expand our information systems capabilities. Maintaining, protecting and enhancing these capabilities to keep pace with evolving industry and regulatory standards, and changing customer preferences, requires an ongoing commitment of significant resources. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to effectively maintain our information systems and data integrity, we could experience operational disruptions, regulatory or other legal problems, increases in operating expenses, loss of existing customers, difficulty in attracting new customers, or suffer other adverse consequences.

We are currently underway with a multi-year plan to upgrade many of our technology platforms and anticipate investing a total of $30 million to $40 million, which will have an impact on our operating margins and cash flow during this period. We have not determined, however, if additional resources and time for development and implementation may be required, which if required, may result in short-term, unexpected interruptions or impacts to our business, or may result in a competitive disadvantage in price and/or efficiency, as we develop or implement new technologies.

Our technological development projects may not deliver the benefits we expect once they are completed, or may be replaced or become obsolete more quickly than expected, which could result in the accelerated recognition of expenses. If we do not effectively and efficiently manage and upgrade our technology portfolio regularly, or if the costs of doing so are higher than we expect, our ability to provide competitive services to new and existing customers in a cost-effective manner and our ability to implement our strategic initiatives could be adversely impacted.

CHANGES IN DATA PRIVACY AND PROTECTION LAWS AND REGULATIONS, OR ANY FAILURE TO COMPLY WITH SUCH LAWS AND REGULATIONS, COULD ADVERSELY AFFECT OUR BUSINESS AND FINANCIAL RESULTS.

We are subject to a variety of continuously evolving and developing laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. These laws apply to transfers of information among our affiliates, as well as to transactions we enter into with third party vendors. For example, the European Union adopted a comprehensive General Data Privacy Regulation ("GDPR") in May 2016 that replaced the former EU Data Protection Directive and related country-specific legislation. The GDPR became fully effective in May 2018 and requires companies to satisfy new requirements regarding the handling of personal and sensitive data, including its use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. Failure to comply with GDPR requirements could result in penalties of up to 4% of worldwide revenue. Complying with the enhanced obligations imposed by the GDPR may result in significant costs to our business and require us to revise certain of our business practices. In addition, legislators and regulators in the U.S. have enacted and are proposing new and more robust privacy and cybersecurity laws and regulations in light of the recent broad-based cyber attacks at a number of companies, including but not limited to the New York State Department of Financial Services Cybersecurity Requirements for Financial Services Companies and the California Consumer Privacy Act of 2018.

These and similar initiatives around the world could increase the cost of developing, implementing or securing our servers and require us to allocate more resources to improved technologies, adding to our IT and compliance costs. In addition, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The enactment of more restrictive laws, rules, regulations or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability.

WE DERIVE A SIGNIFICANT PORTION OF OUR COMMISSION REVENUES FROM A LIMITED NUMBER OF INSURANCE COMPANIES, THE LOSS OF WHICH COULD RESULT IN ADDITIONAL EXPENSE AND LOSS OF MARKET SHARE.

For the year ended December 31, 2018, no insurance company accounted for more than 5.0% of our total core commissions. For the years ended December 31, 2017 and 2016, approximately 5.0% and 6.0%, respectively, of our total core commissions was derived from insurance policies underwritten by one insurance company. Should this insurance company seek to terminate its arrangements with us or to otherwise decrease the number of insurance policies underwritten for us, we believe that other insurance companies are available to underwrite the business, although some additional expense and loss of market share could result.

BECAUSE OUR BUSINESS IS HIGHLY CONCENTRATED IN ARIZONA, CALIFORNIA, FLORIDA, GEORGIA, ILLINOIS, INDIANA, KENTUCKY, MASSACHUSETTS, MICHIGAN, MINNESOTA, NEW JERSEY, NEW YORK, NORTH CAROLINA, OREGON, PENNSYLVANIA, TEXAS, VIRGINIA, WASHINGTON AND WISCONSIN, ADVERSE ECONOMIC CONDITIONS, NATURAL DISASTERS, OR REGULATORY CHANGES IN THESE STATES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

A significant portion of our business is concentrated in Arizona, California, Florida, Georgia, Illinois, Indiana, Kentucky Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, Washington and Wisconsin. For the years ended December 31, 2018, 2017 and 2016, we derived $1,976.5 million or 88.6%, $1,692.6 million or 90.0%, and $1,574.0 million or 89.1%, of our annualized revenue, respectively, from our operations located in these states. We believe the current regulatory environment for insurance intermediaries in these states is no more restrictive than in other states. The insurance business is primarily a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in the states identified above, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows. We are susceptible to losses and interruptions caused by hurricanes (particularly in Florida, where we have 46 offices and our headquarters, as well as in Texas, where we have 14 offices.), earthquakes (including in California, where we have 24 offices), power shortages, telecommunications failures, water shortages, floods, fire, extreme weather conditions, geopolitical events such as terrorist acts and other natural or man-made disasters. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

OUR CORPORATE CULTURE HAS CONTRIBUTED TO OUR SUCCESS, AND IF WE CANNOT MAINTAIN THIS CULTURE, OR IF WE EXPERIENCE A CHANGE IN MANAGEMENT, MANAGEMENT PHILOSOPHY, OR BUSINESS STRATEGY, OUR BUSINESS MAY BE HARMED.

We believe that a significant contributor to our success has been our corporate culture as a lean, decentralized, highly competitive, profit-oriented sales and service organization. As we grow, including from the integration of employees and businesses acquired in connection with previous or future acquisitions, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our profitability and/or our ability to retain and recruit people of the highest integrity and quality who are essential to our future success. We may face pressure to change our culture as we grow, particularly if we experience difficulties in attracting competent personnel who are willing to embrace our culture. In addition, as our organization grows and we are required to implement more complex organizational structures, or if we experience a change in management, management philosophy, or business strategy, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture, such as our decentralized sales and service operating model, which could negatively impact our future success.

IF WE FAIL TO COMPLY WITH THE COVENANTS CONTAINED IN CERTAIN OF OUR AGREEMENTS, OUR LIQUIDITY, RESULTS OF OPERATIONS AND FINANCIAL CONDITION MAY BE ADVERSELY AFFECTED.

The credit agreements that govern our debt contain various covenants and other limitations with which we must comply. At December 31, 2018, we believe we were in compliance with the financial covenants and other limitations contained in each of these agreements. However, failure to comply with material provisions of our covenants in these agreements or other credit or similar agreements to which we may become a party could result in a default, rendering them unavailable to us and causing a material adverse effect on our liquidity, results of operations and financial condition. In the event of certain defaults, the lenders thereunder would not be required to lend any additional amounts to or purchase any additional notes from us and could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable. If the indebtedness under these agreements or our other indebtedness, were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

CERTAIN OF OUR AGREEMENTS CONTAIN VARIOUS COVENANTS THAT LIMIT THE DISCRETION OF OUR MANAGEMENT IN OPERATING OUR BUSINESS AND COULD PREVENT US FROM ENGAGING IN CERTAIN POTENTIALLY BENEFICIAL ACTIVITIES.

The restrictive covenants in our debt agreements may impact how we operate our business and prevent us from engaging in certain potentially beneficial activities. In particular, among other covenants, our debt agreements require us to maintain a minimum ratio of Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for certain transaction-related items ("Consolidated EBITDA"), to consolidated interest expense and a maximum ratio of consolidated net indebtedness to Consolidated EBITDA. Our compliance with these covenants could limit management's discretion in operating our business and could prevent us from engaging in certain potentially beneficial activities.

THERE ARE INHERENT UNCERTAINTIES INVOLVED IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS USED IN THE PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH U.S. GAAP. ANY CHANGES IN ESTIMATES, JUDGMENTS AND ASSUMPTIONS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS AND THEREFORE OUR BUSINESS.

The annual Consolidated Financial Statements and Condensed Consolidated Financial Statements included in the periodic reports we file with the SEC are prepared in accordance with U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities and related reserves, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the amounts of assets, liabilities, revenues, expenses and income, and could have a material adverse effect on our financial position, results of operations and cash flows.

IMPROPER DISCLOSURE OF CONFIDENTIAL INFORMATION COULD NEGATIVELY IMPACT OUR BUSINESS.

We are responsible for maintaining the security and privacy of our customers' confidential and proprietary information and the personal data of their employees. We have put in place policies, procedures and technological safeguards designed to protect the security and privacy of this information, however, we cannot guarantee that this information will not be improperly disclosed or accessed. Disclosure of this information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenues.

DUE TO INHERENT LIMITATIONS, THERE CAN BE NO ASSURANCE THAT OUR SYSTEM OF DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES WILL BE SUCCESSFUL IN PREVENTING ALL ERRORS OR FRAUD, OR IN INFORMING MANAGEMENT OF ALL MATERIAL INFORMATION IN A TIMELY MANNER.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls and procedures will prevent all error and fraud. A control system, no matter how well conceived, operated and tested, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system reflects that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur simply because of error or mistake. Additionally, controls can be circumvented by individual acts of some persons, by collusion of two or more people, or by management override of a control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

OUR BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION AND LIQUIDITY MAY BE MATERIALLY ADVERSELY AFFECTED BY CERTAIN ACTUAL AND POTENTIAL CLAIMS, REGULATORY ACTIONS AND PROCEEDINGS.

We are subject to various actual and potential claims, regulatory actions and other proceedings including those relating to alleged errors and omissions in connection with the placement or servicing of insurance and/or the provision of services in the ordinary course of business, of which we cannot, and likely will not be able to, predict the outcome with certainty. Because we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims that customers may assert, errors and omissions claims against us may arise alleging potential liability for all or part of the amounts in question. Also, the failure of an insurer with whom we place business could result in errors and omissions claims against us by our customers, which could adversely affect our results of operations and financial condition. Claimants may seek large damage awards, and these claims may involve potentially significant legal costs, including punitive damages. Such claims, lawsuits and other proceedings could, for example, include claims for damages based upon allegations that our employees or sub-agents failed to procure coverage, report claims on behalf of customers, provide insurance companies

with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold for our customers on a fiduciary basis. In addition, given the long-tail nature of professional liability claims, errors and omissions matters can relate to matters dating back many years. Where appropriate, we have established provisions against these potential matters that we believe to be adequate in the light of current information and legal advice, and we adjust such provisions from time to time according to developments.

While most of the errors and omissions claims made against us (subject to our self-insured deductibles) have been covered by our professional indemnity insurance, our business, results of operations, financial condition and liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable, or if there is an increase in liabilities for which we self-insure. Our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire in the future may be adversely impacted by general developments in the market for such insurance or our own claims experience. In addition, regardless of monetary costs, these matters could have a material adverse effect on our reputation and cause harm to our carrier, customer or employee relationships, or divert personnel and management resources.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY FURTHER CHANGES IN THE U.S.-BASED CREDIT MARKETS.

Although we are not currently experiencing any limitation of access to our revolving credit facility (which matures in 2022) and are not aware of any issues impacting the ability or willingness of our lenders under such facility to honor their commitments to extend us credit, the failure of a lender could adversely affect our ability to borrow on that facility, which over time could negatively impact our ability to consummate significant acquisitions or make other significant capital expenditures. Tightening conditions in the credit markets in future years could adversely affect the availability and terms of future borrowings or renewals or refinancing.

We also have a significant amount of trade accounts receivable from some insurance companies with which we place insurance. If those insurance companies were to experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our financial condition and results of operations.

CERTAIN OF OUR EXISTING SHAREHOLDERS HAVE SIGNIFICANT CONTROL OF THE COMPANY.

At December 31, 2018, our executive officers, directors and certain of their family members collectively beneficially owned approximately 16.7% of our outstanding common stock, of which J. Hyatt Brown, our Chairman, and his son, J. Powell Brown, our President and Chief Executive Officer, beneficially owned approximately 15.8%. As a result, our executive officers, directors and certain of their family members have significant influence over (1) the election of our Board of Directors, (2) the approval or disapproval of any other matters requiring shareholder approval and (3) our affairs and policies.

WE HAVE OPERATIONS INTERNATIONALLY, WHICH MAY RESULT IN A NUMBER OF ADDITIONAL RISKS AND REQUIRE MORE MANAGEMENT TIME AND EXPENSE THAN OUR DOMESTIC OPERATIONS TO ACHIEVE OR MAINTAIN PROFITABILITY.

We have operations in the United Kingdom, Bermuda, Canada and the Cayman Islands. In the future, we intend to continue to consider additional international expansion opportunities. Our international operations may be subject to a number of risks, including:

- Difficulties in staffing and managing foreign operations;
- Less flexible employee relationships, which may make it difficult and expensive to terminate employees and which limits our ability to prohibit employees from competing with us after their employment ceases;
- Political and economic instability (including acts of terrorism and outbreaks of war);
- Coordinating our communications and logistics across geographic distances and multiple time zones;
- Unexpected changes in regulatory requirements and laws;
- Adverse trade policies, and adverse changes to any of the policies of either the U.S. or any of the foreign jurisdictions in which we operate;
- Adverse changes in tax rates;
- Variations in foreign currency exchange rates;
- Legal or political constraints on our ability to maintain or increase prices;
- Governmental restrictions on the transfer of funds to or from us, including to or from our operations outside the United States; and
- Burdens of complying with a wide variety of labor practices and foreign laws, including those relating to export and import duties, environmental policies and privacy issues.

Risks Related to Our Industry

OUR CURRENT MARKET SHARE MAY DECREASE AS A RESULT OF DISINTERMEDIATION WITHIN THE INSURANCE INDUSTRY, INCLUDING INCREASED COMPETITION FROM INSURANCE COMPANIES, TECHNOLOGY COMPANIES AND THE FINANCIAL SERVICES INDUSTRY, AS WELL AS THE SHIFT AWAY FROM TRADITIONAL INSURANCE MARKETS.

The insurance intermediary business is highly competitive and we actively compete with numerous firms for customers and insurance companies, many of which have relationships with insurance companies or have a significant presence in niche insurance markets that may give them an advantage over us. Other competitive concerns may include the quality of our products and services, our pricing and the ability of some of our customers to self-insure and the entrance of technology companies into the insurance intermediary business. A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers. In addition, and to the extent that banks, securities firms, private equity funds, and insurance companies affiliate, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance intermediary services.

In addition, there has been an increase in alternative insurance markets, such as self-insurance, captives, risk retention groups and non-insurance capital markets. While we collaborate and compete in these segments on a fee-for-service basis, we cannot be certain that such alternative markets will provide the same level of insurance coverage or profitability as traditional insurance markets.

CURRENT U.S. ECONOMIC CONDITIONS MAY ADVERSELY AFFECT OUR BUSINESS.

If economic conditions were to worsen, a number of negative effects on our business could result, including declines in values of insurable exposure units, declines in insurance premium rates, the financial insolvency of insurance companies, or the reduced ability of customers to pay. Also, if general economic conditions are poor, some of our customers may cease operations completely or be acquired by other companies, which could have an adverse effect on our results of operations and financial condition. If these customers are affected by poor economic conditions, but yet remain in existence, they may face liquidity problems or other financial difficulties that could result in delays or defaults in payments owed to us, which could have a significant adverse impact on our consolidated financial condition and results of operations. Any of these effects could decrease our net revenues and profitability.

OUR BUSINESS, AND THEREFORE OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION, MAY BE ADVERSELY AFFECTED BY CONDITIONS THAT RESULT IN REDUCED INSURER CAPACITY.

Our results of operations depend on the continued capacity of insurance carriers to underwrite risk and provide coverage, which depends in turn on those insurance companies' ability to procure reinsurance. Capacity could also be reduced by insurance companies failing or withdrawing from writing certain coverages that we offer to our customers. We have no control over these matters. To the extent that reinsurance becomes less widely available or significantly more expensive, we may not be able to procure the amount or types of coverage that our customers desire and the coverage we are able to procure for our customers may be more expensive or limited.

QUARTERLY AND ANNUAL VARIATIONS IN OUR COMMISSIONS THAT RESULT FROM THE TIMING OF POLICY RENEWALS AND THE NET EFFECT OF NEW AND LOST BUSINESS PRODUCTION MAY HAVE UNEXPECTED EFFECTS ON OUR RESULTS OF OPERATIONS.

Our commission income (including profit-sharing contingent commissions and override commissions) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. We do not control the factors that cause these variations. Specifically, customers' demand for insurance products can influence the timing of renewals, new business and lost business (which includes policies that are not renewed), and cancellations. In addition, we rely on insurance companies for the payment of certain commissions. Because these payments are processed internally by these insurance companies, we may not receive a payment that is otherwise expected from a particular insurance company in a particular quarter or year until after the end of that period, which can adversely affect our ability to forecast these revenues and therefore budget for significant future expenditures. Quarterly and annual fluctuations in revenues based upon increases and decreases associated with the timing of new business, policy renewals and payments from insurance companies may adversely affect our financial condition, results of operations and cash flows.

Profit-sharing contingent commissions are special revenue-sharing commissions paid by insurance companies based upon the profitability, volume and/or growth of the business placed with such companies generally during the prior year. Over the last three years these commissions generally have been in the range of 3.0% to 3.5% of our previous year's total core commissions and fees. Due to, among other things, potentially poor macroeconomic conditions, the inherent uncertainty of loss in our industry and changes in underwriting criteria due in part to the high loss ratios experienced by insurance companies, we cannot predict the payment of these profit-sharing contingent commissions. Further, we have no control over the ability of insurance companies to estimate loss reserves, which affects our ability to make profit-sharing calculations. Override commissions are paid by insurance companies based upon the volume of business that we place with them and are

generally paid over the course of the year. Because profit-sharing contingent commissions and override commissions materially affect our revenues, any decrease in their payment to us could adversely affect our results of operations, profitability and our financial condition.

WE COULD INCUR SUBSTANTIAL LOSSES FROM OUR CASH AND INVESTMENT ACCOUNTS IF ONE OF THE FINANCIAL INSTITUTIONS THAT WE USE FAILS OR IS TAKEN OVER BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC").

We maintain cash and investment balances, including restricted cash held in premium trust accounts, at numerous depository institutions in amounts that are significantly in excess of the limits insured by the FDIC. If one or more of the depository institutions with which we maintain significant cash balances were to fail or be taken over by the FDIC, our ability to access these funds might be temporarily or permanently limited, and we could face material liquidity problems and potential material financial losses.

OUR BUSINESS PRACTICES AND COMPENSATION ARRANGEMENTS ARE SUBJECT TO UNCERTAINTY DUE TO POTENTIAL CHANGES IN REGULATIONS.

The business practices and compensation arrangements of the insurance intermediary industry, including our practices and arrangements, are subject to uncertainty due to investigations by various governmental authorities. Certain of our offices are parties to profit-sharing contingent commission agreements with certain insurance companies, including agreements providing for potential payment of revenue-sharing commissions by insurance companies based primarily on the overall profitability of the aggregate business written with those insurance companies and/or additional factors such as retention ratios and the overall volume of business that an office or offices place with those insurance companies. Additionally, to a lesser extent, some of our offices are parties to override commission agreements with certain insurance companies, which provide for commission rates in excess of standard commission rates to be applied to specific lines of business, such as group health business, and which are based primarily on the overall volume of business that such office or offices placed with those insurance companies. The legislatures of various states may adopt new laws addressing contingent commission arrangements, including laws prohibiting such arrangements, and addressing disclosure of such arrangements to insureds. Various state departments of insurance may also adopt new regulations addressing these matters which could adversely affect our results of operations.

WE COMPETE IN A HIGHLY-REGULATED INDUSTRY, WHICH MAY RESULT IN INCREASED EXPENSES OR RESTRICTIONS ON OUR OPERATIONS.

We conduct business in each of the fifty states of the United States of America and are subject to comprehensive regulation and supervision by government agencies in each of those states. The primary purpose of such regulation and supervision is to provide safeguards for policyholders rather than to protect the interests of our shareholders, and it is difficult to anticipate how changes in such regulation would be implemented and enforced. As a result, such regulation and supervision could reduce our profitability or growth by increasing compliance costs, technology compliance, restricting the products or services we may sell, the markets we may enter, the methods by which we may sell our products and services, or the prices we may charge for our services and the form of compensation we may accept from our customers, carriers and third parties. The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing of entities to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, determining technology and data protection requirements, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends. Also, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers. We act as agents and brokers for such state insurance funds and assigned risk pools in California and New York as well as certain other states. These state funds and pools could choose to reduce the sales or brokerage commissions we receive. Any such reductions, in a state in which we have substantial operations could affect the profitability of our operations in such state, or cause us to change our marketing focus. Further, state insurance regulators and the National Association of Insurance Commissioners continually re-examine existing laws and regulations, and such re-examination may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations thereof, that adversely affect our business. Certain federal financial services modernization legislation could lead to additional federal regulation of the insurance industry in the coming years, which could result in increased expenses or restrictions on our operations. Other legislative developments that could adversely affect us include: changes in our business compensation model as a result of regulatory developments (for example, the Affordable Care Act); and federal and state governments establishing programs to provide health insurance or, in certain cases, property insurance in catastrophe-prone areas or other alternative market types of coverage, that compete with, or completely replace, insurance products offered by insurance carriers. Also, as climate change issues become more prevalent, the U.S. and foreign governments are beginning to respond to these issues. This increasing governmental focus on climate change may result in new environmental regulations that may negatively affect us and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers incurring additional compliance costs that get passed on to us. These costs may adversely impact our results of operations and financial condition.

Although we believe that we are in compliance in all material respects with applicable local, state and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules, regulations or interpretations thereof, will not be adopted in the future that could make compliance more difficult or expensive.

WE ARE EXPOSED TO INTANGIBLE ASSET RISK; SPECIFICALLY, OUR GOODWILL MAY BECOME IMPAIRED IN THE FUTURE.

As of the date of the filing of our Annual Report on Form 10-K for the 2018 fiscal year, we have $3,432.8 million of goodwill recorded on our Consolidated Balance Sheet. We perform a goodwill impairment test on an annual basis and whenever events or changes in circumstances indicate that the carrying value of our goodwill may not be recoverable from estimated future cash flows. We completed our most recent evaluation of impairment for goodwill as of November 30, 2018 and determined that the fair value of goodwill exceeded the carrying value of such assets. A significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate or slower growth rates could result in the need to perform an additional impairment analysis prior to the next annual goodwill impairment test. If we were to conclude that a future write-down of our goodwill is necessary, we would then record the appropriate charge, which could result in material charges that are adverse to our operating results and financial position. See Note 1-“Summary of Significant Accounting Policies” and Note 4-“Goodwill” to the Consolidated Financial Statements and “Management’s Report on Internal Control Over Financial Reporting.”

Additionally, the carrying value of amortizable intangible assets attributable to each business or asset group comprising the Company is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that its carrying amount may not be recoverable. Accordingly, if there are any such circumstances that occur during the year, we assess the carrying value of our amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted; however, no impairments have been recorded for the years ended December 31, 2018, 2017 and 2016.

PROPOSED TORT REFORM LEGISLATION, IF ENACTED, COULD DECREASE DEMAND FOR LIABILITY INSURANCE, THEREBY REDUCING OUR COMMISSION REVENUES.

Legislation concerning tort reform has been considered, from time to time, in the United States Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for liability insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

Risks Related to Investing in our Securities

OUR CREDIT RATINGS ARE SUBJECT TO CHANGE.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our securities. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing agency. Each agency’s rating should be evaluated independently of any other agency’s rating.

WE MAY EXPERIENCE VOLATILITY IN OUR STOCK PRICE THAT COULD AFFECT YOUR INVESTMENT.

The market price of our common stock may be subject to significant fluctuations in response to various factors, including: quarterly fluctuations in our operating results; changes in securities analysts’ estimates of our future earnings; changes in securities analysts’ predictions regarding the short-term and long-term future of our industry; changes to the tax code; and our loss of significant customers or significant business developments relating to us or our competitors. Our common stock’s market price also may be affected by our ability to meet stock analysts’ earnings and other expectations. Any failure to meet such expectations, even if minor, could cause the market price of our common stock to decline. In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many listed companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock’s market price. In the past, securities class action lawsuits frequently have been instituted against companies following periods of volatility in the market price of such companies’ securities. If any such litigation is initiated against us, it could result in substantial costs and a diversion of management’s attention and resources, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

We lease our executive offices, which are located at 220 South Ridgewood Avenue, Daytona Beach, Florida 32114. We lease offices at each of our 291 locations. We own an airplane hangar in Daytona Beach, Florida, which sits upon land leased from Volusia County, Florida. There are no outstanding mortgages on this owned property. Our operating leases expire on various dates. These leases generally contain renewal options and rent escalation clauses based upon increases in the lessors' operating expenses and other charges. We expect that most leases will be renewed or replaced upon expiration. We believe that our facilities are suitable and adequate for present purposes, and that the productive capacity in such facilities is substantially being utilized. From time to time, we may have unused space and seek to sublet such space to third parties, depending on the demand for office space in the locations involved. In the future, we may need to purchase, build or lease additional facilities to meet the requirements projected in our long-term business plan. See Note 14 to the Consolidated Financial Statements for additional information on our lease commitments.

We have acquired several contiguous parcels of land totaling over thirteen acres in Daytona Beach, Florida, located approximately a mile from our current executive offices. We have initiated a project to build a new office tower to hold our executive offices and certain other business operations with capacity for up to 1000 employees and room for additional expansion through construction of additional office space at this location. Site preparation work began in 2018 and construction will commence in the first quarter of 2019, with completion anticipated in the fourth quarter of 2020. Annual expenditures of approximately $30.0 million to $40.0 million in 2019 and 2020, respectively, are anticipated to complete this project.

ITEM 3. Legal Proceedings.

We are subject to numerous litigation claims that arise in the ordinary course of business. We do not believe any of these are, or are likely to become, material to our business.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BRO."

On February 21, 2019, there were 279,701,832 shares of our common stock outstanding, held by approximately 1,311 shareholders of record.

Sales of Unregistered Securities

We did not sell any unregistered securities during 2018.

Issuer Purchases of Equity Securities

On July 18, 2014, the Company's Board of Directors authorized the repurchase of up to $200.0 million of its shares of common stock, and on July 20, 2015, the Company's Board of Directors authorized the repurchase of up to an additional $400.0 million of the Company's outstanding common stock. Under the authorization from the Company's Board of Directors, shares may be purchased from time to time, at the Company's discretion and subject to the availability of stock, market conditions, the trading price of the stock, alternative uses for capital, the Company's financial performance and other potential factors. These purchases may be carried out through open market purchases, block trades, accelerated share repurchase plans of up to $100.0 million each (unless otherwise approved by the Board of Directors), negotiated private transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Exchange Act.

On December 12, 2018, the Company entered into an accelerated share repurchase agreement ("ASR") with an investment bank to purchase an aggregate $100.0 million of the Company's common stock. As part of the ASR, the Company received an initial delivery of 2,910,150 shares of the Company's common stock with a fair market value of approximately $80.0 million. The $20.0 million hold back will be settled within the five-month maturity as agreed to in the program with a clause for early settlement any time after two months of the effective date.

During 2016, the Company repurchased 209,618 shares at an average price per share of $36.53 for a total cost of $7.7 million under the current share repurchase authorization. During 2017, the Company repurchased 2,883,349 shares at an average price per share of $48.52 for a total cost of $140.0 million under the current share repurchase authorization. At December 31, 2018, the remaining amount authorized by our Board of Directors for share repurchases was $147.5 million. Under the authorized repurchase programs, the Company has repurchased a total of approximately 13.8 million shares for an aggregate cost of approximately $477.5 million between 2014 and 2018.

The following table presents information with respect to our purchases of our common stock during the three months ended December 31, 2018.

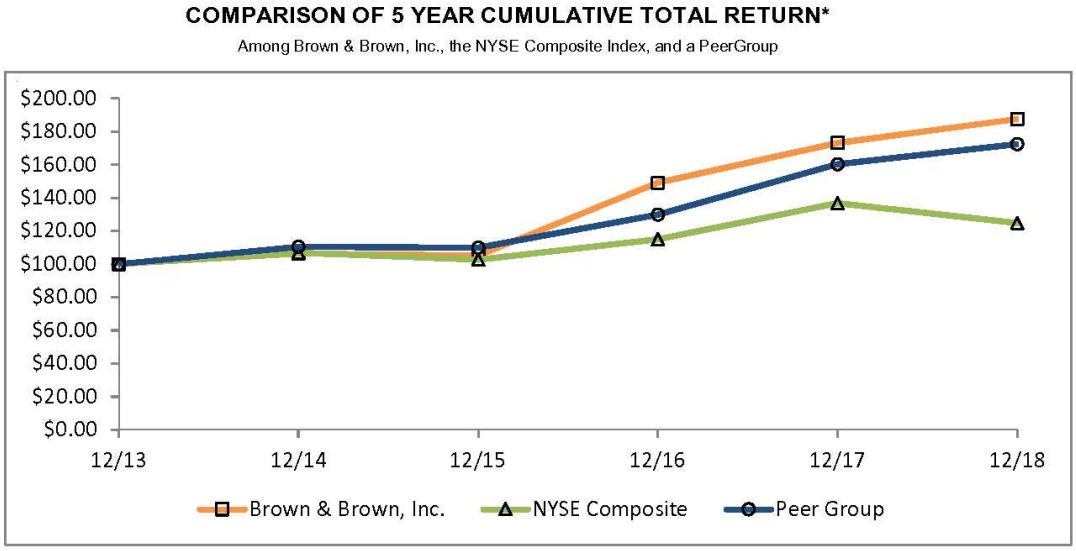
Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
October 1, 2018 to October 31, 2018	—	$ —	—	$ 227,453,029
November 1, 2018 to November 30, 2018	3,332	28.82		227,453,029
December 1, 2018 to December 31, 2018	2,914,066	27.49	2,910,150	147,453,029
Total	2,917,398	$ 27.49	2,910,150	$ 147,453,029

(1) With the exception of 2,910,150 shares purchased in an ASR transaction, all other shares reported above are attributable to shares withheld for employees' payroll withholding taxes pertaining to the vesting of restricted shares awarded under our Performance Stock Plan and 2010 Stock Incentive Plan.

Performance Graph

The following graph is a comparison of five-year cumulative total shareholder returns for our common stock as compared with the cumulative total shareholder return for the NYSE Composite Index, and a group of peer insurance broker and agency companies (Aon plc, Arthur J. Gallagher & Co, Marsh & McLennan Companies, and Willis Towers Watson Public Limited Company). The returns of each company have been weighted according to such companies' respective stock market capitalizations as of December 31, 2013 for the purposes of arriving at a peer group average. The total return calculations are based upon an assumed $100 investment on December 31, 2013, with all dividends reinvested.

	12/13	12/14	12/15	12/16	12/17	12/18
Brown & Brown, Inc.	**100.00**	**106.25**	**105.10**	**149.02**	**173.08**	**187.43**
NYSE Composite	**100.00**	**106.87**	**102.62**	**115.02**	**136.76**	**124.72**
Peer Group	**100.00**	**110.37**	**109.91**	**129.81**	**160.21**	**172.33**



*100 invested on 12/31/13 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31

ITEM 6. Selected Financial Data.

The following selected Consolidated Financial Data for each of the five fiscal years in the period ended December 31, have been derived from our Consolidated Financial Statements. Such data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of Part II of this Annual Report and with our Consolidated Financial Statements and related Notes thereto in Item 8 of Part II of this Annual Report.

(in thousands, except per share data, number of employees and percentages	Year Ended December 31,				
	2018	2017	2016	2015	2014
REVENUES					
Commissions and fees	$ 2,009,857	$ 1,857,270	$ 1,762,787	$ 1,656,951	$ 1,567,460
Investment income	2,746	1,626	1,456	1,004	747
Other income, net	1,643	22,451	2,386	2,554	7,589
Total revenues[1]	2,014,246	1,881,347	1,766,629	1,660,509	1,575,796
EXPENSES					
Employee compensation and benefits	1,068,914	994,652	925,217	856,952	811,112
Other operating expenses	332,118	283,470	262,872	251,055	235,328
(Gain)/loss on disposal	(2,175)	(2,157)	(1,291)	(619)	47,425
Amortization	86,544	85,446	86,663	87,421	82,941
Depreciation	22,834	22,698	21,003	20,890	20,895
Interest	40,580	38,316	39,481	39,248	28,408
Change in estimated acquisition earn-out payables	2,969	9,200	9,185	3,003	9,938
Total expenses	1,551,784	1,431,625	1,343,130	1,257,950	1,236,047
Income before income taxes	462,462	449,722	423,499	402,559	339,749
Income taxes[2]	118,207	50,092	166,008	159,241	132,853
Net income	$ 344,255	$ 399,630	$ 257,491	$ 243,318	$ 206,896
EARNINGS PER SHARE INFORMATION					
Net income per share - diluted[3]	$ 1.22	$ 1.40	$ 0.91	$ 0.85	$ 0.71
Weighted average number of shares outstanding - diluted[3]	275,521	277,586	275,608	280,224	285,782
Dividends declared per share[3]	$ 0.31	$ 0.28	$ 0.25	$ 0.23	$ 0.21
YEAR-END FINANCIAL POSITION					
Total assets[4]	$ 6,688,668	$ 5,747,550	$ 5,262,734	$ 4,979,844	$ 4,931,027
Long-term debt[5]	$ 1,456,990	$ 856,141	$ 1,018,372	$ 1,071,618	$ 1,142,948
Total shareholders' equity	$ 3,000,568	$ 2,582,699	$ 2,360,211	$ 2,149,776	$ 2,113,745
Total shares outstanding at year end[3]	279,583	276,210	280,208	277,970	286,972
OTHER INFORMATION					
Number of full-time equivalent employees at year end	9,590	8,491	8,297	7,807	7,591
Total revenues per average number of employees[6]	$ 222,809	$ 224,130	$ 219,403	$ 215,679	$ 216,114
Stock price at year end[3]	$ 27.56	$ 25.73	$ 22.43	$ 16.05	$ 16.45
Stock price earnings multiple at year-end[7]	22.6	18.3	24.6	18.9	23.3
Return on beginning shareholders' equity[8]	13%	17%	12%	12%	10%

(1) Years 2017 to 2014 do not reflect the adoption of "Revenue from Contracts with Customers (Topic 606)" ("Topic 606"), ASC Topic 340 - Other Assets and Deferred Cost ("ASC 340") and ASU 2016-08, "Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)".
(2) Years 2017 to 2014 do not reflect the adoption of ASU 2016-09, "Improvements to Employee Share Based Payment Accounting" ("ASU 2016-09").
(3) Years 2017 to 2014 reflect the 2-for-1 stock split that occurred on March 28, 2018.
(4) Years 2016 to 2014 reflect the adoption of ASU No. 2015-17, "Income Taxes (Topic 740) - Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17").
(5) Please refer to Part I, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 "Long-Term Debt" for more details.
(6) Represents total revenues divided by the average of the number of full-time equivalent employees at the beginning of the year and the number of full-time equivalent employees at the end of the year.
(7) Stock price at year-end divided by net income per share diluted.
(8) Represents net income divided by total shareholders' equity as of the beginning of the year.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The following discussion should be read in conjunction with our Consolidated Financial Statements and the related Notes to those Financial Statements included elsewhere in this Annual Report on Form 10-K. In addition, please see "Information Regarding Non-GAAP Measures" below, regarding important information on non-GAAP financial measures contained in our discussion and analysis.

We are a diversified insurance agency, wholesale brokerage, insurance programs and services organization headquartered in Daytona Beach, Florida. As an insurance intermediary, our principal sources of revenue are commissions paid by insurance companies and, to a lesser extent, fees paid directly by customers. Commission revenues generally represent a percentage of the premium paid by an insured and are affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, or sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including loss experience, risk profile and reinsurance rates paid by such insurance companies, none of which we control.

We have increased revenues every year from 1993 to 2018, with the exception of 2009, when our revenues dropped 1.0%. Our revenues grew from $95.6 million in 1993 to $2.0 billion in 2018, reflecting a compound annual growth rate of 13.0%. In the same 25-year period, we increased net income from $8.1 million to $344.3 million in 2018, a compound annual growth rate of 16.2%.

The volume of business from new and existing customers, fluctuations in insurable exposure units, changes in premium rate levels, changes in general economic and competitive conditions, and the occurrence of catastrophic weather events all affect our revenues. For example, level rates of inflation or a general decline in economic activity could limit increases in the values of insurable exposure units. Conversely, increasing costs of litigation settlements and awards could cause some customers to seek higher levels of insurance coverage. Historically, our revenues have typically grown as a result of our focus on net new business growth and acquisitions. We foster a strong, decentralized sales and service culture with the goal of consistent, sustained growth over the long-term.

The term "Organic Revenue," a non-GAAP measure, is our core commissions and fees less (i) the core commissions and fees earned for the first twelve months by newly-acquired operations, (ii) divested business (core commissions and fees generated from offices, books of business or niches sold or terminated during the comparable period), and (iii) the impact of the adoption of Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and Accounting Standards Codification Topic 340 – Other Assets and Deferred Cost (the "New Revenue Standard") effective January 1, 2018. The term "core commissions and fees" excludes profit-sharing contingent commissions and guaranteed supplemental commissions, and therefore represents the revenues earned directly from specific insurance policies sold, and specific fee-based services rendered. "Organic Revenue" is reported in this manner in order to express the current year's core commissions and fees on a comparable basis with the prior year's core commissions and fees. The resulting net change reflects the aggregate changes attributable to (i) net new and lost accounts, (ii) net changes in our customers' exposure units, (iii) net changes in insurance premium rates or the commission rate paid to us by our carrier partners, (iv) the net change in fees paid to us by our customers and (v) fees earned based upon claim processing volumes within our Services Segment. Organic Revenue is reported in "Results of Operations" and in "Results of Operations - Segment Information" of this Form 10-K.

We also earn "profit-sharing contingent commissions," which are commissions based primarily on underwriting results, but which may also reflect considerations for volume, growth and/or retention. These commissions which are included in our commissions and fees in the Consolidated Statement of Income, are accrued throughout the year based on actual premiums written and are primarily received in the first and second quarters of each year, based upon the aforementioned considerations for the prior year(s). Prior to the adoption of the New Revenue Standard, these commissions were recorded to income when received. Over the last three years, profit-sharing contingent commissions have averaged approximately 3.1% of the previous year's commissions and fees revenue.

Certain insurance companies offer guaranteed fixed-base agreements, referred to as "Guaranteed Supplemental Commissions" ("GSCs") in lieu of profit-sharing contingent commissions. GSCs are accrued throughout the year based upon actual premiums written. For the year ended December 31, 2018, we had earned $10.0 million of GSCs, of which $8.9 million remained accrued at December 31, 2018 as most of this will be collected over the first and second quarters of 2019. For the years ended December 31, 2018, 2017, and 2016, we earned $10.0 million, $10.4 million and $11.5 million, respectively, from GSCs.

Combined, our profit-sharing contingent commissions and GSCs for the year ended December 31, 2018 increased by $3.3 million over 2017 primarily as a result of an increase in profit-sharing contingent commissions and GSCs in the National Programs Segments. Other income decreased by $20.8 million primarily as a result of a legal settlement recognized in the first quarter of 2017.

Fee revenues primarily relate to services other than securing coverage for our customers, as well as fees negotiated in lieu of commissions, and are recognized as performance obligations are satisfied. Fee revenues have historically been generated primarily by: (1) our Services Segment, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare Set-aside services, Social Security disability and Medicare benefits advocacy services, and claims adjusting services; (2) our National Programs and Wholesale Brokerage Segments, which earn fees primarily for the issuance of insurance policies on behalf of insurance companies; and to a lesser extent

(3) our Retail Segment in our large-account customer base. Fee revenues as a percentage of our total commissions and fees, represented 19.8% in 2018, 31.5% in 2017 and 31.3% in 2016.

For the years ended December 31, 2018 and 2017, our commissions and fees growth rate was 8.2% and 5.4%, respectively, and our consolidated Organic Revenue growth rate was 2.4% and 4.4%, respectively. In the event that the gradual increases in insurable exposure units that occurred in the past few years continues through 2019 and premium rate changes are similar with 2018, we believe we will continue to see positive quarterly Organic Revenue growth rates in 2019.

Historically, investment income has consisted primarily of interest earnings on operating cash and where permitted, on premiums and advance premiums collected and held in a fiduciary capacity before being remitted to insurance companies. Our policy is to invest available funds in high-quality, short-term fixed income investment securities. Investment income also includes gains and losses realized from the sale of investments. Other income primarily reflects legal settlements and other miscellaneous income.

Income before income taxes for the year ended December 31, 2018 increased over 2017 by $12.7 million, primarily as a result of net new business and acquisitions completed in the past twelve months offset by lower weather related claims processing revenues in 2018 and a legal settlement recorded in the first quarter of 2017.

Information Regarding Non-GAAP Measures

In the discussion and analysis of our results of operations, in addition to reporting financial results in accordance with generally accepted accounting principles (“GAAP”), we provide references to the following non-GAAP financial measures as defined in Regulation G of SEC rules: Organic Revenue, Organic Revenue growth, EBITDAC and EBITDAC Margin. We view these non-GAAP financial measures as important indicators when assessing and evaluating our performance on a consolidated basis and for each of our segments because they allow us to determine a more comparable, but non-GAAP, measurement of revenue growth and operating performance that is associated with the revenue sources that were a part of our business in both the current and prior year. We believe that Organic Revenue provides a meaningful representation of our operating performance and view Organic Revenue growth as an important indicator when assessing and evaluating the performance of our four segments. Organic Revenue can be expressed as a dollar amount or a percentage rate when describing Organic Revenue growth. We also use Organic Revenue growth and EBITDAC Margin for incentive compensation determinations for executive officers and other key employees. We view EBITDAC and EBITDAC Margin as important indicators of operating performance, because they allow us to determine more comparable, but non-GAAP, measurements of our operating margins in a meaningful and consistent manner by removing the significant non-cash items of depreciation, amortization and the change in estimated acquisition earn-out payables, and also interest expense and taxes, which are reflective of investment and financing activities, not operating performance.

These measures are not in accordance with, or an alternative to the GAAP information provided in this Annual Report on Form 10-K. We present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community and because we believe they provide additional meaningful methods of evaluating certain aspects of our operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. We believe these non-GAAP financial measures improve the comparability of results between periods by eliminating the impact of certain items that have a high degree of variability. Our industry peers may provide similar supplemental non-GAAP information with respect to one or more of these measures, although they may not use the same or comparable terminology and may not make identical adjustments. This supplemental financial information should be considered in addition to, not in lieu of, our Consolidated Financial Statements.

Tabular reconciliations of this supplemental non-GAAP financial information to our most comparable GAAP information are contained in this Annual Report on Form 10-K under “Results of Operation - Segment Information.”

Acquisitions

Part of our business strategy is to attract high-quality insurance intermediaries to join our operations. From 1993 through the fourth quarter of 2018, we acquired 513 insurance intermediary operations, excluding acquired books of business (customer accounts). During the year ended December 31, 2018, the Company acquired the assets and assumed certain liabilities of twenty insurance intermediaries, all of the stock of three insurance intermediaries and one book of business (customer accounts). Collectively, these acquired businesses had annualized revenues of approximately $323.2 million.

On November 15, 2018, we completed the acquisition of certain assets and assumption of certain liabilities of The Hays Group, Inc. and certain of its affiliates (collectively, “Hays”). At closing, we delivered a payment of $705 million, consisting of $605 million in cash and the issuance to certain key owners of Hays of 3,376,103 shares of our common stock for a total value of $100.0 million. In addition, the Company may pay additional consideration to Hays in the form of earn-out payments in the aggregate amount of up to $25.0 million in cash over three years, which is subject to certain conditions and the successful achievement of average annual EBITDA compound annual growth rate targets for the acquired business during 2019, 2020 and 2021. Hays was founded in 1994 providing employee benefits, property & casualty, and personal lines insurance and has grown to be the 22nd largest U.S. broker as measured by Business Insurance magazine. With headquarters in Minneapolis, Hays operates across twenty-one states, increasing our presence in the mid-west. This transaction was initially funded through utilization of the Company’s revolving line of credit within our credit facility, details of which can be found in “Management’s Discussion and Analysis of Financial Condition”,“Results of Operations” and Note 9 “Long-Term Debt” in the “Notes to Consolidated Financial Statements”.

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate our estimates, which are based upon historical experience and on assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of our assets and liabilities, of which values are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that of our significant accounting and reporting policies, the more critical policies include our accounting for revenue recognition, business combinations and purchase price allocations, intangible asset impairments, non-cash stock-based compensation and reserves for litigation. In particular, the accounting for these areas requires significant use of judgment to be made by management. Different assumptions in the application of these policies could result in material changes in our consolidated financial position or consolidated results of operations. Refer to Note 1 “Summary of Significant Accounting Policies” in the “Notes to Consolidated Financial Statements” for a discussion of the impacts for adopting Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers (Topic 606).

Revenue Recognition

The majority of our revenue is commissions derived from our performance as agents and brokers, acting on behalf of insurance carriers to sell products to customers that are seeking to transfer risk, and conversely, acting on behalf of those customers in negotiating with insurance carriers seeking to acquire risk in exchange for premiums. In these arrangements our performance obligation is complete upon the effective date of the bound policy, as such that is when the associated revenue is recognized. Where the Company’s performance obligations have been completed, but the final amount of compensation is unknown due to variable factors, we estimate the amount of such compensation. We recognize subsequent commission adjustments upon our receipt of additional information or final settlement, whichever occurs first.

To a lesser extent, the Company earns revenues in the form of fees. Like commissions, fees paid to us in lieu of commission, are recognized upon the effective date of the bound policy. When we are paid a fee for service, however, the associated revenue is recognized over a period of time that coincides with when the customer simultaneously receives and consumes the benefit of our work, which characterizes most of our claims processing arrangements and various services performed in our employee benefits practices. Other fees are typically recognized upon the completion of the delivery of the agreed-upon services to the customer.

Management determines a policy cancellation reserve based upon historical cancellation experience adjusted in accordance with known circumstances.

Please see Note 2 “Revenues” in the “Notes to Consolidated Financial Statements” for additional information regarding the nature and timing of our revenues.

Business Combinations and Purchase Price Allocations

We have acquired significant intangible assets through acquisitions of businesses. These assets generally consist of purchased customer accounts, non-compete agreements, and the excess of purchase prices over the fair value of identifiable net assets acquired (goodwill). The determination of estimated useful lives and the allocation of purchase price to intangible assets requires significant judgment and affects the amount of future amortization and possible impairment charges.

All of our business combinations initiated after June 30, 2001 have been accounted for using the acquisition method. In connection with these acquisitions, we record the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer accounts and non-compete agreements. Purchased customer accounts include the physical records and files obtained from acquired businesses that contain information about insurance policies, customers and other matters essential to policy renewals. However, they primarily represent the present value of the underlying cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising those purchased customer accounts. The valuation of purchased customer accounts involves significant estimates and assumptions concerning matters such as cancellation frequency, expenses and discount rates. Any change in these assumptions could affect the carrying value of purchased customer accounts. Non-compete agreements are valued based upon their duration and any unique features of the particular agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from 3 to 15 years. The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible assets is assigned to goodwill and is not amortized.

Acquisition purchase prices are typically based upon a multiple of average annual operating profit and/or core revenue earned over a one to three-year period within a minimum and maximum price range. The recorded purchase prices for all acquisitions include an estimation of the fair value of liabilities associated with any potential earn-out provisions, where an earn-out is part of the negotiated transaction. Subsequent changes in the fair value of earn-out obligations are recorded in the Consolidated Statement of Income when changes to the expected performance of the associated business are realized.

The fair value of earn-out obligations is based upon the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions contained in the respective purchase agreements. In determining fair value, the acquired business’s future performance is estimated using financial projections developed by management for the acquired business, and this estimate

reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These estimates are then discounted to a present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Intangible Assets Impairment

Goodwill is subject to at least an annual assessment for impairment measured by a fair-value-based test. Amortizable intangible assets are amortized over their useful lives and are subject to an impairment review based upon an estimate of the undiscounted future cash flows resulting from the use of the assets. To determine if there is potential impairment of goodwill, we compare the fair value of each reporting unit with its carrying value. If the fair value of the reporting unit is less than its carrying value, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based upon multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables (“EBITDAC”), or on a discounted cash flow basis.

Management assesses the recoverability of our goodwill and our amortizable intangibles and other long-lived assets annually and whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Any of the following factors, if present, may trigger an impairment review: (i) a significant underperformance relative to historical or projected future operating results, (ii) a significant negative industry or economic trend, and (iii) a significant decline in our market capitalization. If the recoverability of these assets is unlikely because of the existence of one or more of the above-referenced factors, an impairment analysis is performed. Management must make assumptions regarding estimated future cash flows and other factors to determine the fair value of these assets. If these estimates or related assumptions change in the future, we may be required to revise the assessment and, if appropriate, record an impairment charge. We completed our most recent evaluation of impairment for goodwill as of November 30, 2018 and determined that the fair value of goodwill exceeded the carrying value of such assets. Additionally, there have been no impairments recorded for amortizable intangible assets for the years ended December 31, 2018, 2017 and 2016.

Non-Cash Stock-Based Compensation

We grant non-vested stock awards to our employees, with the related compensation expense recognized in the financial statements over the associated service period based upon the grant-date fair value of those awards.

During the first quarter of 2017, the performance conditions for 326,808 shares of the Company’s common stock granted under the Company’s Stock Incentive Plan were determined by the Compensation Committee to have been satisfied relative to performance-based grants issued in 2012. These grants had a performance measurement period that concluded on December 31, 2016. The vesting condition for these grants requires continuous employment for a period of up to ten years from the January 2012 grant date in order for the awarded shares to become fully vested and nonforfeitable. As a result of the awarding of these shares, the grantees will be eligible to receive payments of dividends and exercise voting privileges after the awarding date, and the awarded shares will be included as issued and outstanding common stock shares and included in the calculation of basic and diluted net income per share where the net income attributable to unvested awarded stock plans is excluded from the total net income attributable to common shares.

During the first quarter of 2018, the performance conditions for 260,344 shares of the Company’s common stock granted under the Company’s Stock Incentive Plan were determined by the Compensation Committee to have been satisfied relative to performance-based grants issued in 2013. These grants had a performance measurement period that concluded on December 31, 2017. The vesting condition for these grants requires continuous employment for a period of up to ten years from the January 2013 grant date in order for the awarded shares to become fully vested and nonforfeitable. During the third quarter of 2018, the performance conditions for 2,229,561 shares of the Company’s common stock granted under the Company’s Stock Incentive Plan were determined by the Compensation Committee to have been satisfied relative to performance-based grants issued in July 2013. These grants had a performance measurement period that concluded on June 30, 2018. The vesting condition for these grants requires continuous employment for a period of up to seven years from the July 2013 grant date in order for the awarded shares to become fully vested and nonforfeitable. As a result of the awarding of these shares, the grantees will be eligible to receive payments of dividends and exercise voting privileges after the awarding date, and the awarded shares will be included as issued and outstanding common stock shares and included in the calculation of basic and in diluted net income per share where the net income attributable to unvested awarded stock plans is excluded from the total net income attributable to common shares.

During the first quarter of 2019, the performance conditions for approximately 2.0 million shares of the Company’s common stock granted under the Company’s Stock Incentive Plan were determined by the Compensation Committee to have been satisfied relative to performance-based grants issued in 2014 and 2016. These grants had a performance measurement period that concluded on December 31, 2018. The vesting condition for these grants requires continuous employment for a period of up to seven years from the 2014 grant date and five years from the 2016 grant date in order for the awarded shares to become fully vested and nonforfeitable. As a result of the awarding of these shares, the grantees will be eligible to receive payments of dividends and exercise voting privileges after the awarding date, and the awarded shares will be included as issued and outstanding common stock shares and included in the calculation of basic and diluted net income per share.

Litigation and Claims

We are subject to numerous litigation claims that arise in the ordinary course of business. If it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is estimable, an accrual for the costs to resolve these claims is recorded in accrued expenses in the accompanying Consolidated Financial Statements. Professional fees related to these claims are included in other operating expenses in the accompanying Consolidated Statement of Income as incurred. Management, with the assistance of in-house and outside counsel, determines whether it is probable that a liability has been incurred and estimates the amount of loss based upon analysis of individual issues. New developments or changes in settlement strategy in dealing with these matters may significantly affect the required reserves and affect our net income.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

The following discussion and analysis regarding results of operations and liquidity and capital resources should be considered in conjunction with the accompanying Consolidated Financial Statements and related Notes.

Financial information relating to our Consolidated Financial Results is as follows:

(in thousands, except percentages)	2018	% Change	2017	% Change	2016
REVENUES					
Core commissions and fees	$ 1,944,021	8.3 %	$ 1,794,714	5.7 %	$ 1,697,308
Profit-sharing contingent commissions	55,875	7.1 %	52,186	(3.4)%	54,000
Guaranteed supplemental commissions	9,961	(3.9)%	10,370	(9.7)%	11,479
Commissions and fees	2,009,857	8.2 %	1,857,270	5.4 %	1,762,787
Investment income	2,746	68.9 %	1,626	11.7 %	1,456
Other income, net	1,643	(92.7)%	22,451	NMF	2,386
Total revenues	2,014,246	7.1 %	1,881,347	6.5 %	1,766,629
EXPENSES					
Employee compensation and benefits	1,068,914	7.5 %	994,652	7.5 %	925,217
Other operating expenses	332,118	17.2 %	283,470	7.8 %	262,872
(Gain)/loss on disposal	(2,175)	0.8 %	(2,157)	67.1 %	(1,291)
Amortization	86,544	1.3 %	85,446	(1.4)%	86,663
Depreciation	22,834	0.6 %	22,698	8.1 %	21,003
Interest	40,580	5.9 %	38,316	(3.0)%	39,481
Change in estimated acquisition earn-out payables	2,969	(67.7)%	9,200	0.2 %	9,185
Total expenses	1,551,784	8.4 %	1,431,625	6.6 %	1,343,130
Income before income taxes	462,462	2.8 %	449,722	6.2 %	423,499
Income taxes	118,207	136.0 %	50,092	(69.8)%	166,008
NET INCOME	$ 344,255	(13.8)%	$ 399,630	55.2 %	$ 257,491
Income Before Income Taxes Margin	23.0%		23.9%		24.0%
EBITDAC (1)	615,389	1.7 %	605,382	4.4 %	579,831
EBITDAC Margin (1)	30.6%		32.2%		32.8%
Organic Revenue growth rate (1)	2.4%		4.4%		3.0%
Employee compensation and benefits relative to total revenues	53.1%		52.9%		52.4%
Other operating expenses relative to total revenues	16.5%		15.1%		14.9%
Capital expenditures	$ 41,520	71.6 %	$ 24,192	36.2 %	$ 17,765
Total assets at December 31	$ 6,688,668	16.4 %	$ 5,747,550	9.2 %	$ 5,262,734

(1) A non-GAAP measure
NMF = Not a meaningful figure

Commissions and Fees

Commissions and fees, including profit-sharing contingent commissions and GSCs for 2018, increased $152.6 million to $2,009.9 million, or 8.2% over 2017. Core commissions and fees in 2018 increased $149.3 million, of which $91.2 million represented core commissions and fees from acquisitions that had no comparable revenues in 2017; approximately $43.5 million represented net new and renewal business; approximately $16.1 million related to the impact of the adoption of the New Revenue Standard; which was offset by $1.5 million related to commissions and fees revenue from businesses divested in 2017 and 2018, which reflected an Organic Revenue growth rate of 2.4%. Profit-sharing contingent commissions and GSCs for 2018 increased by $3.3 million, or 5.2%, compared to the same period in 2017. The net increase of $3.3 million was mainly driven by an increase in profit-sharing contingent commissions and GSCs in the National Programs Segment.

Commissions and fees, including profit-sharing contingent commissions and GSCs for 2017, increased $94.5 million to $1,857.3 million, or 5.4% over 2016. Core commissions and fees in 2017 increased $97.4 million, of which approximately $27.7 million represented core commissions and fees from agencies acquired since 2016 that had no comparable revenues. After accounting for divested business of $4.9 million, the remaining net increase of $74.6 million represented net new business, which reflected an Organic Revenue growth rate of 4.4% for core commissions and fees. Profit-sharing contingent commissions and GSCs for 2017 decreased by $2.9 million, or 4.5%, compared to the same period in 2016. The net decrease of $2.9 million was mainly driven by a decrease in profit-sharing contingent commissions and GSCs in the Retail and Wholesale Brokerage Segments, as a result of increased loss ratios and lower premium rates, which was partially offset by an increase in profit-sharing contingent commissions and GSCs in the National Programs Segment.

Investment Income

Investment income increased to $2.7 million in 2018, compared with $1.6 million in 2017 and increased to $1.6 million in 2017, compared with $1.5 million in 2016. The increases in both years were due to additional interest income driven by higher interest rates and cash management activities to earn a higher yield on excess cash balances.

Other Income, Net

Other income for 2018 was $1.6 million, compared with $22.4 million in 2017 and $2.4 million in 2016. Other income consists primarily of legal settlements and other miscellaneous income. In 2017, $20.0 million of other income was recognized as a result of a legal settlement with AssuredPartners.

Employee Compensation and Benefits

Employee compensation and benefits expense increased 7.5%, or $74.3 million, in 2018 over 2017. This increase included $34.8 million of compensation costs related to stand-alone acquisitions that had no comparable costs in the same period of 2017. Therefore, employee compensation and benefits expense attributable to those offices that existed in the same time periods of 2018 and 2017 increased by $39.5 million or 3.9%. This underlying employee compensation and benefits expense increase was primarily related to (i) an increase in staff salaries attributable to salary inflation, higher volumes in portions of our business and the mix of business across the company; (ii) increased producer commissions due to higher revenue; partially offset by (iii) a decrease of approximately $8.8 million in commission expense as a result of the adoption of the New Revenue Standard which requires the deferral of incremental costs to obtain a customer contract, and (iv) the increase in the value of corporate-owned life insurance policies associated with our deferred compensation plan which is substantially offset in other operating expenses. Employee compensation and benefits expense as a percentage of total revenues was 53.1% for 2018 as compared to 52.9% for the year ended December 31, 2017.

Employee compensation and benefits expense increased 7.5%, or $69.4 million, in 2017 over 2016. This increase included $11.1 million of compensation costs related to stand-alone acquisitions that had no comparable costs in the same period of 2016. Therefore, employee compensation and benefits expense attributable to those offices that existed in the same time periods of 2017 and 2016 increased by $58.3 million or 6.4%. This underlying employee compensation and benefits expense increase was primarily related to (i) higher bonuses due to increased revenue and operating profit as well as the additional cost associated with the Retail Segment’s performance incentive plan introduced in 2017, (ii) an increase in producer commissions driven by new and renewed business, (iii) an increase in non-cash stock-based compensation expense due to forfeiture credits recognized in 2016, and (iv) increased staff salaries attributable to salary inflation and higher volumes in portions of our business. Employee compensation and benefits expense as a percentage of total revenues was 52.9% for 2017 as compared to 52.4% for the year ended December 31, 2016.

Other Operating Expenses

Other operating expenses in 2018 increased 17.2%, or $48.6 million, over 2017, of which $14.0 million was related to acquisitions that had no comparable costs in the same period of 2017. The other operating expenses for those offices that existed in the same periods in both 2018 and 2017 increased by $34.7 million or 6.6%, which was primarily attributable to (i) additional expenses associated with our investment in information technology and higher value-added consulting services; (ii) an increase of approximately $10.5 million for costs that had previously been reported on a net basis as contra-revenue prior to the adoption of the New Revenue Standard ; (iii) the increase in the value of corporate-owned life insurance policies associated with our deferred compensation plan which was substantially offset by employee compensation and benefits and partially offset by (iv) the benefits from our strategic purchasing program. Other operating expenses as a percentage of total revenues was 16.5% in 2018 as compared to 15.1% for the year ended December 31, 2017.

Other operating expenses in 2017 increased 7.8%, or $20.6 million, over 2016, of which $3.3 million was related to acquisitions that had no comparable costs in the same period of 2016. The other operating expenses for those offices that existed in the same periods in both 2017 and 2016, increased by $17.3 million or 6.6%, which was primarily attributable to (i) higher data processing costs related to our multi-year technology investment program, (ii) the receipt of certain premium tax refunds by our National Flood Program business in 2016, and (iii) professional fees at our National Programs Division. Other operating expenses as a percentage of total revenues was 15.1% in 2017 and 14.9% in 2016.

Gain or Loss on Disposal

The Company recognized gains on disposal of $2.2 million in 2018 and 2017 and $1.3 million in 2016. The change in the gain on disposal was due to activity associated with book of business sales. Although we are not in the business of selling customer accounts, we periodically sell an office or a book of business (one or more customer accounts) that we believe does not produce reasonable margins or demonstrate a potential for growth, or because doing so is in the Company's best interest.

Amortization

Amortization expense increased $1.1 million, or 1.3%, in 2018, and decreased $1.2 million, or 1.4%, in 2017. The increase in 2018 is a result of the addition of intangibles associated with newly acquired businesses and the decrease in 2017 is a result of certain intangibles becoming fully amortized or otherwise written off as part of disposed businesses, which was partially offset by the amortization of new intangibles from recently acquired businesses.

Depreciation

Depreciation expense increased $0.1 million, or 0.6%, in 2018, and increased $1.7 million, or 8.1% in 2017 as compared to 2016. These increases are due primarily to the addition of fixed assets resulting from capital projects related to our multi-year technology investment program and other business initiatives.

Interest Expense

Interest expense increased $2.3 million, or 5.9%, in 2018 from 2017, and decreased $1.2 million, or 3.0% in 2017 from 2016. The increase in 2018 was due primarily to the additional debt added in the fourth quarter with increased payments for newly acquired businesses, as well as increased interest rate exposure on the Company's floating rate notes. The decrease in 2017 was due primarily to having less total debt outstanding.

Change in Estimated Acquisition Earn-Out Payables

Accounting Standards Codification ("ASC") Topic 805-Business Combinations is the authoritative guidance requiring an acquirer to recognize 100% of the fair value of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase price arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations are required to be recorded in the Consolidated Statement of Income when incurred or reasonably estimated. Estimations of potential earn-out obligations are typically based upon future earnings of the acquired operations or entities, usually for periods ranging from one to three years.

The net charge or credit to the Consolidated Statement of Income for the period is the combination of the net change in the estimated acquisition earn-out payables balance, and the interest expense imputed on the outstanding balance of the estimated acquisition earn-out payables.

As of December 31, 2018, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3) as defined in ASC 820-Fair Value Measurement. The resulting net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2018, 2017 and 2016 were as follows:

(in thousands)	2018	2017	2016
Change in fair value of estimated acquisition earn-out payables	$ 603	$ 6,874	$ 6,338
Interest expense accretion	2,366	2,326	2,847
Net change in earnings from estimated acquisition earn-out payables	$ 2,969	$ 9,200	$ 9,185

For the years ended December 31, 2018, 2017 and 2016, the fair value of estimated earn-out payables was re-evaluated and increased by $0.6 million, $6.9 million and $6.3 million, respectively, which resulted in charges to the Consolidated Statement of Income.

As of December 31, 2018, the estimated acquisition earn-out payables equaled $89.9 million, of which $21.1 million was recorded as accounts payable and $68.8 million was recorded as other non-current liability. As of December 31, 2017, the estimated acquisition earn-out payables equaled $36.2 million, of which $25.1 million was recorded as accounts payable and $11.1 million was recorded as other non-current liability.

Income Taxes

The effective tax rate on income from operations was 25.6% in 2018, 11.1% in 2017, and 39.2% in 2016. The Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act") makes changes to the U.S. tax code that affected our income tax rate in 2017 and 2018. The Tax Reform Act reduces the U.S. federal corporate income tax rate from 35.0% to 21.0% and requires companies to pay a one-time transition tax on certain unrepatriated earnings from foreign subsidiaries that is payable over eight years. The Tax Reform Act also establishes new tax laws that became effective January 1, 2018. The 2018 effective tax rate reflects the reduction in the federal corporate income tax rate. The 2017 effective tax rate reflects the revaluation of deferred tax liabilities as described in Part II, Note 10 "Income Taxes," in addition to adoption of FASB Accounting Standards Update 2016-09, "Improvements to Employee Share Based Payment Accounting" ("ASU 2016-09") in the first quarter of 2017. ASU 2016-09, which requires upon vesting of stock-based compensation, any tax implications be treated as a discrete credit to the income tax expense in the quarter of vesting, amends guidance issued in ASC Topic 718, Compensation - Stock Compensation.

RESULTS OF OPERATIONS — SEGMENT INFORMATION

As discussed in Note 16 "Segment Information" of the Notes to Consolidated Financial Statements, we operate four reportable segments: Retail, National Programs, Wholesale Brokerage and Services. On a segmented basis, changes in amortization, depreciation and interest expenses generally result from activity associated with acquisitions. Likewise, other income in each segment reflects net gains primarily from legal settlements and miscellaneous income. As such, in evaluating the operational efficiency of a segment, management focuses on the Organic Revenue growth rate of core commissions and fees, the ratio of total employee compensation and benefits to total revenues, and the ratio of other operating expenses to total revenues.

The reconciliation of total commissions and fees, included in the Consolidated Statement of Income, to Organic Revenue for the years ended December 31, 2018 and 2017 is as follows:

	Year Ended December 31,	
(in thousands)	**2018**	**2017**
Commissions and fees	$ 2,009,857	$ 1,857,270
Profit-sharing contingent commissions	(55,875)	(52,186)
Guaranteed supplemental commissions	(9,961)	(10,370)
Core commissions and fees	1,944,021	1,794,714
New Revenue Standard impact on core commissions and fees	(16,091)	—
Acquisition revenues	(91,177)	—
Divested businesses	—	(1,490)
Organic Revenue	$ 1,836,753	$ 1,793,224

The reconciliation of total commissions and fees to Organic Revenue for the year ended December 31, 2018, by Segment, are as follows:

2018	Retail[1]		National Programs		Wholesale Brokerage		Services		Total	
(in thousands, except percentages)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Commissions and fees	$ 1,040,574	$ 942,039	$ 493,878	$ 479,017	$ 286,364	$ 271,141	$ 189,041	$ 165,073	$ 2,009,857	$ 1,857,270
Total change	$ 98,535		$ 14,861		$ 15,223		$ 23,968		$ 152,587	
Total growth %	10.5%		3.1 %		5.6%		14.5%		8.2%	
Profit-sharing contingent commissions	(24,517)	(23,377)	(23,896)	(20,123)	(7,462)	(8,686)	—	—	(55,875)	(52,186)
GSCs	(8,535)	(9,108)	(76)	(31)	(1,350)	(1,231)	—	—	(9,961)	(10,370)
Core commissions and fees	$ 1,007,522	$ 909,554	$ 469,906	$ 458,863	$ 277,552	$ 261,224	$ 189,041	$ 165,073	$ 1,944,021	$ 1,794,714
New Revenue Standard	1,254	—	(7,973)	—	935	—	(10,307)	—	(16,091)	—
Acquisition revenues	(73,405)	—	(7,289)	—	(2,514)	—	(7,969)	—	(91,177)	—
Divested business	—	(1,270)	—	(114)	—	(106)	—	—	—	(1,490)
Organic Revenue[2]	$ 935,371	$ 908,284	$ 454,644	$ 458,749	$ 275,973	$ 261,118	$ 170,765	$ 165,073	$ 1,836,753	$ 1,793,224
Organic Revenue growth[2]	$ 27,087		$ (4,105)		$ 14,855		$ 5,692		$ 43,529	
Organic Revenue growth %[2]	3.0%		(0.9)%		5.7%		3.4%		2.4%	

(1) The Retail Segment includes commissions and fees reported in the “Other” column of the Segment Information in Note 16 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.
(2) A non-GAAP financial measure.

The reconciliation of total commissions and fees, included in the Consolidated Statement of Income, to Organic Revenue for the years ended December 31, 2017 and 2016, is as follows:

	Year Ended December 31,	
(in thousands)	2017	2016
Commissions and fees	$ 1,857,270	$ 1,762,787
Profit-sharing contingent commissions	(52,186)	(54,000)
Guaranteed supplemental commissions	(10,370)	(11,479)
Core commissions and fees	1,794,714	1,697,308
Acquisition revenues	(27,739)	—
Divested businesses	—	(4,912)
Organic Revenue	$ 1,766,975	$ 1,692,396

The reconciliation of total commissions and fees to Organic Revenue for the year ended December 31, 2017, by Segment, are as follows:

2017	Retail[1]		National Programs		Wholesale Brokerage		Services		Total	
(in thousands, except percentages)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Commissions and fees	$ 942,039	$ 916,084	$ 479,017	$ 447,808	$ 271,141	$ 242,813	$ 165,073	$ 156,082	$ 1,857,270	$ 1,762,787
Total change	$ 25,955		$ 31,209		$ 28,328		$ 8,991		$ 94,483	
Total growth %	2.8%		7.0%		11.7%		5.8%		5.4%	
Profit-sharing contingent commissions	(23,377)	(25,207)	(20,123)	(17,306)	(8,686)	(11,487)	—	—	(52,186)	(54,000)
GSCs	(9,108)	(9,787)	(31)	(23)	(1,231)	(1,669)	—	—	(10,370)	(11,479)
Core commissions and fees	$ 909,554	$ 881,090	$ 458,863	$ 430,479	$ 261,224	$ 229,657	$ 165,073	$ 156,082	$ 1,794,714	$ 1,697,308
Acquisition revenues	(8,151)	—	(2,296)	—	(16,442)	—	(850)	—	(27,739)	—
Divested business	—	(4,838)	—	(277)	—	—	—	203	—	(4,912)
Organic Revenue[2]	$ 901,403	$ 876,252	$ 456,567	$ 430,202	$ 244,782	$ 229,657	$ 164,223	$ 156,285	$ 1,766,975	$ 1,692,396
Organic Revenue growth[2]	$ 25,151		$ 26,365		$ 15,125		$ 7,938		$ 74,579	
Organic Revenue growth %[2]	2.9%		6.1%		6.6%		5.1%		4.4%	

(1) The Retail Segment includes commissions and fees reported in the “Other” column of the Segment Information in Note 16 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.
(2) A non-GAAP financial measure.

The reconciliation of total commissions and fees, included in the Consolidated Statement of Income, to Organic Revenue for the years ended December 31, 2016 and 2015, is as follows:

	Year Ended December 31,	
(in thousands)	2016	2015
Commissions and fees	$ 1,762,787	$ 1,656,951
Profit-sharing contingent commissions	(54,000)	(51,707)
Guaranteed supplemental commissions	(11,479)	(10,026)
Core commissions and fees	1,697,308	1,595,218
Acquisition revenues	(61,713)	—
Divested businesses	—	(6,669)
Organic Revenue	$ 1,635,595	$ 1,588,549

The reconciliation of total commissions and fees to Organic Revenue for the year ended December 31, 2016, by Segment, are as follows:

2016	Retail[1]		National Programs		Wholesale Brokerage		Services		Total	
(in thousands, except percentages)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Commissions and fees	$ 916,084	$ 866,465	$ 447,808	$ 428,473	$ 242,813	$ 216,638	$ 156,082	$ 145,375	$ 1,762,787	$ 1,656,951
Total change	$ 49,619		$ 19,335		$ 26,175		$ 10,707		$ 105,836	
Total growth %	5.7%		4.5%		12.1%		7.4%		6.4%	
Profit-sharing contingent commissions	(25,207)	(22,051)	(17,306)	(15,558)	(11,487)	(14,098)	—	—	(54,000)	(51,707)
GSCs	(9,787)	(8,291)	(23)	(30)	(1,669)	(1,705)	—	—	(11,479)	(10,026)
Core commissions and fees	$ 881,090	$ 836,123	$ 430,479	$ 412,885	$ 229,657	$ 200,835	$ 156,082	$ 145,375	$ 1,697,308	$ 1,595,218
Acquisition revenues	(31,151)	—	(1,680)	—	(20,164)	—	(8,718)	—	(61,713)	—
Divested business	—	(1,926)	—	(1,296)	—	—	—	(3,447)	—	(6,669)
Organic Revenue[2]	$ 849,939	$ 834,197	$ 428,799	$ 411,589	$ 209,493	$ 200,835	$ 147,364	$ 141,928	$ 1,635,595	$ 1,588,549
Organic Revenue growth[2]	$ 15,742		$ 17,210		$ 8,658		$ 5,436		$ 47,046	
Organic Revenue growth %[2]	1.9%		4.2%		4.3%		3.8%		3.0%	

(1) The Retail Segment includes commissions and fees reported in the “Other” column of the Segment Information in Note 16 of the Notes to the Consolidated Financial Statements, which includes corporate and consolidation items.
(2) A non-GAAP financial measure.

The reconciliation of income before incomes taxes, included in the Consolidated Statement of Income, to EBITDAC, a non-GAAP measure, and Income Before Income Taxes Margin to EBITDAC Margin, a non-GAAP measure, for the year ended December 31, 2018, is as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Income before income taxes	$ 217,845	$ 117,375	$ 70,171	$ 34,508	$ 22,563	$ 462,462
Income Before Income Taxes Margin	20.9%	23.7%	24.4%	18.2%	NMF	23.0%
Amortization	44,386	25,954	11,391	4,813	—	86,544
Depreciation	5,289	5,486	1,628	1,558	8,873	22,834
Interest	35,969	26,181	5,254	2,869	(29,693)	40,580
Change in estimated acquisition earn-out payables	1,081	875	815	198	—	2,969
EBITDAC	$ 304,570	$ 175,871	$ 89,259	$ 43,946	$ 1,743	$ 615,389
EBITDAC Margin	29.2%	35.6%	31.1%	23.2%	NMF	30.6%

NMF = Not a meaningful figure

The reconciliation of income before incomes taxes, included in the Consolidated Statement of Income, to EBITDAC, a non-GAAP measure, and Income Before Income Taxes Margin to EBITDAC Margin, a non-GAAP measure, for the year ended December 31, 2017, is as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Income before income taxes	$ 196,616	$ 109,961	$ 68,844	$ 30,498	$ 43,803	$ 449,722
Income Before Income Taxes Margin	20.8%	22.9%	25.3%	18.4%	NMF	23.9%
Amortization	42,164	27,277	11,456	4,548	1	85,446
Depreciation	5,210	6,325	1,885	1,600	7,678	22,698
Interest	31,133	35,561	6,263	3,522	(38,163)	38,316
Change in estimated acquisition earn-out payables	8,087	786	327	—	—	9,200
EBITDAC	$ 283,210	$ 179,910	$ 88,775	$ 40,168	$ 13,319	$ 605,382
EBITDAC Margin	30.0%	37.5%	32.7%	24.3%	NMF	32.2%

NMF = Not a meaningful figure

The reconciliation of income before incomes taxes, included in the Consolidated Statement of Income, to EBITDAC, a non-GAAP measure, and Income Before Income Taxes Margin to EBITDAC Margin, a non-GAAP measure, for the year ended December 31, 2016, is as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Income before income taxes	$ 188,001	$ 91,762	$ 62,623	$ 24,338	$ 56,775	$ 423,499
Income Before Income Taxes Margin	20.5%	20.5%	25.8%	15.6%	NMF	24.0%
Amortization	43,447	27,920	10,801	4,485	10	86,663
Depreciation	6,191	7,868	1,975	1,881	3,088	21,003
Interest	38,216	45,738	3,976	4,950	(53,399)	39,481
Change in estimated acquisition earn-out payables	10,253	207	(274)	(1,001)	—	9,185
EBITDAC	$ 286,108	$ 173,495	$ 79,101	$ 34,653	$ 6,474	$ 579,831
EBITDAC Margin	31.2%	38.7%	32.5%	22.2%	NMF	32.8%

NMF = Not a meaningful figure

Retail Segment

The Retail Segment provides a broad range of insurance products and services to commercial, public and quasi-public, professional and individual insured customers. Approximately 85.9% of the Retail Segment's commissions and fees revenue is commission based. Because most of our other operating expenses are not correlated to changes in commissions on insurance premiums, a significant portion of any fluctuation in the commissions we receive, net of related producer compensation and cost to fulfill expense deferrals and releases as required by the New Revenue Standard, will result in a similar fluctuation in our income before income taxes, unless we make incremental investments or modifications to the costs in the organization.

Financial information relating to our Retail Segment is as follows:

(in thousands, except percentages)	2018	% Change	2017	% Change	2016
REVENUES					
Core commissions and fees	$ 1,008,639	10.9 %	$ 909,762	3.2 %	$ 881,729
Profit-sharing contingent commissions	24,517	4.9 %	23,377	(7.3)%	25,207
Guaranteed supplemental commissions	8,535	(6.3)%	9,108	(6.9)%	9,787
Commissions and fees	1,041,691	10.6 %	942,247	2.8 %	916,723
Investment income	2	(75.0)%	8	(78.4)%	37
Other income, net	1,070	(11.2)%	1,205	86.5 %	646
Total revenues	1,042,763	10.5 %	943,460	2.8 %	917,406
EXPENSES					
Employee compensation and benefits	570,222	10.6 %	515,477	6.0 %	486,303
Other operating expenses	169,104	15.0 %	147,084	0.5 %	146,286
(Gain)/loss on disposal	(1,133)	(51.0)%	(2,311)	79.0 %	(1,291)
Amortization	44,386	5.3 %	42,164	(3.0)%	43,447
Depreciation	5,289	1.5 %	5,210	(15.8)%	6,191
Interest	35,969	15.5 %	31,133	(18.5)%	38,216
Change in estimated acquisition earn-out payables	1,081	(86.6)%	8,087	(21.1)%	10,253
Total expenses	824,918	10.5 %	746,844	2.4 %	729,405
Income before income taxes	$ 217,845	10.8 %	$ 196,616	4.6 %	$ 188,001
Income Before Income Taxes Margin (1)	20.9%		20.8%		20.5%
EBITDAC (1)	304,570	7.5 %	283,210	(1.0)%	286,108
EBITDAC Margin (1)	29.2%		30.0%		31.2%
Organic Revenue growth rate (1)	3.0%		2.9%		1.9%
Employee compensation and benefits relative to total revenues	54.7%		54.6%		53.0%
Other operating expenses relative to total revenues	16.2%		15.6%		15.9%
Capital expenditures	$ 6,858	52.6 %	$ 4,494	(24.5)%	$ 5,951
Total assets at December 31	$ 5,850,045	37.5 %	$ 4,255,515	10.4 %	$ 3,854,393

(1) A non-GAAP measure
NMF = Not a meaningful figure

The Retail Segment's total revenues in 2018 increased 10.5%, or $99.3 million, over the same period in 2017, to $1,042.8 million. The $98.9 million increase in core commissions and fees was driven by the following: (i) approximately $73.4 million related to the core commissions and fees from acquisitions that had no comparable revenues in the same period of 2017; (ii) $28.1 million related to net new and renewal business; offset by (iii) $1.3 million related to the impact of adopting the New Revenue Standard; and (iv) a decrease of $1.3 million related to commissions and fees from businesses divested in 2017 and 2018. Profit-sharing contingent commissions and GSCs in 2018 increased 1.7%, or $0.6 million, over 2017, to $33.1 million. The Retail Segment's growth rate for total commissions and fees was 10.6% and the Organic Revenue growth rate was 3.0% for 2018. The Organic Revenue growth rate was driven by increased new business and higher retention across most lines of business the preceding twelve months.

Income before income taxes for 2018 increased 10.8%, or $21.2 million, over the same period in 2017, to $217.8 million. The primary factors affecting this increase were: (i) the net increase in revenue as described above, (ii) offset by a 10.6%, or $54.7 million, increase in

employee compensation and benefits, due primarily to the year-on-year impact of salary inflation and additional teammates to support revenue growth, (iii) operating expenses which increased by increased by $22.0 million, or 15.0%, primarily due to our multi-year technology investment program and increased professional services to support our customers; (iv) a combined increase in amortization, depreciation and intercompany interest expense of $7.2 million resulting from our acquisition activity over the past twelve months; offset by (v) a reduction in the change in estimated acquisition earn-out payables of $7.0 million, or 86.6%, to $1.1 million.

EBITDAC for 2018 increased 7.5%, or $21.4 million, from the same period in 2017, to $304.6 million. EBITDAC Margin for 2018 decreased to 29.2% from 30.0% in the same period in 2017. EBITDAC Margin was impacted by the net increase in revenue as described above, including the New Revenue Standard, which impacted the EBITDAC Margin by approximately 90 basis points.

The Retail Segment's total revenues in 2017 increased 2.8%, or $26.1 million, over the same period in 2016, to $943.5 million. The $28.0 million increase in core commissions and fees was driven by the following: (i) $24.6 million related to net new business; (ii) approximately $8.2 million related to the core commissions and fees from acquisitions that had no comparable revenues in the same period of 2016; and (iii) an offsetting decrease of $4.8 million related to commissions and fees from businesses divested in 2016 and 2017. Profit-sharing contingent commissions and GSCs in 2017 decreased 7.2%, or $2.5 million, over 2016, to $32.5 million. The Retail Segment's growth rate for total commissions and fees was 2.8%, and the Organic Revenue growth rate was 2.9% for 2017. The Organic Revenue growth rate was driven by increased new business and higher retention during the preceding twelve months, along with continued increases in commercial auto and employee benefits rates and underlying exposure unit values that drive insurance premiums.

Income before income taxes for 2017 increased 4.6%, or $8.6 million, over the same period in 2016, to $196.6 million. The primary factors affecting this increase were: (i) the net increase in revenue as described above, which was offset by (ii) a 6.0%, or $29.2 million, increase in employee compensation and benefits, due primarily to the year-on-year impact of salary inflation, additional teammates to support revenue growth and the incremental investment in our performance incentive plan, (iii) an increase in operating expenses by $0.8 million, or 0.5%, primarily due to our multi-year technology investment program and increased value-added consulting services to support our customers; offset by (iv) a reduction in the change in estimated acquisition earn-out payables of $2.2 million, or 21.1%, to $8.1 million, and (v) a combined decrease in amortization, depreciation and intercompany interest expense of $9.3 million.

EBITDAC for 2017 decreased 1.0%, or $2.9 million, from the same period in 2016, to $283.2 million. EBITDAC Margin for 2017 decreased to 30.0% from 31.2% in the same period in 2016. EBITDAC Margin was impacted by the factors impacting employee compensation and benefits as well as other operating expenses described above, partially offset by the net increase in revenue as described above.

National Programs Segment

The National Programs Segment manages over 40 programs supported by approximately one hundred well-capitalized carrier partners. In most cases, the insurance carriers that support the programs have delegated underwriting and, in many instances, claims-handling authority to our programs operations. These programs are generally distributed through a nationwide network of independent agents and Brown & Brown retail agents, and offer targeted products and services designed for specific industries, trade groups, professions, public entities and market niches. The National Programs Segment operations can be grouped into five broad categories: Professional Programs, Personal Lines Programs, Commercial Programs, Public Entity-Related Programs and the National Flood Program. The National Programs Segment's revenue is primarily commission based.

Financial information relating to our National Programs Segment is as follows:

(in thousands, except percentages)	2018	% Change	2017	% Change	2016
REVENUES					
Core commissions and fees	$ 469,906	2.4 %	$ 458,863	6.6 %	$ 430,479
Profit-sharing contingent commissions	23,896	18.7 %	20,123	16.3 %	17,306
Guaranteed supplemental commissions	76	145.2 %	31	34.8 %	23
Commissions and fees	493,878	3.1 %	479,017	7.0 %	447,808
Investment income	506	31.8 %	384	(38.9)%	628
Other income, net	79	(80.8)%	412	NMF	80
Total revenues	494,463	3.1 %	479,813	7.0 %	448,516
EXPENSES					
Employee compensation and benefits	219,166	8.6 %	201,816	5.6 %	191,199
Other operating expenses	98,012	— %	97,988	16.9 %	83,822
(Gain)/loss on disposal	1,414	NMF	99	— %	—
Amortization	25,954	(4.9)%	27,277	(2.3)%	27,920
Depreciation	5,486	(13.3)%	6,325	(19.6)%	7,868
Interest	26,181	(26.4)%	35,561	(22.3)%	45,738
Change in estimated acquisition earn-out payables	875	11.3 %	786	NMF	207
Total expenses	377,088	2.0 %	369,852	3.7 %	356,754
Income before income taxes	$ 117,375	6.7 %	$ 109,961	19.8 %	$ 91,762
Income Before Income Taxes Margin [1]	23.7 %		22.9%		20.5%
EBITDAC [1]	175,871	(2.2)%	179,910	3.7 %	173,495
EBITDAC Margin [1]	35.6 %		37.5%		38.7%
Organic Revenue growth rate [1]	(0.9)%		6.1%		4.2%
Employee compensation and benefits relative to total revenues	44.3 %		42.1%		42.6%
Other operating expenses relative to total revenues	19.8 %		20.4%		18.7%
Capital expenditures	$ 12,391	108.7 %	$ 5,936	(14.9)%	$ 6,977
Total assets at December 31	$ 2,940,097	(10.0)%	$ 3,267,486	20.5 %	$ 2,711,378

(1) A non-GAAP measure
NMF = Not a meaningful figure

The National Programs Segment's total revenues in 2018 increased 3.1%, or $14.7 million, over 2017, to a total $494.5 million. The $11.0 million increase in core commissions and fees was driven by the following: (i) $7.9 million related to the impact of adopting the New Revenue Standard; (ii) an increase of approximately $7.3 million related to core commissions and fees from acquisitions that had no comparable revenues in 2017; which was offset by (iii) $4.1 million related to net new and renewal business, which was impacted by lower weather related claims revenue as compared to the prior year; and (iv) a decrease of $0.1 million related to commissions and fees recorded in 2017 from businesses since divested. Profit-sharing contingent commissions and GSCs were $24.0 million in 2018, which was an increase of $3.8 million over 2017, which was primarily driven by the improved loss experience of our carrier partners.

The National Programs Segment's growth rate for total commissions and fees was 3.1% and the Organic Revenue growth rate was (0.9)% for 2018. The total commissions and fees growth was mainly due to recognizing a full year of revenues for our core commercial program, new

acquisitions, strong growth in our earthquake programs, increased profit-sharing contingent commissions and a non-recurring adjustment of approximately $8.0 million relating to the New Revenue Standard with an offset for the lower weather-related claims revenue. The Organic Revenue growth rate decline was driven substantially by lower flood claims revenue as compared to the prior year.

Income before income taxes for 2018 increased 6.7%, or $7.4 million, from the same period in 2017, to $117.4 million. The increase was the result of a lower intercompany interest charge of $9.4 million, growth in a number of our programs, and was offset by the investment in our core commercial program, and lower weather-related claims revenue.

EBITDAC for 2018 decreased 2.2%, or $4.0 million, from the same period in 2017, to $175.9 million. EBITDAC Margin for 2018 decreased to 35.6% from 37.5% in the same period in 2017. The decrease in EBITDAC Margin was related to (i) increased employee compensation and benefits primarily driven by the investment in our core commercial program; (ii) a decrease in weather-related claims revenue compared to the prior year which has a margin higher than the average margin of the National Programs Segment; partially offset by (iii) the total revenue growth.

The National Programs Segment’s total revenues in 2017 increased 7.0%, or $31.3 million, over 2016, to a total of $479.8 million. The $28.4 million increase in core commissions and fees was driven by the following: (i) $26.4 million related to net new business; (ii) an increase of approximately $2.3 million related to core commissions and fees from acquisitions that had no comparable revenues in 2016; and which was offset by (iii) a decrease of $0.3 million related to commissions and fees recorded in 2016 from businesses since divested. Profit-sharing contingent commissions and GSCs were $20.2 million in 2017, which was an increase of $2.8 million over 2016, which was primarily driven by the improved loss experience of our carrier partners.

The National Programs Segment’s growth rate for total commissions and fees was 7.0% and the Organic Revenue growth rate was 6.1% for 2017. This Organic Revenue growth rate was mainly due to increased flood claims revenues and our new core commercial program with QBE. Growth in these businesses was partially offset by certain programs that have been affected by certain carriers changing their risk appetite for new or existing programs or lower premium rates for certain lines of business.

Income before income taxes for 2017 increased 19.8%, or $18.2 million, from the same period in 2016, to $110.0 million. The increase was the result of a lower intercompany interest charge of $10.2 million, along with leveraging revenue growth of $31.3 million.

EBITDAC for 2017 increased 3.7%, or $6.4 million, from the same period in 2016, to $179.9 million. EBITDAC Margin for 2017 decreased to 37.5% from 38.7% in the same period in 2016. The decrease in EBITDAC Margin was related to (i) the investment in our new core commercial program; which was partially offset by (ii) increased flood claims processing revenue which has a higher than average margin.

Wholesale Brokerage Segment

The Wholesale Brokerage Segment markets and sells excess and surplus commercial and personal lines insurance, primarily through independent agents and brokers, including Brown & Brown retail agents. Like the Retail and National Programs Segments, the Wholesale Brokerage Segment's revenues are primarily commission based.

Financial information relating to our Wholesale Brokerage Segment is as follows:

(in thousands, except percentages)	2018	% Change	2017	% Change	2016
REVENUES					
Core commissions and fees	$ 277,552	6.3 %	$ 261,224	13.7 %	$ 229,657
Profit-sharing contingent commissions	7,462	(14.1)%	8,686	(24.4)%	11,487
Guaranteed supplemental commissions	1,350	9.7 %	1,231	(26.2)%	1,669
Commissions and fees	286,364	5.6 %	271,141	11.7 %	242,813
Investment income	165	— %	—	(100.0)%	4
Other income, net	485	(18.6)%	596	108.4 %	286
Total revenues	287,014	5.6 %	271,737	11.8 %	243,103
EXPENSES					
Employee compensation and benefits	147,571	6.7 %	138,297	13.5 %	121,863
Other operating expenses	50,177	12.3 %	44,665	6.0 %	42,139
(Gain)/loss on disposal	7	— %	—	— %	—
Amortization	11,391	(0.6)%	11,456	6.1 %	10,801
Depreciation	1,628	(13.6)%	1,885	(4.6)%	1,975
Interest	5,254	(16.1)%	6,263	57.5 %	3,976
Change in estimated acquisition earn-out payables	815	NMF	327	NMF	(274)
Total expenses	216,843	6.9 %	202,893	12.4 %	180,480
Income before income taxes	$ 70,171	1.9 %	$ 68,844	9.9 %	$ 62,623
Income Before Income Taxes Margin (1)	24.4%		25.3%		25.8%
EBITDAC (1)	89,259	0.5 %	88,775	12.2 %	79,101
EBITDAC Margin (1)	31.1%		32.7%		32.5%
Organic Revenue growth rate(1)	5.7%		6.6%		4.3%
Employee compensation and benefits relative to total revenues	51.4%		50.9%		50.1%
Other operating expenses relative to total revenues	17.5%		16.4%		17.3%
Capital expenditures	$ 2,518	37.1 %	$ 1,836	41.1 %	$ 1,301
Total assets at December 31	$ 1,283,877	1.9 %	$ 1,260,239	13.7 %	$ 1,108,829

(1) A non-GAAP measure
NMF = Not a meaningful figure

The Wholesale Brokerage Segment's total revenues for 2018 increased 5.6%, or $15.3 million, over 2017, to $287.0 million. The $16.3 million increase in core commissions and fees was driven by the following: (i) $14.9 million related to net new and renewal business; (ii) $2.5 million related to the core commissions and fees from acquisitions that had no comparable revenues in 2017; which was offset by (iii) a decrease of $0.9 million related to the impact of adopting the New Revenue Standard; and (iv) a decrease of $0.1 million related to commissions and fees recorded in 2017 from businesses since divested. Profit-sharing contingent commissions and GSCs for 2018 decreased $1.1 million over 2017, to $8.8 million. This decrease was driven by higher loss ratios experienced for several carriers due to losses associated with 2017 weather-related events. The Wholesale Brokerage Segment's growth rate for total commissions and fees was 5.6%, and the Organic Revenue growth rate was 5.7% for 2018. The Organic Revenue growth rate was driven by net new business and modest increases in exposure units that were partially offset by slightly decreasing rates.

Income before income taxes for 2018 increased 1.9%, or $1.3 million, over 2017, to $70.2 million, primarily due to the following: (i) the net increase in revenue as described above, which was offset by (ii) an increase in employee compensation and benefits of $9.3 million, related to additional teammates to support increased transaction volumes, compensation increases for existing teammates, and additional non-cash stock-based compensation expense; (iii) a decrease in profit from lower profit-sharing contingent commissions and GSCs; and (iv) a net $5.5

million increase in operating expenses, primarily related to intercompany technology charges that had no comparable expenses in the same period of 2017.

EBITDAC for 2018 increased 0.5%, or $0.5 million, from the same period in 2017, to $89.3 million. EBITDAC Margin for 2018 decreased to 31.1% from 32.7% in the same period in 2017. The decrease in EBITDAC Margin was primarily driven by the net decrease in profit-sharing contingent commissions as described above and to a lesser extent the intercompany technology charges and increased non-cash stock-based compensation costs, which more than offset margin expansion from leveraging of Organic Revenue growth.

The Wholesale Brokerage Segment's total revenues for 2017 increased 11.8%, or $28.6 million, over 2016, to $271.7 million. The $31.6 million net increase in core commissions and fees was driven by the following: (i) $16.5 million related to the core commissions and fees from acquisitions that had no comparable revenues in 2016; and (ii) $15.1 million related to net new business. Profit-sharing contingent commissions and GSCs for 2017 decreased $3.2 million over 2016, to $9.9 million. This decrease was driven by higher loss ratios experienced for several carriers, and partially offset by profit-sharing contingent commissions received from acquisitions that had no comparable profit-sharing contingent commissions in 2016. The Wholesale Brokerage Segment's growth rate for total commissions and fees was 11.7%, and the Organic Revenue growth rate was 6.6% for 2017, which were driven by net new business and modest increases in exposure units that were partially offset by significant contraction in insurance premium rates for catastrophe-prone properties during the first half of the year, which moderated in the latter part of the year.

Income before income taxes for 2017, increased 9.9%, or $6.2 million, over 2016, to $68.8 million, primarily due to the following: (i) the net increase in revenue as described above, offset by (ii) an increase in employee compensation and benefits of $16.4 million, of which $10.4 million was related to acquisitions that had no comparable compensation and benefits in the same period of 2016, with the remainder related to additional teammates to support increased transaction volumes and compensation increases for existing teammates, (iii) a decrease in profit from lower profit-sharing contingent commissions and GSCs, (iv) a net $2.5 million increase in operating expenses, of which $3.1 million was related to acquisitions that had no comparable expenses in the same period of 2016 and (v) higher intercompany interest charges related to acquisitions completed in the previous year.

EBITDAC for 2017 increased 12.2%, or $9.7 million, from the same period in 2016, to $88.8 million. EBITDAC Margin for 2017 increased to 32.7% from 32.5% in the same period in 2016. The increase in EBITDAC Margin was primarily driven by: (i) growth of core commissions and fees of 13.7%; and (ii) improving the EBITDAC Margin of a business acquired in 2016, which were partially offset by (iii) the net decrease in profit-sharing contingent commissions as a result of higher loss ratios.

Services Segment

The Services Segment provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas. The Services Segment also provides Medicare Set-aside account services, Social Security disability and Medicare benefits advocacy services, and claims adjusting services.

Unlike the other segments, nearly all of the Services Segment's revenue is generated from fees, which are not significantly affected by fluctuations in general insurance premiums.

Financial information relating to our Services Segment is as follows:

(in thousands, except percentages)	2018	% Change	2017	% Change	2016
REVENUES					
Core commissions and fees	$ 189,041	14.5 %	$ 165,073	5.8 %	$ 156,082
Profit-sharing contingent commissions	—	— %	—	— %	—
Guaranteed supplemental commissions	—	— %	—	— %	—
Commissions and fees	189,041	14.5 %	165,073	5.8 %	156,082
Investment income	205	(31.4)%	299	5.7 %	283
Other income, net	—	— %	—	— %	—
Total revenues	189,246	14.4 %	165,372	5.8 %	156,365
EXPENSES					
Employee compensation and benefits	85,930	6.2 %	80,944	2.7 %	78,804
Other operating expenses	61,833	39.9 %	44,205	3.0 %	42,908
(Gain)/loss on disposal	(2,463)	NMF	55	— %	—
Amortization	4,813	5.8 %	4,548	1.4 %	4,485
Depreciation	1,558	(2.6)%	1,600	(14.9)%	1,881
Interest	2,869	(18.5)%	3,522	(28.8)%	4,950
Change in estimated acquisition earn-out payables	198	— %	—	(100.0)%	(1,001)
Total expenses	154,738	14.7 %	134,874	2.2 %	132,027
Income before income taxes	$ 34,508	13.1 %	$ 30,498	25.3 %	$ 24,338
Income Before Income Taxes Margin (1)	18.2%		18.4%		15.6%
EBITDAC (1)	43,946	9.4 %	40,168	15.9 %	34,653
EBITDAC Margin (1)	23.2%		24.3%		22.2%
Organic Revenue growth rate(1)	3.4%		5.1%		3.8%
Employee compensation and benefits relative to total revenues	45.4%		48.9%		50.4%
Other operating expenses relative to total revenues	32.7%		26.7%		27.4%
Capital expenditures	$ 1,525	47.6 %	$ 1,033	57.5 %	$ 656
Total assets at December 31	$ 471,572	18.1 %	$ 399,240	7.4 %	$ 371,645

(1) A non-GAAP measure
NMF = Not a meaningful figure

The Services Segment's total revenues for 2018 increased 14.4%, or $23.9 million, over 2017, to $189.2 million. The $24.0 million increase in core commissions and fees was driven primarily by the following: (i) $10.3 million related to the impact of adopting the New Revenue Standard; (ii) $8.0 million related to the core commissions and fees from acquisitions that had no comparable revenues in the same period of 2017; and (iii) $5.7 million related to net new and renewal business. The Services Segment's growth rate for total commissions and fees was 14.5%, and the Organic Revenue growth rate was 3.4% for 2018. The Organic Revenue growth rate was driven by growth across multiple businesses.

Income before income taxes for 2018 increased 13.1%, or $4.0 million, over 2017, to $34.5 million due to a combination of: (i) Organic Revenue growth; and (ii) lower intercompany interest charges, which were partially offset by (iii) the growth in other operating expenses associated with the New Revenue Standard and professional fees to support Organic Revenue growth.

EBITDAC for 2018 increased 9.4%, or $3.8 million, over the same period in 2017, to $43.9 million. EBITDAC Margin for 2018 decreased to 23.2% from 24.3% in the same period in 2017. The decrease in EBITDAC Margin was due to the impact of the New Revenue Standard, which resulting in recording $10.0 million of incremental year on year revenues and expenses which therefore compresses margins, along with higher non-cash stock-based compensation costs, and costs associated with onboarding new customers.

The Services Segment's total revenues for 2017 increased 5.8%, or $9.0 million, over 2016, to $165.4 million. The $9.0 million increase in core commissions and fees was driven primarily by the following: (i) $7.9 million related to net new business; (ii) $0.9 million related to the core commissions and fees from acquisitions that had no comparable revenues in the same period of 2016; and (iii) an increase of $0.2 million related to commissions and fees recorded in 2016 from business since divested. The Services Segment's growth rate for total commissions and fees was 5.8% and the Organic Revenue growth rate was 5.1% for 2017, primarily driven by our claims offices that handle catastrophe claims.

Income before income taxes for 2017 increased 25.3%, or $6.2 million, over 2016, to $30.5 million due to a combination of: (i) new business realized across most of our businesses, (ii) our claims offices that handled catastrophe claims, (iii) the continued efficient operation of our businesses, and (iv) lower intercompany interest charges.

EBITDAC for 2017 increased 15.9%, or $5.5 million, over the same period in 2016, to $40.2 million. EBITDAC Margin for 2017 increased to 24.3% from 22.2% in the same period in 2016. The increase in EBITDAC Margin was due to net increase in revenue as described above and effective control of expenses.

Other

As discussed in Note 16 of the Notes to Consolidated Financial Statements, the "Other" column in the Segment Information table includes any income and expenses not allocated to reportable segments, and corporate-related items, including the intercompany interest expense charges to reporting segments.

LIQUIDITY AND CAPITAL RESOURCES

The Company seeks to maintain a conservative balance sheet and liquidity profile. Our capital requirements to operate as an insurance intermediary are low and we have been able to grow and invest in our business principally through cash that has been generated from operations. We have the ability to utilize our revolving credit facility (the "Facility"), which provides up to $800.0 million in available cash, and we believe that we have access to additional funds, if needed, through the capital markets to obtain further debt financing under the current market conditions. The Company believes that its existing cash, cash equivalents, short-term investment portfolio and funds generated from operations, together with the funds available under the Facility, will be sufficient to satisfy our normal liquidity needs, including principal payments on our long-term debt, for at least the next twelve months.

Our cash and cash equivalents of $439.0 million at December 31, 2018 reflected a decrease of $134.4 million from the $573.4 million balance at December 31, 2017. During 2018, $567.5 million of cash was generated from operating activities, representing an increase of 28.4%. During this period, $923.9 million of cash was used for acquisitions, $26.6 million was used for acquisition earn-out payments, $41.5 million was used to purchase additional fixed assets, $84.7 million was used for payment of dividends, $100.0 million was used for share repurchases, and $120.0 million was used to pay outstanding principal balances owed on long-term debt.

We hold approximately $19.8 million in cash outside of the U.S., which we currently have no plans to repatriate in the near future.

Our cash and cash equivalents of $573.4 million at December 31, 2017 reflected an increase of $57.8 million from the $515.6 million balance at December 31, 2016. During 2017, $442.0 million of cash was generated from operating activities, representing an increase of 7.5%. During this period, $41.5 million of cash was used for acquisitions, $43.8 million was used for acquisition earn-out payments, $24.2 million was used to purchase additional fixed assets, $77.7 million was used for payment of dividends, $139.9 million was used for share repurchases, and $96.8 million was used to pay outstanding principal balances owed on long-term debt.

Our cash and cash equivalents of $515.6 million at December 31, 2016 reflected an increase of $72.2 million from the $443.4 million balance at December 31, 2015. During 2016, $411.0 million of cash was generated from operating activities. During this period, $122.6 million of cash was used for acquisitions, $28.2 million was used for acquisition earn-out payments, $17.8 million was used for additions to fixed assets, $70.3 million was used for payment of dividends, $7.7 million was used for share repurchases, and $73.1 million was used to pay outstanding principal balances owed on long-term debt.

Our ratio of current assets to current liabilities (the "current ratio") was 1.22 and 1.13 at December 31, 2018 and 2017, respectively.

Contractual Cash Obligations

As of December 31, 2018, our contractual cash obligations were as follows:

	Payments Due by Period				
(in thousands)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt	$ 1,515,000	$ 50,000	$ 125,000	$ 840,000	$ 500,000
Other liabilities[1]	53,187	4,907	5,570	2,470	40,240
Operating leases	210,010	48,292	78,353	47,016	36,349
Interest obligations	251,053	57,848	109,532	68,798	14,875
Unrecognized tax benefits	1,639	—	1,639	—	—
Maximum future acquisition contingency payments[2]	198,627	43,184	155,443	—	—
Total contractual cash obligations	$ 2,229,516	$ 204,231	$ 475,537	$ 958,284	$ 591,464

(1) Includes the current portion of other long-term liabilities.
(2) Includes $89.9 million of current and non-current estimated earn-out payables.

Debt

Total debt at December 31, 2018 was $1,507.0 million net of unamortized discount and debt issuance costs, which was an increase of $530.8 million compared to December 31, 2017. The increase reflects the addition of $650.0 million in principal balances, total debt repayments of $120.0 million, net of the amortization of discounted debt related to our Senior Notes due 2024, with a fixed interest rate of 4.200% per year and debt issuance cost amortization of $1.6 million. The Company also added $0.8 million in debt issuance costs related to the Term Loan Credit Agreement (as defined below) that was executed in December 2018.

On May 10, 2018, the Company elected to prepay in full the principal balance of $100.0 million from the Series E Senior Notes, along with accrued interest of $0.7 million and a prepayment premium of $0.7 million as the notes were to mature on September 15, 2018. This resulted in a net interest expense savings of $0.8 million after deducting the pro-rated interest expense and prepayment premiums paid when compared to holding the note to maturity paying the full semi-annual coupon interest expense of $2.3 million.

On June 28, 2017, the Company entered into an amended and restated credit agreement (the “Amended and Restated Credit Agreement”) with the lenders named therein, JPMorgan Chase Bank, N.A. as administrative agent and certain other banks as co-syndication agents and co-documentation agents. The Amended and Restated Credit Agreement amended and restated the credit agreement dated April 17, 2014, among such parties. The Amended and Restated Credit Agreement extends the applicable maturity date of the Facility of $800.0 million to June 28, 2022 and re-evidences the unsecured term loans in the amount of $400.0 million, while also extending the applicable maturity date to June 28, 2022.

The Company borrowed approximately $600.0 million under its Revolving Credit Facility on November 15, 2018 in connection with the closing of the acquisition of certain assets and assumption of certain liabilities of Hays.

On December 21, 2018, the Company borrowed $300.0 million under a term loan credit agreement with Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A., BMO Harris Bank N.A. and SunTrust Bank as co-syndication agents, and Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp. and SunTrust Robinson Humphrey, Inc. as joint lead arrangers and joint bookrunners (the “Term Loan Credit Agreement”). The Term Loan Credit Agreement provides for an unsecured term loan in the initial amount of $300.0 million, which may, subject to lenders’ discretion, potentially be increased up to an aggregate amount of $450.0 million (the “Term Loan”). The Term Loan is repayable over the five-year term from the effective date of the Term Loan Credit Agreement, which was December 21, 2018. Based on the Company’s net debt leverage ratio or a non-credit enhanced senior unsecured long-term debt rating as determined by Moody’s Investor Service and Standard & Poor’s Rating Service, the current rate of interest on the Term Loan is 1.25% above the adjusted 1-Month London Interbank Offered Rate (“LIBOR”). The Company used $250.0 million of the borrowings to reduce indebtedness under the Facility.

Total debt at December 31, 2017 was $976.1 million net of unamortized discount and debt issuance costs, which was a decrease of $97.7 million compared to December 31, 2016. The decrease reflects the repayment of $96.8 million in principal, related to our credit agreements, repayment of the $0.5 million in a short-term note payable related to the 2016 acquisition of Social Security Advocates for the Disabled, LLC (“SSAD”), net of the amortization of discounted debt related to our Senior Notes due 2024, with a fixed interest rate of 4.200% per year and debt issuance cost amortization of $1.9 million. The Company also added $2.8 million in debt issuance costs related to the Amended and Restated Credit Agreement (as defined below) that was executed in June 2017.

Off-Balance Sheet Arrangements

Neither we nor our subsidiaries have ever incurred off-balance sheet obligations through the use of, or investment in, off-balance sheet derivative financial instruments or structured finance or special purpose entities organized as corporations, partnerships or limited liability companies or trusts.

For further discussion of our cash management and risk management policies, see “Quantitative and Qualitative Disclosures About Market Risk.”

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates and equity prices. We are exposed to market risk through our investments, revolving credit line, term loan agreements and international operations.

Our invested assets are held primarily as cash and cash equivalents, restricted cash, available-for-sale marketable debt securities, non-marketable debt securities, certificates of deposit, U.S. treasury securities, and professionally managed short duration fixed income funds. These investments are subject to interest rate risk. The fair values of our invested assets at December 31, 2018 and December 31, 2017, approximated their respective carrying values due to their short-term duration and therefore, such market risk is not considered to be material.

We do not actively invest or trade in equity securities. In addition, we generally dispose of any significant equity securities received in conjunction with an acquisition shortly after the acquisition date.

As of December 31, 2018, we had $1,015.0 million of borrowings outstanding under our various credit agreements, all of which bear interest on a floating basis tied to LIBOR and is therefore subject to changes in the associated interest expense. The effect of an immediate hypothetical 10% change in interest rates would not have a material effect on our Consolidated Financial Statements.

We are subject to exchange rate risk primarily in our U.K.-based wholesale brokerage business that has a cost base principally denominated in British pounds and a revenue base in several other currencies, but principally in U.S. dollars. Based upon our foreign currency rate exposure as of December 31, 2018, an immediate 10% hypothetical changes of foreign currency exchange rates would not have a material effect on our Consolidated Financial Statements.

ITEM 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

BROWN & BROWN, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	For the year ended December 31,		
	2018	**2017**	**2016**
REVENUES			
Commissions and fees	$ 2,009,857	$ 1,857,270	$ 1,762,787
Investment income	2,746	1,626	1,456
Other income, net	1,643	22,451	2,386
Total revenues	2,014,246	1,881,347	1,766,629
EXPENSES			
Employee compensation and benefits	1,068,914	994,652	925,217
Other operating expenses	332,118	283,470	262,872
(Gain)/loss on disposal	(2,175)	(2,157)	(1,291)
Amortization	86,544	85,446	86,663
Depreciation	22,834	22,698	21,003
Interest	40,580	38,316	39,481
Change in estimated acquisition earn-out payables	2,969	9,200	9,185
Total expenses	1,551,784	1,431,625	1,343,130
Income before income taxes	462,462	449,722	423,499
Income taxes	118,207	50,092	166,008
Net income	$ 344,255	$ 399,630	$ 257,491
Net income per share:			
Basic	$ 1.24	$ 1.43	$ 0.92
Diluted	$ 1.22	$ 1.40	$ 0.91
Dividends declared per share	$ 0.31	$ 0.28	$ 0.25

See accompanying notes to Consolidated Financial Statements.

BROWN & BROWN, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	December 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 438,961	$ 573,383
Restricted cash and investments	338,635	250,705
Short-term investments	12,868	24,965
Premiums, commissions and fees receivable	844,815	546,402
Reinsurance recoverable	65,396	477,820
Prepaid reinsurance premiums	337,920	321,017
Other current assets	128,716	47,864
Total current assets	2,167,311	2,242,156
Fixed assets, net	100,395	77,086
Goodwill	3,432,786	2,716,079
Amortizable intangible assets, net	898,807	641,005
Investments	17,394	13,949
Other assets	71,975	57,275
Total assets	$ 6,688,668	$ 5,747,550
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Premiums payable to insurance companies	$ 857,559	$ 685,163
Losses and loss adjustment reserve	65,212	476,721
Unearned premiums	337,920	321,017
Premium deposits and credits due customers	105,640	91,648
Accounts payable	87,345	64,177
Accrued expenses and other liabilities	279,310	228,748
Current portion of long-term debt	50,000	120,000
Total current liabilities	1,782,986	1,987,474
Long-term debt less unamortized discount and debt issuance costs	1,456,990	856,141
Deferred income taxes, net	315,732	256,185
Other liabilities	132,392	65,051
Shareholders' Equity:		
Common stock, par value $0.10 per share; authorized 560,000 shares; issued 293,380 shares and outstanding 279,583 shares at 2018, issued 286,929 shares and outstanding 276,210 shares at 2017 - in thousands. 2017 share amounts reflect the 2-for-1 stock split effective March 28, 2018	29,338	28,689
Additional paid-in capital	615,180	483,733
Treasury stock, at cost at 13,797 and 10,719 shares at 2018 and 2017, respectively - in thousands	(477,572)	(386,322)
Retained earnings	2,833,622	2,456,599
Total shareholders' equity	3,000,568	2,582,699
Total liabilities and shareholders' equity	$ 6,688,668	$ 5,747,550

See accompanying notes to Consolidated Financial Statements.

BROWN & BROWN, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total
Balance at January 1, 2016	282,077	$ 28,209	$ 412,931	$ (238,775)	$ 1,947,411	$ 2,149,776
Net income					257,491	257,491
Common stock issued for employee stock benefit plans	3,350	334	22,684			23,018
Purchase of treasury stock			11,250	(18,908)		(7,658)
Income tax benefit from exercise of stock benefit plans			7,346			7,346
Common stock issued to directors	34	4	496			500
Cash dividends paid ($0.25 per share)					(70,262)	(70,262)
Balance at December 31, 2016	285,461	28,547	454,707	(257,683)	2,134,640	2,360,211
Net income					399,630	399,630
Net unrealized holding (loss) gain on available-for-sale securities			(47)		41	(6)
Common stock issued for employee stock benefit plans	1,412	140	39,825			39,965
Purchase of treasury stock			(11,250)	(128,639)		(139,889)
Common stock issued to directors	22	2	498			500
Cash dividends paid ($0.28 per share)					(77,712)	(77,712)
Balance at December 31, 2017	286,895	28,689	483,733	(386,322)	2,456,599	2,582,699
Adoption of Topic 606 at January 1, 2018					117,515	117,515
Beginning balance after adoption of Topic 606	286,895	28,689	483,733	(386,322)	2,574,114	2,700,214
Net income					344,255	344,255
Net unrealized holding (loss) gain on available-for-sale securities			(21)		(57)	(78)
Common stock issued for employee stock benefit plans	3,096	310	39,857			40,167
Common stock issued for agency acquisitions	3,376	338	99,662			100,000
Purchase of treasury stock			(8,750)	(91,250)		(100,000)
Common stock issued to directors	13	1	699			700
Cash dividends paid ($0.31 per share)					(84,690)	(84,690)
Balance at December 31, 2018	293,380	$ 29,338	$ 615,180	$ (477,572)	$ 2,833,622	$ 3,000,568

See accompanying notes to Consolidated Financial Statements.

BROWN & BROWN, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2018	2017	2016
Cash flows from operating activities:			
Net income	$ 344,255	$ 399,630	$ 257,491
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	86,544	85,446	86,663
Depreciation	22,834	22,698	21,003
Non-cash stock-based compensation	33,519	30,631	16,052
Change in estimated acquisition earn-out payables	2,969	9,200	9,185
Deferred income taxes	15,008	(102,183)	18,163
Amortization of debt discount and disposal of deferred financing costs	1,627	1,840	1,762
Accretion of discounts and premiums, investments	(10)	22	39
Income tax benefit from exercise of shares from the stock benefit plans	—	—	(7,346)
(Gain)/loss on sales of investments, fixed assets and customer accounts	(1,934)	(1,841)	596
Payments on acquisition earn-outs in excess of original estimated payables	(12,538)	(14,501)	(3,904)
Changes in operating assets and liabilities, net of effect from acquisitions and divestitures:			
Premiums, commissions and fees receivable (increase) decrease	(93,630)	(43,306)	(63,550)
Reinsurance recoverables (increase) decrease	412,424	(399,737)	(46,115)
Prepaid reinsurance premiums (increase) decrease	(16,903)	(12,356)	982
Other assets (increase) decrease	(22,440)	(9,747)	(4,718)
Premiums payable to insurance companies (increase) decrease	141,169	37,380	66,084
Premium deposits and credits due customers increase (decrease)	13,792	7,750	527
Losses and loss adjustment reserve increase (decrease)	(411,509)	398,638	46,115
Unearned premiums increase (decrease)	16,903	12,356	(982)
Accounts payable increase (decrease)	21,880	26,798	30,174
Accrued expenses and other liabilities increase (decrease)	22,801	25,509	8,670
Other liabilities increase (decrease)	(9,232)	(32,252)	(25,849)
Net cash provided by operating activities	567,529	441,975	411,042
Cash flows from investing activities:			
Additions to fixed assets	(41,520)	(24,192)	(17,765)
Payments for businesses acquired, net of cash acquired	(923,874)	(41,471)	(122,622)
Proceeds from sales of fixed assets and customer accounts	4,984	4,094	4,957
Purchases of investments	(9,284)	(10,665)	(25,872)
Proceeds from sales of investments	17,923	9,644	18,890
Net cash used in investing activities	(951,771)	(62,590)	(142,412)
Cash flows from financing activities:			
Payments on acquisition earn-outs	(14,059)	(29,265)	(24,309)
Proceeds from long-term debt	300,000	—	—
Payments on long-term debt	(120,000)	(96,750)	(73,125)
Deferred debt issuance costs	(778)	(2,821)	—
Borrowings on revolving credit facilities	600,000	—	—
Payments on revolving credit facilities	(250,000)	—	—
Income tax benefit from exercise of shares from the stock benefit plans	—	—	7,346
Issuances of common stock for employee stock benefit plans	19,432	17,422	15,983
Repurchase of stock benefit plan shares for employees to fund tax withholdings	(12,155)	(7,565)	(8,495)
Purchase of treasury stock	(91,250)	(128,639)	(18,908)
Settlement (prepayment) of accelerated share repurchase program	(8,750)	(11,250)	11,250
Cash dividends paid	(84,690)	(77,712)	(70,262)
Net cash provided by (used in) financing activities	337,750	(336,580)	(160,520)
Net increase (decrease) in cash and cash equivalents inclusive of restricted cash	(46,492)	42,805	108,110
Cash and cash equivalents inclusive of restricted cash at beginning of period	824,088	781,283	673,173
Cash and cash equivalents inclusive of restricted cash at end of period	$ 777,596	$ 824,088	$ 781,283

See accompanying notes to Consolidated Financial Statements. Refer to Note 13 for reconciliation of cash and cash equivalents inclusive of restricted cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1· Summary of Significant Accounting Policies

Nature of Operations

Brown & Brown, Inc., a Florida corporation, and its subsidiaries (collectively, "Brown & Brown" or the "Company") is a diversified insurance agency, wholesale brokerage, insurance programs and services organization that markets and sells to its customers, insurance products and services, primarily in the property, casualty and employee benefits areas. Brown & Brown's business is divided into four reportable segments: the Retail Segment provides a broad range of insurance products and services to commercial, public and quasi-public entities, professional and individual customers; the National Programs Segment, acting as a managing general agent ("MGA"), provides professional liability and related package products for certain professionals, a range of insurance products for individuals, flood coverage, and targeted products and services designated for specific industries, trade groups, governmental entities and market niches, all of which are delivered through a nationwide network of independent agents, including Brown & Brown retail agents; the Wholesale Brokerage Segment markets and sells excess and surplus commercial insurance, primarily through a nationwide network of independent agents and brokers, as well as Brown & Brown Retail offices; and the Services Segment provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare Set-aside services, Social Security disability and Medicare benefits advocacy services, and claims adjusting services.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which provides guidance for accounting for leases. Under ASU 2016-02, the Company will be required to recognize the assets and liabilities for the rights and obligations created by leased assets with initial maturities greater than one year. In July 2018, the FASB also issued ASU 2018-10 and ASU 2018-11 related to Topic 842. ASU 2018-10 narrows certain aspects of the guidance issued in the amendments within ASU 2016-02. ASU 2018-11 provides entities with an additional transition method to adopt ASU 2016-02. Under this new transition method, at the adoption date, a company shall recognize a cumulative-effect adjustment to the opening balance of retained earnings. ASU 2016-02, along with ASU 2018-10 and ASU 2018-11, will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company continues to evaluate the impact of this pronouncement with the principal impact expected to be the present value of the remaining lease payments and will be presented as a liability on the balance sheet as well as an asset of similar value representing the "Right of Use" for those leased properties. The Company plans to adopt Topic 842 under the transition method provided by ASU 2018-11. The undiscounted contractual cash payments remaining on leased properties were $213.2 million as of December 31, 2016, $210.4 million as of December 31, 2017 and $210.0 million as of December 31, 2018 as detailed in Note 14 "Commitments and Contingencies."

In August 2018, the FASB issued ASU 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," which provides guidance for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). ASU 2018-15 will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is currently evaluating the impact of this pronouncement.

Recently Adopted Accounting Standards

In November 2016, the Financial Accountings Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-18, "Statement of Cash Flows (Topic 230)": Restricted Cash ("ASU 2016-18"), which requires that the Statement of Cash Flows explain the changes during the period of cash and cash equivalents inclusive of amounts categorized as restricted cash. ASU 2016-18 is effective for periods beginning after December 15, 2017. However, the Company elected to early adopt for the reporting period beginning January 1, 2017 under the full retrospective approach for all periods presented. With the adoption of ASU 2016-18, the change in restricted cash is no longer reflected as a change in operating assets and liabilities, and the Statement of Cash Flows details the changes in the balance of cash and cash equivalents inclusive of restricted cash. Net cash provided by operating activities for the year ended December 31, 2016 were previously reported as $375.2 million. With the retrospective adoption, the net cash provided by operating activities for the year ended December 31, 2016 is now reported as $411.0 million. The Company reflects cash collected from customers that is payable to insurance companies as restricted cash if segregation of this cash is required by the state of domicile for the office conducting this transaction or if required by contract with the relevant insurance company providing coverage. Cash collected from customers that is payable to insurance companies is reported in cash and cash equivalents if no such restriction is required.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)": Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) ("ASU 2016-15"), which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified and applies to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. ASU 2016-15 became effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 with early adoption permitted. The Company adopted ASU 2016-15 effective January 1, 2018 and has determined there is no impact

on the Company's Statement of Cash Flows. The Company already presented cash paid on contingent consideration in business combination as prescribed by ASU 2016-15 and does not, at this time, engage in the other activities being addressed in this ASU.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share Based Payment Accounting" ("ASU 2016-09"), which amends guidance issued in Accounting Standards Codification ("ASC") Topic 718, Compensation - Stock Compensation. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. The Company adopted the guidance on January 1, 2017, as required. Prior periods have not been adjusted, as the guidance was adopted prospectively. The principal impact is that the tax benefit or expense from stock compensation is now presented in the income tax line of the Statement of Income, whereas the prior treatment was to present this amount as a component of equity on the Balance Sheet. In addition, the tax benefit or expense is now presented as activity in Cash Flow from Operating Activity, rather than the prior presentation as Cash Flow from Financing Activity in the Statement of Cash Flows. The Company also continues to estimate forfeitures of stock grants as allowed by ASU 2016-09.

In March 2016, the FASB issued ASU 2016-08, "Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)" ("ASU 2016-08") to clarify certain aspects of the principal-versus-agent guidance included in the new revenue standard ASU 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"). The FASB issued the ASU in response to concerns identified by stakeholders, including those related to (1) determining the appropriate unit of account under the revenue standard's principal-versus-agent guidance and (2) applying the indicators of whether an entity is a principal or an agent in accordance with the revenue standard's control principle. The Company adopted ASU 2016-08 effective contemporaneously with ASU 2014-09 beginning January 1, 2018. The impact of ASU 2016-08 was limited to the claims administering activities of one of our businesses within our Services Segment and therefore was not material to the net income of the Company.

In November 2015, FASB issued ASU No. 2015-17, "Income Taxes (Topic 740) - Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as a single non-current item on the balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016 with early adoption permitted as of the beginning of any interim or annual reporting period. The Company adopted the guidance on January 1, 2017, as required and prior period have been adjusted to reflect this adoption. This reclassification occurred prior to the passage of the Tax Cuts and Jobs Act of 2017, which had a material impact on the value of deferred tax items. See Note 10 "Income Taxes" for more information.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("Topic 606"), which provides guidance for revenue recognition. Topic 606 affects any entity that either enters into contracts with customers to transfer goods or services. It supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition," and most industry-specific guidance. The standard's core principle is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. Effective as of January 1, 2018, the Company adopted ASU 2014–09, and all related amendments, which established ASC Topic 606. The Company adopted these standards by recognizing the cumulative effect as an adjustment to opening retained earnings at January 1, 2018, under the modified retrospective method for contracts not completed as of the day of adoption. The cumulative impact of adopting Topic 606 on January 1, 2018 was an increase in retained earnings within stockholders' equity of $117.5 million. Under the modified retrospective method, the Company was not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information presented prior to January 1, 2018 continue to be reported under the Company's previous accounting policies.

The following areas are impacted by the adoption of Topic 606:

The Company earns commissions and fees paid by insurance carriers for the binding of insurance coverage. These commissions and fees are earned at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound. If there are other services within the contract, the Company estimates the stand-alone selling price for each separate performance obligation, and the corresponding apportioned revenue is recognized over the period of time in which the customer receives the service, and as the performance obligations are fulfilled and the Company is entitled to that portion of revenue using the output method for the services. In situations where multiple performance obligations exist within a contract, the use of estimates is required to allocate the transaction price on a relative stand-alone selling price basis to each separate performance obligation.

Commission revenues - Prior to the adoption of Topic 606, commission revenues, including those billed on an installment basis, were recognized on the latter of the policy effective date or the date that the premium was billed to the client, with the exception of the Company's Arrowhead businesses, which followed a policy of recognizing these revenues on the latter of the policy effective date or processed date in our systems. As a result of the adoption of Topic 606, commission revenues associated with the issuance of policies are now recognized upon the effective date of the associated policy. The overall impact of these changes are not significant on a full-year basis, but the timing of recognizing revenue has impacted our fiscal quarters when compared to prior years. These commission revenues, including those billed on an installment basis, are now recognized earlier than they had been previously. Revenue is now accrued based upon the completion of the performance obligation, thereby creating a current asset for the unbilled revenue, until such time as an invoice is generated, which typically does not exceed twelve months. For the year ended December 31, 2018, the adoption of Topic 606 increased base and incentive commissions

revenue, as defined in Note 2, by $9.9 million compared to what would have been recognized under the Company's previous accounting policies. Incentive commissions represent a form of variable consideration which includes additional commissions over base commissions received from insurance carriers based on predetermined production levels mutually agreed upon by both parties.

Profit-sharing contingent commissions - Prior to the adoption of Topic 606, revenue that was not fixed and determinable because a contingency existed was not recognized until the contingency was resolved. Under Topic 606, the Company must estimate the amount of consideration that will be received in the coming year such that a significant reversal of revenue is not probable. Profit-sharing contingent commissions represent a form of variable consideration associated with the placement of coverage, for which we earn commissions and fees. In connection with Topic 606, profit-sharing contingent commissions are estimated with a constraint applied and accrued relative to the recognition of the corresponding core commissions. The resulting effect on the timing of recognizing profit-sharing contingent commissions will now more closely follow a similar pattern as our commissions and fees with any true-ups recognized when payments are received or as additional information that affects the estimate becomes available. For the year ended December 31, 2018, the adoption of Topic 606 reduced profit-sharing contingent commissions revenue by $2.3 million compared to what would have been recognized under our previous accounting policies.

Fee revenues - The Company earns fee revenue related to services other than securing insurance coverage, which are predominantly in the Company's National Programs and Services Segments, and to a lesser extent in the large accounts businesses within the Company's Retail Segment, where the Company receives negotiated fees in lieu of a commission. In accordance with Topic 606, fee revenue from fee agreements are recognized in earlier periods and others in later periods as compared to our previous accounting treatment depending on when the services within the contract are satisfied and when we have transferred control of the related services to the customer. The overall impact of these changes is not significant on a full-year basis, but the timing of recognizing fees revenue will impact our fiscal quarters when compared to prior years. For the year ended December 31, 2018, the adoption of Topic 606 increased fees revenue by $6.2 million compared to what would have been recognized under our previous accounting policies, including a one-time $10.5 million increase for revenues within our Services Segment. Excluding this increase, fee revenues would have decreased by $4.3 million.

Additionally, the Company has evaluated ASC Topic 340 - Other Assets and Deferred Cost ("ASC 340") which requires companies to defer certain incremental cost to obtain customer contracts, and certain costs to fulfill customer contracts.

Incremental cost to obtain - The adoption of ASC 340 resulted in the Company deferring certain costs to obtain customer contracts primarily as they relate to commission-based compensation plans in the Retail Segment, in which the Company pays an incremental amount of compensation on new business. These incremental costs are deferred and amortized over a 15-year period, which is consistent with the analysis performed on acquired customer accounts and referenced in Note 5 to the Company's consolidated financial statements. For incremental costs with an amortization period of less than 12 months, the costs are expensed as incurred. For the year ended December 31, 2018, the Company deferred $13.7 million of incremental cost to obtain customer contracts. The Company expensed $0.5 million of the incremental cost to obtain customer contracts for the year ended December 31, 2018.

Cost to fulfill - The adoption of ASC 340 resulted in the Company deferring certain costs to fulfill contracts and to recognize these costs as the associated performance obligations are fulfilled. In order for contract fulfillment costs to be deferred under ASC 340, the costs must (1) relate directly to a specific contract or anticipated contract, (2) generate or enhance resources that the Company will use in satisfying its obligations under the contract, and (3) be expected to be recovered through sufficient net cash flows from the contract. The Company does not expect the overall impact of these changes to be significant on a full-year basis, but the timing of recognizing these expenses will impact quarterly results compared to prior years as such recognition better aligns with the associated revenue. With the modified retrospective adoption of Topic 606, the Company deferred $52.7 million in contract fulfillment costs on its opening balance sheet on January 1, 2018 based upon the estimated average time spent on policy renewals. For the year ended December 31, 2018, the Company had net expense of $1.3 million related to the release of previously deferred contract fulfillment costs associated with performance obligations that were satisfied in the period, net of current year deferrals for costs incurred that related to performance obligations yet to be fulfilled.

In connection with the implementation of Topic 606 and ASC 340, we modified, and in some instances instituted, additional accounting procedures, processes and internal controls. While the relative impacts of these standards to our revenue and expense streams are significant during a calendar year, we do not view these modifications and additions as a material change in our internal controls over financial reporting on a full year basis.

The cumulative effect of the changes made to our consolidated balance sheet as of January 1, 2018 for the adoption of Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” and ASC Topic 340 – Other Assets and Deferred Cost (the “New Revenue Standard”):

(in thousands)	Balance at December 31, 2017	Adjustments due to the New Revenue Standard	Balance at January 1, 2018
Balance Sheet			
Assets:			
Premiums, commissions and fees receivable	$ 546,402	$ 153,058	$ 699,460
Other current assets	47,864	52,680	100,544
Liabilities:			
Premiums payable to insurance companies	685,163	12,107	697,270
Accounts payable	64,177	8,747	72,924
Accrued expenses and other liabilities	228,748	22,794	251,542
Deferred income taxes, net	256,185	44,575	300,760
Shareholders' Equity:			
Retained earnings	$ 2,456,599	$ 117,515	$ 2,574,114

The $52.7 million adjustment to other current assets reflects the deferral of certain cost to fulfill contracts. The $12.1 million adjustment to premiums payable to insurance companies reflects the estimated amount payable to outside brokers on unbilled premiums, commissions and fees receivable. The $8.7 million adjustment to accounts payable and the $22.8 million adjustment to accrued expenses and other liabilities consists of commissions payable and deferred revenue, respectively.

The following table illustrates the impact of adopting the New Revenue Standard has had on our reported results in the consolidated statement of income.

	December 31, 2018		
(in thousands)	As reported	Impact of adopting the New Revenue Standard	Balances without the New Revenue Standard
Statement of Income			
Revenues:			
Commissions and fees	$ 2,009,857	$ 18,399	$ 1,991,458
Expenses:			
Employee compensation and benefits	1,068,914	(8,835)	1,077,749
Other operating expenses	332,118	10,621	321,497
Income taxes	118,207	4,246	113,961
Net income	$ 344,255	$ 12,367	$ 331,888

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Brown & Brown, Inc. and its subsidiaries. All significant intercompany account balances and transactions have been eliminated in the Consolidated Financial Statements.

Segment results for prior periods have been recast, where appropriate, to reflect the current year segmental structure. Certain reclassifications have been made to the prior year amounts reported in this Annual Report on Form 10-K in order to conform to the current year presentation.

Revenue Recognition

The Company earns commissions paid by insurance carriers for the binding of insurance coverage. Commissions are earned at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound. If there are other services within the contract, the Company estimates the stand-alone selling price for each separate performance obligation, and the corresponding apportioned revenue is recognized over a period of time as the performance obligations are fulfilled. The Company earns fee revenue by receiving negotiated fees in lieu of a commission and from services other than securing insurance coverage. Fee revenues from certain agreements are recognized depending on when the services within the contract are satisfied and when we have transferred control of the related services to the customer. In situations where multiple performance obligations exist within a fee contract, the use of estimates is required to allocate the transaction price on a relative stand-alone selling price basis to each separate performance obligation. Incentive commissions represent a form of variable consideration which includes additional commissions over base commissions received from insurance carriers based on predetermined production levels mutually agreed upon by both parties. Profit-sharing contingent commissions represent a form of variable consideration associated with the placement of coverage, for which we earn commissions. Profit-sharing contingent commissions and incentive commissions are estimated with a constraint applied and accrued relative to the recognition of the corresponding core commissions based on the amount of consideration that will be received in the coming year such that a significant reversal of revenue is not probable. Guaranteed supplemental commissions, a form of variable consideration, represent guaranteed fixed-base agreements in lieu of profit-sharing contingent commissions.

Management determines the policy cancellation reserve based upon historical cancellation experience adjusted for any known circumstances.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities, at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents principally consist of demand deposits with financial institutions and highly liquid investments with quoted market prices having maturities of three months or less when purchased.

Restricted Cash and Investments, and Premiums, Commissions and Fees Receivable

In our capacity as an insurance agent or broker, the Company typically collects premiums from insureds and, after deducting the authorized commissions, remits the net premiums to the appropriate insurance company or companies. Accordingly, as reported in the Consolidated Balance Sheets, premiums are receivable from insureds. Unremitted net insurance premiums are held in a fiduciary capacity until the Company disburses them. Where allowed by law, the Company invests these unremitted funds only in cash, money market accounts, tax-free variable-rate demand bonds and commercial paper held for a short-term. In certain states in which the Company operates, the use and investment alternatives for these funds are regulated and restricted by various state laws and agencies. These restricted funds are reported as restricted cash and investments on the Consolidated Balance Sheets. The interest income earned on these unremitted funds, where allowed by state law, is reported as investment income in the Consolidated Statement of Income.

In other circumstances, the insurance companies collect the premiums directly from the insureds and remit the applicable commissions to the Company. Accordingly, as reported in the Consolidated Balance Sheets, commissions are receivables from insurance companies. Fees are primarily receivables due from customers.

Investments

Certificates of deposit, and other securities, having maturities of more than three months when purchased are reported at cost and are adjusted for other-than-temporary market value declines. The Company’s investment holdings include U.S. Government securities, municipal bonds, domestic corporate and foreign corporate bonds as well as short-duration fixed income funds. Investments within the portfolio or funds are held as available-for-sale and are carried at their fair value. Any gain/loss applicable from the fair value change is recorded, net of tax, as other comprehensive income within the equity section of the Consolidated Balance Sheet. Realized gains and losses are reported on the Consolidated Statement of Income, with the cost of securities sold determined on a specific identification basis.

Fixed Assets

Fixed assets, including leasehold improvements, are carried at cost, less accumulated depreciation and amortization. Expenditures for improvements are capitalized, and expenditures for maintenance and repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income. Depreciation has been determined using the straight-line method over the estimated useful lives of the related assets, which

range from 3 to 15 years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the improvement or the term of the related lease.

Goodwill and Amortizable Intangible Assets

All of our business combinations initiated after June 30, 2001 are accounted for using the acquisition method. Acquisition purchase prices are typically based upon a multiple of average annual operating profit earned over a period of 3 years within a minimum and maximum price range. The recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations are recorded in the Consolidated Statement of Income when incurred.

The fair value of earn-out obligations is based upon the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions contained in the respective purchase agreements. In determining fair value, the acquired business' future performance is estimated using financial projections developed by management for the acquired business and this estimate reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These estimates are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Amortizable intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts and non-compete agreements. Purchased customer accounts and non-compete agreements are amortized on a straight-line basis over the related estimated lives and contract periods, which range from 3 to 15 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related insured parties that are essential to policy renewals.

The excess of the purchase price of an acquisition over the fair value of the identifiable tangible and amortizable intangible assets is assigned to goodwill. While goodwill is not amortizable, it is subject to assessment at least annually, and more frequently in the presence of certain circumstances, for impairment by application of a fair value-based test. The Company compares the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is estimated based upon multiples of earnings before interest, income taxes, depreciation, amortization and change in estimated acquisition earn-out payables ("EBITDAC"), or on a discounted cash flow basis. The Company completed its most recent annual assessment as of November 30, 2018 and determined that the fair value of goodwill significantly exceeded the carrying value of such assets. In addition, as of December 31, 2018, there are no accumulated impairment losses.

The carrying value of amortizable intangible assets attributable to each business or asset group comprising the Company is periodically reviewed by management to determine if there are events or changes in circumstances that would indicate that its carrying amount may not be recoverable. Accordingly, if there are any such changes in circumstances during the year, the Company assesses the carrying value of its amortizable intangible assets by considering the estimated future undiscounted cash flows generated by the corresponding business or asset group. Any impairment identified through this assessment may require that the carrying value of related amortizable intangible assets be adjusted. There were no impairments recorded for the years ended December 31, 2018, 2017 and 2016.

Income Taxes

The Company records income tax expense using the asset-and-liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and the income tax bases of the Company's assets and liabilities.

The Company files a consolidated federal income tax return and has elected to file consolidated returns in certain states. Deferred income taxes are provided for in the Consolidated Financial Statements and relate principally to expenses charged to income for financial reporting purposes in one period and deducted for income tax purposes in other periods.

Net Income Per Share

Basic net income per share is computed based on the weighted average number of common shares (including participating securities) issued and outstanding during the period. Diluted net income per share is computed based on the weighted average number of common shares issued and outstanding plus equivalent shares, assuming the exercise of stock options. The dilutive effect of stock options is computed by application of the treasury-stock method. The weighted average number of common shares outstanding for 2016 and 2017 reflect the 2-for-1 stock split that occurred on March 28, 2018.

The following is a reconciliation between basic and diluted weighted average shares outstanding for the years ended December 31:

(in thousands, except per share data)	2018	2017[1]	2016[1]
Net income	$ 344,255	$ 399,630	$ 257,491
Net income attributable to unvested awarded performance stock	(8,297)	(9,746)	(6,705)
Net income attributable to common shares	$ 335,958	$ 389,884	$ 250,786
Weighted average number of common shares outstanding – basic	277,663	279,394	279,558
Less unvested awarded performance stock included in weighted average number of common shares outstanding – basic	(6,692)	(6,814)	(7,280)
Weighted average number of common shares outstanding for basic earnings per common share	270,971	272,580	272,278
Dilutive effect of stock options	4,550	5,006	3,330
Weighted average number of shares outstanding – diluted	275,521	277,586	275,608
Net income per share:			
Basic	$ 1.24	$ 1.43	$ 0.92
Diluted	$ 1.22	$ 1.40	$ 0.91

(1) The weighted average number of common shares outstanding for 2016 and 2017 reflect the 2-for-1 stock split that occurred on March 28, 2018.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents; restricted cash and short-term investments; investments; premiums, commissions and fees receivable; reinsurance recoverable; prepaid reinsurance premiums; premiums payable to insurance companies; losses and loss adjustment reserve; unearned premium; premium deposits and credits due customers and accounts payable, at December 31, 2018 and 2017, approximate fair value because of the short-term maturity of these instruments. The carrying amount of the Company's long-term debt approximates fair value at December 31, 2018 and 2017 as our fixed-rate borrowings of $499.1 million approximate their values using market quotes of notes with the similar terms as ours, which we deem a close approximation of current market rates. The estimated fair value of the $1,015.0 million currently outstanding approximates the carrying value due to the variable interest rate based upon adjusted LIBOR. See Note 3 to our Consolidated Financial Statements for the fair values related to the establishment of intangible assets and the establishment and adjustment of earn-out payables. See Note 6 for information on the fair value of investments and Note 9 for information on the fair value of long-term debt.

Stock-Based Compensation

The Company grants non-vested stock awards to its employees and officers and fully vested stock awards to directors. The Company uses the modified-prospective method to account for share-based payments. Under the modified-prospective method, compensation cost is recognized for all share-based payments granted on or after January 1, 2006 and for all awards granted to employees prior to January 1, 2006 that remained unvested on that date. The Company uses the alternative-transition method to account for the income tax effects of payments made related to stock-based compensation.

The Company uses the Black-Scholes valuation model for valuing all stock options and shares purchased under the Employee Stock Purchase Plan (the "ESPP"). Compensation for non-vested stock awards is measured at fair value on the grant date based upon the number of shares expected to vest. Compensation cost for all awards is recognized in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period.

Reinsurance

The Company protects itself from claims-related losses by reinsuring all claims risk exposure. The only line of insurance the Company underwrites is flood insurance associated with the Wright National Flood Insurance Company ("WNFIC"), which is part of our National Programs Segment. However, all exposure is reinsured with the Federal Emergency Management Agency ("FEMA") for basic admitted policies conforming to the National Flood Insurance Program. For excess flood insurance policies, all exposure is reinsured with a reinsurance carrier with an AM Best Company rating of "A" or better. Reinsurance does not legally discharge the ceding insurer from the primary liability for the full amount due under the reinsured policies. Reinsurance premiums, commissions, expense reimbursement and reserves related to ceded business are accounted for on a basis consistent with the accounting for the original policies issued and the terms of reinsurance contracts. Premiums earned and losses and loss adjustment expenses incurred are reported net of reinsurance amounts. Other underwriting expenses are shown net of earned ceding commission income. The liabilities for unpaid losses and loss adjustment expenses and unearned premiums are reported gross of ceded reinsurance recoverable.

Balances due from reinsurers on unpaid losses and loss adjustment expenses, including an estimate of such recoverables related to reserves for incurred but not reported ("IBNR") losses, are reported as assets and are included in reinsurance recoverable even though amounts

due on unpaid loss and loss adjustment expense are not recoverable from the reinsurer until such losses are paid. The Company does not believe it is exposed to any material credit risk through its reinsurance as the reinsurer is FEMA for basic admitted flood policies and national reinsurance carriers for private flood policies, which has an AM Best Company rating of "A" or better. Historically, no amounts due from reinsurance carriers have been written off as uncollectible.

Unpaid Losses and Loss Adjustment Reserve

Unpaid losses and loss adjustment reserve include amounts determined on individual claims and other estimates based upon the past experience of WNFIC and the policyholders for IBNR claims, less anticipated salvage and subrogation recoverable. The methods of making such estimates and for establishing the resulting reserves are continually reviewed and updated, and any adjustments resulting therefrom are reflected in operations currently.

WNFIC engages the services of outside actuarial consulting firms (the "Actuaries") to assist on an annual basis to render an opinion on the sufficiency of the Company's estimates for unpaid losses and related loss adjustment reserve. The Actuaries utilize both industry experience and the Company's own experience to develop estimates of those amounts as of year-end. These estimated liabilities are subject to the impact of future changes in claim severity, frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and related loss adjustment reserve are adequate.

Premiums

Premiums are recognized as income over the coverage period of the related policies. Unearned premiums represent the portion of premiums written that relate to the unexpired terms of the policies in force and are determined on a daily pro rata basis. The income is recorded to the commissions and fees line of the income statement.

NOTE 2· Revenues

The following table presents the revenues disaggregated by revenue source:

	Twelve months ended December 31, 2018					
(in thousands)	**Retail**	**National Programs**	**Wholesale Brokerage**	**Services**	**Other**	**Total**
Base commissions[1]	$ 811,820	$ 324,168	$ 226,117	$ —	$ (68)	$ 1,362,037
Fees[2]	148,121	144,195	50,571	189,041	(1,090)	530,838
Incentive commissions[3]	48,698	1,543	864	—	41	51,146
Profit-sharing contingent commissions[4]	24,517	23,896	7,462	—	—	55,875
Guaranteed supplemental commissions[5]	8,535	76	1,350	—	—	9,961
Investment income[6]	2	506	165	205	1,868	2,746
Other income, net[7]	1,070	79	485	—	9	1,643
Total Revenues	$ 1,042,763	$ 494,463	$ 287,014	$ 189,246	$ 760	$ 2,014,246

(1) Base commissions generally represent a percentage of the premium paid by an insured and are affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values, or sales and payroll levels) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including loss experience, risk profile and reinsurance rates paid by such insurance companies, none of which we control.

(2) Fee revenues relate to fees for services other than securing coverage for our customers and fees negotiated in lieu of commissions.

(3) Incentive commissions include additional commissions over base commissions received from insurance carriers based on predetermined production levels mutually agreed upon by both parties.

(4) Profit-sharing contingent commissions are based primarily on underwriting results, but may also reflect considerations for volume, growth and/or retention.

(5) Guaranteed supplemental commissions represent guaranteed fixed-base agreements in lieu of profit-sharing contingent commissions.

(6) Investment income consists primarily of interest on cash and investments.

(7) Other income consists primarily of legal settlements and other miscellaneous income.

Contract Assets and Liabilities

The balances of contract assets and contract liabilities arising from contracts with customers as of December 31, 2018 and 2017 were as follows:

(in thousands)	December 31, 2018	December 31, 2017[1]
Contract assets	$ 265,994	$ 210,323
Contract liabilities	$ 53,496	$ 51,236

(1) The balances as of December 31, 2017 reported in this footnote have been revised to reflect the impact of adopting the New Revenue Standard.

Unbilled receivables (contract assets) arise when the Company recognizes revenue for amounts which have not yet been billed in our systems. Deferred revenue (contract liabilities) relates to payments received in advance of performance under the contract before the transfer of a good or service to the customer.

As of December 31, 2018, deferred revenue consisted of $37.0 million as current portion to be recognized within one year and $16.5 million in long-term to be recognized beyond one year. As of December 31, 2017, deferred revenue consisted of $44.5 million as current portion to be recognized within one year and $6.7 million in long-term deferred revenue to be recognized beyond one year.

Contract assets and contract liabilities arising from acquisitions in 2018 were approximately $34.3 million and $3.3 million, respectively.

During the twelve months ended December 31, 2018, the amount of revenue recognized related to performance obligations satisfied in a previous period, inclusive of changes due to estimates, was approximately $8.9 million.

NOTE 3· Business Combinations

During the year ended December 31, 2018, the Company acquired the assets and assumed certain liabilities of twenty insurance intermediaries, all the stock of three insurance intermediaries and one book of business (customer accounts). Additionally, miscellaneous adjustments were recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by ASC Topic 805 - *Business Combinations* (“ASC 805”). Such adjustments are presented in the “Other” category within the following two tables. The recorded purchase price for all acquisitions includes an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in the fair value of earn-out obligations will be recorded in the Consolidated Statement of Income when incurred.

The fair value of earn-out obligations is based upon the present value of the expected future payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements. In determining fair value, the acquired business’s future performance is estimated using financial projections developed by management for the acquired business and reflects market participant assumptions regarding revenue growth and/or profitability. The expected future payments are estimated on the basis of the earn-out formula and performance targets specified in each purchase agreement compared to the associated financial projections. These payments are then discounted to present value using a risk-adjusted rate that takes into consideration the likelihood that the forecasted earn-out payments will be made.

Based upon the acquisition date and the complexity of the underlying valuation work, certain amounts included in the Company’s Consolidated Financial Statements may be provisional and thus subject to further adjustments within the permitted measurement period, as defined in ASC 805. For the year ended December 31, 2018, several adjustments were made within the permitted measurement period that resulted in an increase in the aggregate purchase price of the affected acquisitions of $21.4 thousand relating to the assumption of certain liabilities. These measurement period adjustments have been reflected as current period adjustments for the year ended December 31, 2018 in accordance with the guidance in ASU 2015-16 “Business Combinations.” The measurement period adjustments impacted goodwill, with no effect on earnings or cash in the current period.

Cash paid for acquisitions was $934.9 million and $41.5 million in the years ended December 31, 2018 and 2017, respectively. We completed twenty-three acquisitions (excluding book of business purchases) during the year ended December 31, 2018. We completed eleven acquisitions (excluding book of business purchases) during the year ended December 31, 2017.

The following table summarizes the purchase price allocations made as of the date of each acquisition for current year acquisitions and adjustments made during the measurement period for prior year acquisitions. During the measurement periods, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. These adjustments are made in the period in which the amounts are determined and the current period income effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date.

(in thousands)

Name	Business segment	Effective date of acquisition	Cash paid	Common Stock Issued	Other payable	Recorded earn-out payable	Net assets acquired	Maximum potential earn-out payable
Opus Advisory Group, LLC (Opus)	Retail	February 1, 2018	$ 20,400	$ —	$ 200	$ 2,384	$ 22,984	$ 3,600
Kerxton Insurance Agency, Inc. (Kerxton)	Retail	March 1, 2018	13,176	—	1,490	2,080	16,746	2,920
Automotive Development Group, LLC (ADG)	Retail	May 1, 2018	29,471	—	559	17,545	47,575	20,000
Servco Pacific, Inc. (Servco)	Retail	June 1, 2018	76,245	—	—	934	77,179	7,000
Tower Hill Prime Insurance Company (Tower Hill)	National Programs	July 1, 2018	20,300	—	—	1,188	21,488	7,700
Health Special Risk, Inc. (HSR)	National Programs	July 1, 2018	20,132	—	—	1,991	22,123	9,000
Professional Disability Associates, LLC (PDA)	Services	July 1, 2018	15,025	—	—	9,818	24,843	17,975
Finance & Insurance Resources, Inc. (F&I)	Retail	September 1, 2018	44,940	—	410	9,121	54,471	19,500
Rodman Insurance Agency, Inc. (Rodman)	Retail	November 1, 2018	31,121	—	261	3,720	35,102	9,850
The Hays Group, Inc. et al (Hays)	Retail	November 16, 2018	605,000	100,000	—	19,600	724,600	25,000
Dealer Associates, Inc. (Dealer)	Retail	December 1, 2018	28,825	—	1,175	3,100	33,100	12,125
Other	Various	Various	30,293	—	1,367	5,896	37,556	12,998
Total			$ 934,928	$ 100,000	$ 5,462	$ 77,377	$ 1,117,767	$ 147,668

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition and adjustments made during the measurement period of the prior year acquisitions.

(in thousands)	Opus	Kerxton	ADG	Servco	Tower Hill	HSR	PDA	F&I	Rodman	Hays
Cash	$ —	$ —	$ —	$ 8,188	$ —	$ 3,114	$ (248)	$ —	$ —	$ —
Other current assets	1,215	663	1,500	7,769	—	818	1,762	999	1,062	36,254
Fixed assets	11	10	67	179	$ —	$ 124	$ 310	$ 34	$ 45	$ 4,936
Goodwill	16,414	12,423	35,769	54,429	—	18,737	16,547	36,423	26,572	456,217
Purchased customer accounts	5,008	4,712	9,751	16,442	21,468	5,516	7,700	16,611	10,129	218,600
Non-compete agreements	21	22	21	1	20	65	82	21	51	2,600
Other assets	315	419	467	1,478	—	21	6	383	542	13,977
Total assets acquired	22,984	18,249	47,575	88,486	21,488	28,395	26,159	54,471	38,401	732,584
Other current liabilities	—	(1,503)	—	(11,307)	—	(5,930)	(1,093)	—	(3,299)	(7,984)
Other liabilities	—	—	—	—	—	(342)	(223)	—	—	—
Total liabilities assumed	—	(1,503)	—	(11,307)	—	(6,272)	(1,316)	—	(3,299)	(7,984)
Net assets acquired	$22,984	$ 16,746	$47,575	$ 77,179	$ 21,488	$22,123	$24,843	$54,471	$35,102	$724,600

(in thousands)	Dealer	Other	Total
Cash	$ —	$ —	$ 11,054
Other current assets	552	323	52,917
Fixed assets	13	100	5,829
Goodwill	21,467	22,712	717,710
Purchased customer accounts	10,986	15,085	342,008
Non-compete agreements	21	297	3,222
Other assets	226	754	18,588
Total assets acquired	33,265	39,271	1,151,328
Other current liabilities	(165)	(1,715)	(32,996)
Other liabilities	—	—	(565)
Total liabilities assumed	(165)	(1,715)	(33,561)
Net assets acquired	$ 33,100	$ 37,556	$ 1,117,767

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15 years; and non-compete agreements, 5 years.

Goodwill of $717.7 million, which is net of any opening balance sheet adjustments within the allowable measurement period, was allocated to the Retail, National Programs, Wholesale Brokerage and Services Segments in the amounts of $676.9 million, $18.7 million, $5.5 million and $16.5 million, respectively. Of the total goodwill of $717.7 million, the amount currently deductible for income tax purposes is $640.3 million and the remaining $77.4 million relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

For the acquisitions completed during 2018, the results of operations since the acquisition dates have been combined with those of the Company. The total revenues from the acquisitions completed through December 31, 2018 included in the Consolidated Statement of Income for the year ended December 31, 2018 were $82.4 million. The income before income taxes, including the intercompany cost of capital charge, from the acquisitions completed through December 31, 2018 included in the Consolidated Statement of Income for the year ended December 31, 2018 was $6.3 million. If the acquisitions had occurred as of the beginning of the respective periods, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED)	**Year Ended December 31,**	
(in thousands, except per share data)	**2018**	**2017**
Total revenues	$ 2,259,812	$ 2,193,169
Income before income taxes	$ 504,664	$ 503,927
Net income	$ 375,670	$ 447,796
Net income per share:		
Basic	$ 1.35	$ 1.60
Diluted	$ 1.33	$ 1.57
Weighted average number of shares outstanding:		
Basic	270,971	272,580
Diluted	275,521	277,586

Acquisitions in 2017

During the year ended December 31, 2017, the Company acquired the assets and assumed certain liabilities of eleven insurance intermediaries and one book of business (customer accounts). Additionally, miscellaneous adjustments were recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by ASC 805. Such adjustments are presented in the "Other" category within the following two tables.

For the year ended December 31, 2017, several adjustments were made within the permitted measurement period that resulted in a decrease in the aggregate purchase price of the affected acquisitions of $1.5 million, relating to the assumption of certain liabilities.

The following table summarizes the purchase price allocation made as of the date of each acquisition for current year acquisitions and significant adjustments made during the measurement period for prior year acquisitions:

(in thousands)

Name	**Business Segment**	**Effective Date of Acquisition**	**Cash Paid**	**Other Payable**	**Recorded Earn-Out Payable**	**Net Assets Acquired**	***Maximum Potential Earn-Out Payable***
Other	Various	Various	$ 41,471	$ 11,708	$ 6,921	$ 60,100	*$ 27,451*
Total			$ 41,471	$ 11,708	$ 6,921	$ 60,100	*$ 27,451*

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition.

(in thousands)	Total
Other current assets	$ 601
Fixed assets	69
Goodwill	42,172
Purchased customer accounts	18,738
Non-compete agreements	721
Total assets acquired	62,301
Other current liabilities	(1,512)
Deferred income tax, net	(689)
Total liabilities assumed	(2,201)
Net assets acquired	$ 60,100

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15.0 years; and non-compete agreements, 5.0 years.

Goodwill of $42.2 million was allocated to the Retail, National Programs, Wholesale Brokerage and Services Segments in the amounts of $33.1 million, $7.2 million, $1.2 million and $0.7 million, respectively. Of the total goodwill of $42.2 million, $35.3 million is currently deductible for income tax purposes. The remaining $6.9 million relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

For the acquisitions completed during 2017, the results of operations since the acquisition dates have been combined with those of the Company. The total revenues from the acquisitions completed through December 31, 2017 included in the Consolidated Statement of Income for the year ended December 31, 2017 were $7.8 million. The income before income taxes, including the intercompany cost of capital charge, from the acquisitions completed through December 31, 2017 included in the Consolidated Statement of Income for the year ended December 31, 2017 was $2.4 million. If the acquisitions had occurred as of the beginning of the respective periods, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED)	Year Ended December 31,	
(in thousands, except per share data)	2017	2016
Total revenues	$ 1,891,701	$ 1,784,776
Income before income taxes	$ 453,397	$ 429,490
Net income	$ 401,908	$ 261,133
Net income per share:		
Basic	$ 1.44	$ 0.93
Diluted	$ 1.41	$ 0.92
Weighted average number of shares outstanding:		
Basic	272,580	272,278
Diluted	277,586	275,608

Acquisitions in 2016

During the year ended December 31, 2016, the Company acquired the assets and assumed certain liabilities of seven insurance intermediaries, all of the stock of one insurance intermediary and three books of business (customer accounts). Additionally, miscellaneous adjustments were recorded to the purchase price allocation of certain prior acquisitions completed within the last twelve months as permitted by ASC 805. Such adjustments are presented in the "Other" category within the following two tables.

For the year ended December 31, 2016, several adjustments were made within the permitted measurement period that resulted in a decrease in the aggregate purchase price of the affected acquisitions of $917,497, relating to the assumption of certain liabilities.

The following table summarizes the purchase price allocation made as of the date of each acquisition for current year acquisitions and significant adjustments made during the measurement period for prior year acquisitions:

(in thousands) Name	Business Segment	Effective Date of Acquisition	Cash Paid	Note Payable	Other Payable	Recorded Earn-Out Payable	Net Assets Acquired	*Maximum Potential Earn-Out Payable*
Social Security Advocates for the Disabled LLC (SSAD)	Services	February 1, 2016	$ 32,526	$ 492	$ —	$ 971	$ 33,989	*$ 3,500*
Morstan General Agency, Inc. (Morstan)	Wholesale Brokerage	June 1, 2016	66,050	—	10,200	3,091	79,341	*5,000*
Other	Various	Various	26,140	—	464	400	27,004	*7,785*
Total			$ 124,716	$ 492	$ 10,664	$ 4,462	$ 140,334	*$ 16,285*

The following table summarizes the estimated fair values of the aggregate assets and liabilities acquired as of the date of each acquisition.

(in thousands)	SSAD	Morstan	Other	Total
Cash	$ 2,094	$ —	$ —	$ 2,094
Other current assets	1,042	2,482	1,555	5,079
Fixed assets	307	300	77	684
Goodwill	22,352	51,454	19,570	93,376
Purchased customer accounts	13,069	26,481	11,075	50,625
Non-compete agreements	72	39	117	228
Other assets	—	—	20	20
Total assets acquired	38,936	80,756	32,414	152,106
Other current liabilities	(1,717)	(1,415)	(5,410)	(8,542)
Deferred income tax, net	(3,230)	—	—	(3,230)
Total liabilities assumed	(4,947)	(1,415)	(5,410)	(11,772)
Net assets acquired	$ 33,989	$ 79,341	$ 27,004	$ 140,334

The weighted average useful lives for the acquired amortizable intangible assets are as follows: purchased customer accounts, 15 years; and non-compete agreements, 5 years.

Goodwill of $93.4 million was allocated to the Retail, National Programs, Wholesale Brokerage and Services Segments in the amounts of $13.1 million, $(1.2) thousand, $57.9 million and $22.4 million, respectively. Of the total goodwill of $93.4 million, $88.9 million is currently deductible for income tax purposes. The remaining $4.5 million relates to the recorded earn-out payables and will not be deductible until it is earned and paid.

For the acquisitions completed during 2016, the results of operations since the acquisition dates have been combined with those of the Company. The total revenues from the acquisitions completed through December 31, 2016 included in the Consolidated Statement of Income for the year ended December 31, 2016 were $34.2 million. The income before income taxes, including the intercompany cost of capital charge, from the acquisitions completed through December 31, 2016 included in the Consolidated Statement of Income for the year ended December 31, 2016 was $4.3 million. If the acquisitions had occurred as of the beginning of the respective periods, the Company's results of operations would be as shown in the following table. These unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisitions actually been made at the beginning of the respective periods.

(UNAUDITED)	Year Ended December 31,	
(in thousands, except per share data)	2016	2015
Total revenues	$ 1,789,790	$ 1,716,592
Income before income taxes	$ 428,194	$ 414,911
Net income	$ 260,346	$ 250,783
Net income per share:		
Basic	$ 0.93	$ 0.89
Diluted	$ 0.92	$ 0.87
Weighted average number of shares outstanding:		
Basic	272,278	275,620
Diluted	275,608	280,224

As of December 31, 2018, the maximum future contingency payments related to all acquisitions totaled $198.6 million, all of which relates to acquisitions consummated subsequent to January 1, 2009.

ASC 805 is the authoritative guidance requiring an acquirer to recognize 100% of the fair values of acquired assets, including goodwill, and assumed liabilities (with only limited exceptions) upon initially obtaining control of an acquired entity. Additionally, the fair value of contingent consideration arrangements (such as earn-out purchase arrangements) at the acquisition date must be included in the purchase price consideration. As a result, the recorded purchase prices for all acquisitions consummated after January 1, 2009 include an estimation of the fair value of liabilities associated with any potential earn-out provisions. Subsequent changes in these earn-out obligations will be recorded in the Consolidated Statement of Income when incurred. Potential earn-out obligations are typically based upon future earnings of the acquired entities, usually between one and three years.

As of December 31, 2018, the fair values of the estimated acquisition earn-out payables were re-evaluated and measured at fair value on a recurring basis using unobservable inputs (Level 3) as defined in ASC 820-*Fair Value Measurement*. The resulting additions, payments and net changes, as well as the interest expense accretion on the estimated acquisition earn-out payables, for the years ended December 31, 2018, 2017 and 2016 were as follows:

	Year Ended December 31,		
(in thousands)	2018	2017	2016
Balance as of the beginning of the period	$ 36,175	$ 63,821	$ 78,387
Additions to estimated acquisition earn-out payables	77,377	6,920	4,462
Payments for estimated acquisition earn-out payables	(26,597)	(43,766)	(28,213)
Subtotal	86,955	26,975	54,636
Net change in earnings from estimated acquisition earn-out payables:			
Change in fair value on estimated acquisition earn-out payables	603	6,874	6,338
Interest expense accretion	2,366	2,326	2,847
Net change in earnings from estimated acquisition earn-out payables	2,969	9,200	9,185
Balance as of December 31,	$ 89,924	$ 36,175	$ 63,821

Of the $89.9 million of estimated acquisition earn-out payables as of December 31, 2018, $21.1 million was recorded as accounts payable, and $68.8 million was recorded as another non-current liability. Included within additions to estimated acquisition earn-out payables are any adjustments to opening balance sheet items prior to the one-year anniversary date of the acquisition and may therefore differ from previously reported amounts. Of the $36.2 million of estimated acquisition earn-out payables as of December 31, 2017, $25.1 million was recorded as accounts payable, and $11.1 million was recorded as other non-current liabilities. Of the $63.8 million of estimated acquisition earn-out payables as of December 31, 2016, $31.8 million was recorded as accounts payable, and $32.0 million was recorded as other non-current liabilities.

NOTE 4· Goodwill

The changes in the carrying value of goodwill by reportable segment for the years ended December 31, are as follows:

(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Total
Balance as of January 1, 2017	$ 1,354,667	$ 901,294	$ 284,869	$ 134,572	$ 2,675,402
Goodwill of acquired businesses	33,076	7,178	1,229	689	42,172
Goodwill disposed of relating to sales of businesses	(1,495)	—	—	—	(1,495)
Balance as of December 31, 2017	$ 1,386,248	$ 908,472	$ 286,098	$ 135,261	$ 2,716,079
Goodwill of acquired businesses	676,902	18,737	5,524	16,547	717,710
Goodwill disposed of relating to sales of businesses	—	(1,003)	—	—	(1,003)
Balance as of December 31, 2018	$ 2,063,150	$ 926,206	$ 291,622	$ 151,808	$ 3,432,786

NOTE 5· Amortizable Intangible Assets

Amortizable intangible assets at December 31, 2018 and 2017 consisted of the following:

	December 31, 2018				December 31, 2017			
(in thousands)	Gross carrying value	Accumulated amortization	Net carrying value	Weighted average life in years[1]	Gross carrying value	Accumulated amortization	Net carrying value	Weighted average life in years[1]
Purchased customer accounts	$ 1,804,404	$ (909,415)	$ 894,989	14.9	$ 1,464,274	$ (824,584)	$ 639,690	15.0
Non-compete agreements	33,469	(29,651)	3,818	4.5	30,287	(28,972)	1,315	4.6
Total	$ 1,837,873	$ (939,066)	$ 898,807		$ 1,494,561	$ (853,556)	$ 641,005	

(1) Weighted average life calculated as of the date of acquisition.

Amortization expense for amortizable intangible assets for the years ending December 31, 2019, 2020, 2021, 2022 and 2023 is estimated to be $100.4 million, $93.0 million, $89.5 million, $85.0 million and $78.0 million, respectively.

NOTE 6· Investments

At December 31, 2018, the Company's amortized cost and fair values of fixed maturity securities are summarized as follows:

(in thousands)	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities, obligations of U.S. Government agencies and Municipalities	$ 21,729	$ 7	$ (222)	$ 21,514
Corporate debt	623	—	—	623
Total	$ 22,352	$ 7	$ (222)	$ 22,137

At December 31, 2018, the Company held $21.7 million in fixed income securities composed of U.S Treasury securities, securities issued by U.S. Government agencies and Municipalities, and $0.6 million issued by corporations with investment-grade ratings. Of the total, $4.8 million is classified as short-term investments on the Consolidated Balance Sheet as maturities are less than one year in duration. Additionally, the Company holds $8.1 million in short-term investments, which are related to time deposits held with various financial institutions.

For securities in a loss position, the following table shows the investments' gross unrealized loss and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2018:

(in thousands)	Less than 12 Months		12 Months or More		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. Treasury securities, obligations of U.S. Government agencies and Municipalities	$ 5,866	$ (6)	$ 12,634	$ (216)	$ 18,500	$ (222)
Corporate debt	457	—	100	—	557	—
Total	$ 6,323	$ (6)	$ 12,734	$ (216)	$ 19,057	$ (222)

The unrealized losses from corporate issuers were caused by interest rate increases. At December 31, 2018, the Company had 20 securities in an unrealized loss position. The corporate securities are highly rated securities with no indicators of potential impairment. Based upon the ability and intent of the Company to hold these investments until recovery of fair value, which may be maturity, the bonds were not considered to be other-than-temporarily impaired at December 31, 2018.

At December 31, 2017, the Company's amortized cost and fair values of fixed maturity securities are summarized as follows:

(in thousands)	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities, obligations of U.S. Government agencies and Municipalities	$ 29,970	$ —	$ (206)	$ 29,764
Corporate debt	1,072	12	—	1,084
Total	$ 31,042	$ 12	$ (206)	$ 30,848

The following table shows the investments' gross unrealized loss and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2017:

(in thousands)	Less than 12 Months		12 Months or More		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. Treasury securities, obligations of U.S. Government agencies and Municipalities	$ 17,919	$ (157)	$ 11,845	$ (49)	$ 29,764	$ (206)
Corporate debt	400	—	—	—	400	—
Total	$ 18,319	$ (157)	$ 11,845	$ (49)	$ 30,164	$ (206)

The unrealized losses in the Company's investments in U.S. Treasury Securities and obligations of U.S. Government Agencies and bonds from corporate issuers were caused by interest rate increases. At December 31, 2017, the Company had 27 securities in an unrealized loss position. The contractual cash flows of the U.S. Treasury Securities and obligations of the U.S. Government agencies investments are either guaranteed by the U.S. Government or an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. The corporate securities are highly rated securities with no indicators of potential impairment. Based upon the ability and intent of the Company to hold these investments until recovery of fair value, which may be maturity, the bonds were not considered to be other-than-temporarily impaired at December 31, 2017.

The amortized cost and estimated fair value of the fixed maturity securities at December 31, 2018 by contractual maturity are set forth below:

(in thousands)	Amortized cost	Fair value
Years to maturity:		
Due in one year or less	$ 4,768	$ 4,743
Due after one year through five years	17,584	17,394
Due after five years through ten years	—	—
Total	$ 22,352	$ 22,137

The amortized cost and estimated fair value of the fixed maturity securities at December 31, 2017 by contractual maturity are set forth below:

(in thousands)	Amortized cost	Fair value
Years to maturity:		
Due in one year or less	$ 16,934	$ 16,899
Due after one year through five years	13,876	13,708
Due after five years through ten years	232	241
Total	$ 31,042	$ 30,848

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without penalty.

Proceeds from the sales and maturity of the Company's investment in fixed maturity securities were $17.1 million. This along with maturing time deposits yielded total cash proceeds from the sale of investments of $17.9 million in the period of January 1, 2018 to December 31, 2018. These proceeds were used to purchase an additional $9.3 million of fixed maturity securities and to fund certain general corporate purposes. The gains and losses realized on those sales for the period from January 1, 2018 to December 31, 2018 were insignificant.

Proceeds from the sales and maturity of the Company's investment in fixed maturity securities were $5.8 million for the year ended December 31, 2017. This along with maturing time deposits yielded total cash proceeds from the sale of investments of $9.6 million in the period of January 1, 2017 to December 31, 2017. These proceeds were used to purchase additional fixed- maturity securities. The gains and losses realized on those sales for the period from January 1, 2017 to December 31, 2017 were insignificant.

Realized gains and losses are reported on the Consolidated Statement of Income, with the cost of securities sold determined on a specific identification basis.

At December 31, 2018, investments with a fair value of approximately $4.1 million were on deposit with state insurance departments to satisfy regulatory requirements.

NOTE 7· Fixed Assets

Fixed assets at December 31 consisted of the following:

(in thousands)	2018	2017
Furniture, fixtures and equipment	$ 213,928	$ 190,784
Leasehold improvements	39,194	35,481
Construction in progress	7,568	—
Land, buildings and improvements	8,185	7,643
Total cost	268,875	233,908
Less accumulated depreciation and amortization	(168,480)	(156,822)
Total	$ 100,395	$ 77,086

Depreciation and amortization expense for fixed assets amounted to $22.8 million in 2018, $22.7 million in 2017 and $21.0 million in 2016.

NOTE 8· Accrued Expenses and Other Current Liabilities

Accrued expenses and other liabilities at December 31 consisted of the following:

(in thousands)	2018	2017
Accrued incentive compensation	$ 120,228	$ 106,923
Accrued compensation and benefits	51,731	40,540
Accrued rent and vendor expenses	34,110	30,616
Deferred revenue	37,018	21,921
Reserve for policy cancellations	15,197	11,048
Accrued interest	7,669	6,749
Other	13,357	10,951
Total	$ 279,310	$ 228,748

NOTE 9· Long-Term Debt

Long-term debt at December 31, 2018 and 2017 consisted of the following:

(in thousands)	December 31, 2018	December 31, 2017
Current portion of long-term debt:		
Current portion of 5-year term loan facility expires 2022	$ 35,000	$ 20,000
4.500% Senior Notes, Series E, quarterly interest payments, balloon due 2018	—	100,000
Current portion of 5-year term loan credit agreement expires 2023	15,000	—
Total current portion of long-term debt	50,000	120,000
Long-term debt:		
Note agreements:		
4.200% Senior Notes, semi-annual interest payments, balloon due 2024	499,101	498,943
Total notes	499,101	498,943
Credit agreements:		
5-year term loan facility, periodic interest and principal payments, LIBOR plus up to 1.750%, expires June 28, 2022	330,000	365,000
5-year revolving loan facility, periodic interest payments, currently LIBOR plus up to 1.500%, plus commitment fees up to 0.250%, expires June 28, 2022	350,000	—
5-year term loan facility, periodic interest and principal payments, LIBOR plus up to 1.750%, expires December 21, 2023	$ 285,000	$ —
Total credit agreements	965,000	365,000
Debt issuance costs (contra)	(7,111)	(7,802)
Total long-term debt less unamortized discount and debt issuance costs	1,456,990	856,141
Current portion of long-term debt	50,000	120,000
Total debt	$ 1,506,990	$ 976,141

On December 22, 2006, the Company entered into a Master Shelf and Note Purchase Agreement (the "Master Agreement") with a national insurance company (the "Purchaser"). The initial issuance of notes under the Master Agreement occurred on December 22, 2006, through the issuance of $25.0 million in Series C Senior Notes due December 22, 2016, with a fixed interest rate of 5.660% per year. On February 1, 2008, $25.0 million in Series D Senior Notes due January 15, 2015, with a fixed interest rate of 5.370% per year, were issued. On September 15, 2011, and pursuant to a Confirmation of Acceptance (the "Confirmation"), dated January 21, 2011, in connection with the Master Agreement, $100.0 million in Series E Senior Notes were issued and was due September 15, 2018, with a fixed interest rate of 4.500% per year. The Series E Senior Notes were issued for the sole purpose of retiring existing Senior Notes. On January 15, 2015, the Series D Notes were redeemed at maturity using cash proceeds to pay off the principal of $25.0 million plus any remaining accrued interest. On December 22, 2016, the Series C Notes were redeemed at maturity using cash proceeds to pay off the principal of $25.0 million plus any remaining accrued interest. On May 10, 2018, the principal balance of $100.0 million from the Series E Senior Notes was paid in full, along with accrued interest of $0.7 million and a prepayment premium of $0.7 million. As of December 31, 2018, there was no outstanding debt balance issued under the provisions of the Master Agreement, which is fully terminated with the Series E Senior Notes maturing.

On April 17, 2014, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A. as administrative agent and certain other banks as co-syndication agents and co-documentation agents (the "Credit Agreement"). The Credit Agreement in the amount of $1,350.0 million provides for an unsecured revolving credit facility (the "Credit Facility") in the initial amount of $800.0 million and unsecured term loans in the initial amount of $550.0 million, either or both of which may, subject to lenders' discretion, potentially be increased by up to $500.0 million. The Credit Facility was funded on May 20, 2014 in conjunction with the closing of the Wright acquisition, with the $550.0 million term loan being funded as well as a drawdown of $375.0 million on the revolving loan facility. Use of these proceeds was to retire existing term loan debt and to facilitate the closing of the Wright acquisition as well as other acquisitions. The Credit Facility terminates on May 20, 2019, but either or both of the revolving credit facility and the term loans may be extended for two additional one year periods at the Company's request and at the discretion of the respective lenders. Interest and facility fees in respect to the Credit Facility are based upon the better of the Company's net debt leverage ratio or a non-credit enhanced senior unsecured long-term debt rating. Based upon the Company's net debt leverage ratio, the rates of interest charged on the term loan are 1.000% to 1.750%, and the revolving loan is 0.850% to 1.500% above the adjusted LIBOR rate for outstanding amounts drawn. There are fees included in the facility which include a facility fee based upon the revolving credit commitments of the lenders (whether used or unused) at a rate of 0.150% to 0.250% and letter of credit fees based upon the amounts of outstanding secured or unsecured letters of credit. The Credit Facility includes various covenants, limitations and events of default customary for similar facilities for similarly rated borrowers.

On June 28, 2017, the Company entered into an amended and restated credit agreement (the "Amended and Restated Credit Agreement") with the lenders named therein, JPMorgan Chase Bank, N.A. as administrative agent and certain other banks as co-syndication agents and co-documentation agents. The Amended and Restated Credit Agreement amended and restated the credit agreement dated April 17, 2014, among such parties (the "Original Credit Agreement"). The Amended and Restated Credit Agreement extends the applicable maturity date of the existing revolving credit facility (the "Facility") of $800.0 million to June 28, 2022 and re-evidences unsecured term loans at $400.0 million, while also extending the applicable maturity date to June 28, 2022. The quarterly term loan principal amortization schedule was reset. At the time of the execution of the Amended and Restated Credit Agreement, $67.5 million of principal from the original unsecured term loans was repaid using operating cash balances, and the Company added an additional $2.8 million in debt issuance costs related to the Facility to the Consolidated Balance Sheet. The Company also expensed to the Consolidated Statements of Income $0.2 million of debt issuance costs related to the Original Credit Agreement due to certain lenders exiting prior to execution of the Amended and Restated Credit Agreement. The Company also carried forward $1.6 million on the Consolidated Balance Sheet the remaining unamortized portion of the Original Credit Agreement debt issuance costs, which will be amortized over the term of the Amended and Restated Credit Agreement. On December 31, 2018, the Company made a scheduled principal payment of $5.0 million per the terms of the Amended and Restated Credit Agreement. As of December 31, 2018, there was an outstanding debt balance issued under the term loan of the Amended and Restated Credit Agreement of $365.0 million with $350.0 million in borrowings outstanding against the Facility. The Company had borrowed approximately $600.0 million under its Revolving Credit Facility on November 15, 2018 in connection with the closing of the acquisition of certain assets and assumption of certain liabilities of the Hays Companies. Per the terms of the Amended and Restated Credit Agreement, a scheduled principal payment of $5.0 million is due March 31, 2019.

On September 18, 2014, the Company issued $500.0 million of 4.200% unsecured Senior Notes due in 2024. The Senior Notes were given investment grade ratings of BBB-/Baa3 with a stable outlook. The notes are subject to certain covenant restrictions and regulations which are customary for credit rated obligations. At the time of funding, the proceeds were offered at a discount of the original note amount which also excluded an underwriting fee discount. The net proceeds received from the issuance were used to repay the outstanding balance of $475.0 million on the revolving Credit Facility and for other general corporate purposes. As of December 31, 2018 and 2017, there was an outstanding debt balance of $500.0 million exclusive of the associated discount balance.

On December 21, 2018, the Company entered into a term loan credit agreement (the "Term Loan Credit Agreement") with the lenders named therein, Wells Fargo Bank, National Association, as administrative agent, and certain other banks as co-syndication agents and as joint lead arrangers and joint bookrunners. The Term Loan Credit Agreement provides for an unsecured term loan in the initial amount of $300.0 million, which may, subject to lenders' discretion, potentially be increased up to an aggregate amount of $450.0 million (the "Term Loan"). The Term Loan is repayable over the five-year term from the effective date of the Term Loan Credit Agreement, which was December 21, 2018.

Based on the Company's net debt leverage ratio or a non-credit enhanced senior unsecured long-term debt rating as determined by Moody's Investor Service and Standard & Poor's Rating Service, the rates of interest charged on the term loan are 1.00% to 1.75%, above the adjusted 1-Month LIBOR rate. On December 21, 2018, the Company borrowed $300.0 million under the Term Loan Credit Agreement and used $250.0 million of the proceeds to reduce indebtedness under the Company's Amended and Restated Credit Agreement, dated June 28, 2017, with the lenders named therein, JPMorgan Chase Bank, N.A., as administrative agent, and certain other banks as co-syndication agents and co-documentation agents (the "Revolving Credit Facility"). As of December 31, 2018, there was an outstanding debt balance issued under the term loan of the Term Loan Credit Agreement of $300.0 million. Per the terms of the Term Loan Credit Agreement, a scheduled principal payment of $3.8 million is due March 31, 2019.

The Master Agreement, Amended and Restated Credit Agreement and the Term Loan Credit Agreement require the Company to maintain certain financial ratios and comply with certain other covenants. The Company was in compliance with all such covenants as of December 31, 2018 and 2017.

The 30-day Adjusted LIBOR Rate for the term loan and Revolving Credit Facility of the Amended and Restated Credit Agreement and Term Loan Credit Agreement as of December 31, 2018 was 2.563%, 2.288%, and 2.500%, respectively.

Interest paid in 2018, 2017 and 2016 was $38.0 million, $36.2 million, and $37.7 million, respectively.

At December 31, 2018, maturities of long-term debt were $50.0 million in 2019, $55.0 million in 2020, $70.0 million in 2021, $630.0 million in 2022, $210.0 million in 2023 and $500.0 million in 2024.

NOTE 10· Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"). The Tax Reform Act makes changes to the U.S. tax code that affected our income tax rate in 2017. The Tax Reform Act reduces the U.S. federal corporate income tax rate from 35.0% to 21.0% and requires companies to pay a one-time transition tax on certain unrepatriated earnings from foreign subsidiaries. The Tax Reform Act also establishes new tax laws that became effective January 1, 2018.

ASC 740 requires a company to record the effects of a tax law change in the period of enactment, however, shortly after the enactment of the Tax Reform Act, the SEC staff issued SAB 118, which allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law. The measurement period ends when the company has obtained, prepared and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year.

For 2017, we made a reasonable estimate of the impact of the Tax Reform Act and recorded a one-time credit in our 2017 income tax expense of $120.9 million, which reflects an estimated reduction in our deferred income tax liabilities of $124.2 million as a result of the maximum federal rate decreasing to 21.0% from 35.0%, which was partially offset by an estimated increase in income tax payable in the amount of $3.3 million as a result of the transition tax on cash and cash equivalent balances related to untaxed accumulated earnings associated with our international operations. During 2018, we made a credit adjustment to the transition tax on untaxed international operations in the amount of $1.6 million. This adjustment was a reduction of income tax expense for 2018 as a result of updated calculations based on the Company's tax filings for the 2017 year end. As of December 31, 2018, management does not expect any further changes to the amounts previously recorded and adjusted under SAB 118.

Significant components of the provision for income taxes for the years ended December 31 are as follows:

(in thousands)	2018	2017	2016
Current:			
Federal	$ 77,694	$ 129,954	$ 126,145
State	25,096	21,392	21,110
Foreign	409	929	590
Total current provision	103,199	152,275	147,845
Deferred:			
Federal	8,483	18,999	15,551
State	6,519	2,984	2,612
Foreign	6	—	—
Tax Reform Act deferred tax revaluation	—	(124,166)	—
Total deferred provision	15,008	(102,183)	18,163
Total tax provision	$ 118,207	$ 50,092	$ 166,008

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the years ended December 31 is as follows:

	2018	2017	2016
Federal statutory tax rate	21.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	5.7	3.8	3.9
Non-deductible employee stock purchase plan expense	0.2	0.3	0.3
Non-deductible meals and entertainment	0.3	0.3	0.3
Non-deductible officers' compensation	0.3	—	—
Tax Reform Act deferred tax revaluation and transition tax impact	(0.3)	(26.9)	—
Other, net	(1.6)	(1.4)	(0.3)
Effective tax rate	25.6%	11.1%	39.2%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax reporting purposes.

Significant components of the Company's net deferred tax liabilities as of December 31 are as follows:

(in thousands)	2018	2017
Non-current deferred tax liabilities:		
Intangible assets	$ 334,200	$ 306,351
Fixed assets	4,929	2,723
Impact of adoption of ASC 606 revenue recognition	29,729	—
Net unrealized holding (loss)/gain on available-for-sale securities	(78)	(6)
Total non-current deferred tax liabilities	368,780	309,068
Non-current deferred tax assets:		
Deferred compensation	41,293	36,701
Accruals and reserves	10,455	7,534
Deferred profit-sharing contingent commissions	—	7,107
Net operating loss carryforwards	2,196	2,434
Valuation allowance for deferred tax assets	(896)	(893)
Total non-current deferred tax assets	53,048	52,883
Net non-current deferred tax liability	$ 315,732	$ 256,185

Income taxes paid in 2018, 2017 and 2016 were $110.6 million, $152.0 million and $143.1 million, respectively.

At December 31, 2018, the Company had net operating loss carryforwards of $0.1 million and $42.5 million for federal and state income tax reporting purposes, respectively, portions of which expire in the years 2019 through 2038. The federal carryforward is derived from insurance operations acquired by the Company in 2001. The state carryforward amount is derived from the operating results of certain subsidiaries and from the 2013 stock acquisition of Beecher Carlson Holdings, Inc.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands)	2018	2017	2016
Unrecognized tax benefits balance at January 1	$ 1,694	$ 750	$ 584
Gross increases for tax positions of prior years	594	1,070	412
Gross decreases for tax positions of prior years	(5)	—	(41)
Settlements	(644)	(126)	(205)
Unrecognized tax benefits balance at December 31	$ 1,639	$ 1,694	$ 750

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2018, 2017 and 2016 the Company had $197,205, $228,608 and $86,191 of accrued interest and penalties related to uncertain tax positions, respectively.

The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized was $1.6 million as of December 31, 2018, $1.7 million as of December 31, 2017 and $0.8 million as of December 31, 2016. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

As a result of a 2006 Internal Revenue Service ("IRS") audit, the Company agreed to accrue at each December 31, for tax purposes only, a known amount of profit-sharing contingent commissions represented by the actual amount of profit-sharing contingent commissions received in the first quarter of the related year, with a true-up adjustment to the actual amount received by the end of the following March. Since this method for tax purposes differed from the method used for book purposes, it resulted in a current deferred tax asset as of December 31, 2017 and 2016. As of January 1, 2018, pursuant to ASU 606, Revenue Recognition, the deferred tax asset was removed and was included in the Company's overall beginning retained earnings adjustment per ASC 606. The Company will now follow book treatment for accrued profit-sharing contingent commissions.

The Company is subject to taxation in the United States and various state jurisdictions. The Company is also subject to taxation in the United Kingdom. In the United States, federal returns for fiscal years 2014 through 2018 remain open and subject to examination by the IRS. The Company files and remits state income taxes in various states where the Company has determined it is required to file state income taxes. The Company's filings with those states remain open for audit for the fiscal years 2012 through 2018. In the United Kingdom, the Company's filings remain open for audit for the fiscal years 2017 and 2018.

During 2017, the Company settled the previously disclosed IRS income tax audit of The Wright Insurance Group for the short period ended May 1, 2014. Pursuant to the agreement in which the Company acquired The Wright Insurance Group, the Company was fully indemnified for all audit-related assessments.

During 2018, the Company settled the previously disclosed State of Massachusetts income tax audit for the fiscal year 2013 through 2014. In addition, the Company is currently under audit in the states of Colorado, Illinois, Kansas, Massachusetts and New York for the fiscal years 2015 through 2017.

In general, it is our practice and intention to reinvest the earnings of our non-U.S. subsidiaries in those operations.

NOTE 11· Employee Savings Plan

The Company has an Employee Savings Plan (401(k)) in which substantially all employees with more than 30 days of service are eligible to participate. Under this plan, the Company makes matching contributions of up to 4.0% of each participant's annual compensation. Prior to 2014, the Company's matching contribution was up to 2.5% of each participant's annual compensation with an additional discretionary profit-sharing contribution each year, which equaled 1.5% of each eligible employee's compensation. The Company's contribution expense to the plan totaled $22.8 million in 2018, $19.6 million in 2017 and $19.3 million in 2016.

NOTE 12· Stock-Based Compensation

Performance Stock Plan

In 1996, the Company adopted and the shareholders approved a performance stock plan, under which until the suspension of the plan in 2010, up to 28,800,000 Performance Stock Plan ("PSP") shares could be granted to key employees contingent on the employees' future years of service with the Company and other performance-based criteria established by the Compensation Committee of the Company's Board of Directors. Before participants may take full title to Performance Stock, two vesting conditions must be met. Of the grants currently outstanding, specified portions satisfied the first condition for vesting based upon 20% incremental increases in the 20-trading-day average stock price of Brown & Brown's common stock from the price on the business day prior to date of grant. Performance Stock that has satisfied the first vesting condition is considered "awarded shares." Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted net income per share. Dividends are paid on awarded shares and participants may exercise voting privileges on such shares. Awarded shares satisfy the second condition for vesting on the earlier of a participant's: (i) 15 years of continuous employment with Brown & Brown from the date shares are granted to the participants (or, in the case of the July 2009 grant to Powell Brown, 20 years), (ii) attainment of age 64 (on a prorated basis corresponding to the number of years since the date of grant), or (iii) death or disability. On April 28, 2010, the PSP was suspended and any remaining authorized, but unissued shares, as well as any shares forfeited in the future, will be reserved for issuance under the 2010 Stock Incentive Plan (the "SIP").

At December 31, 2018, 10,269,384 shares had been granted, net of forfeitures, under the PSP. As of December 31, 2018, 1,196,092 shares had met the first condition of vesting and had been awarded, and 9,073,292 shares had satisfied both conditions of vesting and had been distributed to participants. Of the shares that have not vested as of December 31, 2018, the initial stock prices ranged from $8.16 to $12.84.

The Company uses a path-dependent lattice model to estimate the fair value of PSP grants on the grant date.

A summary of PSP activity for the years ended December 31, 2018, 2017 and 2016 is as follows:

		Weighted-average grant date fair value	Granted shares	Awarded shares	Shares not yet awarded
Outstanding at January 1, 2016	$	4.52	3,204,428	3,188,428	16,000
Granted	$	—	—	—	—
Awarded	$	—	—	8,000	(8,000)
Vested	$	3.19	(1,012,844)	(1,012,844)	—
Forfeited	$	5.26	(185,034)	(177,034)	(8,000)
Outstanding at December 31, 2016	$	5.11	2,006,550	2,006,550	—
Granted	$	—	—	—	—
Awarded	$	—	—	—	—
Vested	$	4.81	(277,602)	(277,602)	—
Forfeited	$	5.24	(34,472)	(34,472)	—
Outstanding at December 31, 2017	$	5.16	1,694,476	1,694,476	—
Granted	$	—	—	—	—
Awarded	$	—	—	—	—
Vested	$	5.53	(453,860)	(453,860)	—
Forfeited	$	4.92	(44,524)	(44,524)	—
Outstanding at December 31, 2018	$	5.03	1,196,092	1,196,092	—

The total fair value of PSP grants that vested during each of the years ended December 31, 2018, 2017 and 2016 was $11.9 million, $6.3 million and $18.1 million, respectively.

Stock Incentive Plan

On April 28, 2010, the shareholders of the Company, Inc. approved the Stock Incentive Plan (“SIP”) that provides for the granting of stock options, stock, restricted stock units, and/or stock appreciation rights to employees and directors contingent on criteria established by the Compensation Committee of the Company’s Board of Directors. The principal purpose of the SIP is to attract, incentivize and retain key employees by offering those persons an opportunity to acquire or increase a direct proprietary interest in the Company’s operations and future success. The SIP includes a sub-plan applicable to Decus Insurance Brokers Limited (“Decus”) which, is a subsidiary of Decus Holdings (U.K.) Limited. The shares of stock reserved for issuance under the SIP are any shares that are authorized for issuance under the PSP and not already subject to grants under the PSP, and that were outstanding as of April 28, 2010, the date of suspension of the PSP, together with PSP shares and SIP shares forfeited after that date. As of April 28, 2010, 12,093,536 shares were available for issuance under the PSP, which were then transferred to the SIP. In addition, in May 2016 and May 2017 our shareholders approved amendments to the SIP to increase the shares available for issuance by an additional 2,400,000 and 2,600,000, respectively.

The Company has granted stock to our employees in the form of Restricted Stock Awards and Performance Stock Awards under the SIP. To date, a substantial majority of stock grants to employees under the SIP vest in five to ten years. The Performance Stock Awards are subject to the achievement of certain performance criteria by grantees, which may include growth in a defined book of business, Organic Revenue growth and operating profit growth of a profit center, Organic Revenue growth of the Company and consolidated EPS growth at certain levels of the Company. The performance measurement period ranges from three to five years. Beginning in 2016, certain Performance Stock Awards have a payout range between 0% to 200% depending on the achievement against the stated performance target. Prior to 2016, the majority of the grants had a binary performance measurement criteria that only allowed for 0% or 100% payout.

Non-employee members of the Board of Directors received shares annually issued pursuant to the SIP as part of their annual compensation. A total of 33,720 shares were issued in January 2016, 22,700 shares were issued in January 2017 and 26,620 shares were issued in January 2018.

The Company uses the closing stock price on the day prior to the grant date to determine the fair value of SIP grants and then applies an estimated forfeiture factor to estimate the annual expense. Additionally, the Company uses the path-dependent lattice model to estimate the fair value of grants with PSP-type vesting conditions as of the grant date. SIP shares that satisfied the first vesting condition for PSP-type grants or the established performance criteria are considered awarded shares. Awarded shares are included as issued and outstanding common stock shares and are included in the calculation of basic and diluted net income per share.

A summary of SIP activity for the years ended December 31, 2018, 2017 and 2016 is as follows:

	Weighted-average grant date fair value	Granted shares	Awarded shares	Shares not yet awarded
Outstanding at January 1, 2016	$ 14.37	12,553,944	2,259,988	10,293,956
Granted	$ 17.76	1,944,198	365,306	1,578,892 (1)
Awarded	$ 12.46	—	2,862,638	(2,862,638)
Vested	$ 13.66	(333,768)	(333,768)	—
Forfeited	$ 12.67	(1,908,262)	(351,576)	(1,556,686)
Outstanding at December 31, 2016	$ 14.98	12,256,112	4,802,588	7,453,524
Granted	$ 20.82	1,392,912	241,334	1,151,578 (2)
Awarded	$ 15.72	—	326,808	(326,808)
Vested	$ 12.61	(484,914)	(484,914)	—
Forfeited	$ 14.89	(342,120)	(76,212)	(265,908)
Outstanding at December 31, 2017	$ 15.58	12,821,990	4,809,604	8,012,386
Granted	$ 22.87	1,577,721	454,313	1,123,408 (3)
Awarded	$ 15.89	—	2,489,905	(2,489,905)
Vested	$ 14.09	(933,916)	(933,916)	—
Forfeited	$ 16.37	(2,363,420)	(224,587)	(2,138,833)
Outstanding at December 31, 2018	$ 16.69	11,102,375	6,595,319	4,507,056

(1) Of the 1,578,892 shares of performance-based restricted stock granted in 2016, the payout for 706,264 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

(2) Of the 1,151,578 shares of performance-based restricted stock granted in 2017, the payout for 641,652 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

(3) Of the 1,123,408 shares of performance-based restricted stock granted in 2018, the payout for 576,886 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

The following table sets forth information as of December 31, 2018, 2017 and 2016, with respect to the number of time-based restricted shares granted and awarded, the number of performance-based restricted shares granted, and the number of performance-based restricted shares awarded under our Performance Stock Plan and 2010 Stock Incentive Plan:

Year	Time-based restricted stock granted and awarded	Performance-based restricted stock granted	Performance-based restricted stock awarded
2018	454,313	1,123,408 (1)	2,489,905
2017	241,334	1,151,578 (2)	326,808
2016	365,306	1,578,892 (3)	2,870,638

(1) Of the 1,123,408 shares of performance-based restricted stock granted in 2018, the payout for 576,886 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

(2) Of the 1,151,578 shares of performance-based restricted stock granted in 2017, the payout for 641,652 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

(3) Of the 1,578,892 shares of performance-based restricted stock granted in 2016, the payout for 706,264 shares may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table includes all restricted stock grants at a target payout of 100%.

At December 31, 2018, 8,697,491 shares were available for future grants. This amount is calculated assuming the maximum payout for all restricted stock grants.

Employee Stock Purchase Plan

The Company has a shareholder-approved Employee Stock Purchase Plan ("ESPP") with a total of 34,000,000 authorized shares of which 7,316,901 were available for future subscriptions as of December 31, 2018. Employees of the Company who regularly work 20 hours or more per week are eligible to participate in the ESPP. Participants, through payroll deductions, may allot up to 10% of their compensation towards the purchase of a maximum of $25,000 worth of Company stock between August 1st of each year and the following July 31st (the "Subscription Period") at a cost of 85% of the lower of the stock price as of the beginning or end of the Subscription Period.

The Company estimates the fair value of an ESPP share option as of the beginning of the Subscription Period as the sum of: (1) 15% of the quoted market price of the Company's stock on the day prior to the beginning of the Subscription Period, and (2) 85% of the value of a one-year stock option on the Company stock using the Black-Scholes option-pricing model. The estimated fair value of an ESPP share option as of the Subscription Period beginning in August 2018 was $5.88. The fair values of an ESPP share option as of the Subscription Periods beginning in August 2017 and 2016, were $4.32 and $3.81, respectively.

For the ESPP plan years ended July 31, 2018, 2017 and 2016, the Company issued 985,601, 1,058,024 and 1,029,330 shares of common stock, respectively. These shares were issued at an aggregate purchase price of $18.7 million, or $18.96 per share, in 2018, $16.4 million, or $15.52 per share, in 2017, and $15.0 million, or $14.62 per share, in 2016.

For the five months ended December 31, 2018, 2017 and 2016 (portions of the 2018-2019, 2017-2018 and 2016-2017 plan years), 402,349, 435,027 and 494,046 shares of common stock (from authorized but unissued shares), respectively, were subscribed to by ESPP participants for proceeds of approximately $9.9 million, $8.2 million and $7.7 million, respectively.

Summary of Non-Cash Stock-Based Compensation Expense

The non-cash stock-based compensation expense for the years ended December 31 is as follows:

(in thousands)	2018	2017	2016
Stock incentive plan	$ 28,027	$ 24,899	$ 11,049
Employee stock purchase plan	4,744	4,025	3,698
Performance stock plan	748	1,707	1,305
Total	$ 33,519	$ 30,631	$ 16,052

Summary of Unamortized Compensation Expense

As of December 31, 2018, the Company estimates there to be $97.1 million of unamortized compensation expense related to all non-vested stock-based compensation arrangements granted under the Company's stock-based compensation plans, based upon current projections of grant measurement against performance criteria. That expense is expected to be recognized over a weighted average period of 3.29 years.

NOTE 13· Supplemental Disclosures of Cash Flow Information and Non-Cash Financing and Investing Activities

The Company's cash paid during the period for interest and income taxes are summarized as follows:

	Year Ended December 31,		
(in thousands)	2018	2017	2016
Cash paid during the period for:			
Interest	$ 38,032	$ 36,172	$ 37,652
Income taxes	$ 110,557	$ 152,024	$ 143,111

The Company's significant non-cash investing and financing activities are summarized as follows:

	Year Ended December 31,		
(in thousands)	2018	2017	2016
Other payables issued for purchased customer accounts	$ 5,462	$ 11,708	$ 10,664
Estimated acquisition earn-out payables and related charges	$ 77,378	$ 6,921	$ 4,463
Notes payable issued or assumed for purchased customer accounts	$ —	$ —	$ 492
Notes received on the sale of fixed assets and customer accounts	$ 52	$ —	$ 22

Our Restricted Cash balance is comprised of funds held in separate premium trust accounts as required by state law or, in some cases, per agreement with our carrier partners. The following is a reconciliation of cash and cash equivalents inclusive of restricted cash as of December 31, 2018, 2017 and 2016.

	Balance as of December 31,		
(in thousands)	2018	2017	2016
Table to reconcile cash and cash equivalents inclusive of restricted cash			
Cash and cash equivalents	$ 438,961	$ 573,383	515,646
Restricted cash	338,635	250,705	265,637
Total cash and cash equivalents inclusive of restricted cash at the end of the period	$ 777,596	$ 824,088	781,283

NOTE 14· Commitments and Contingencies

Operating Leases

The Company leases facilities and certain items of office equipment under non-cancelable operating lease arrangements expiring on various dates through 2042. The facility leases generally contain renewal options and escalation clauses based upon increases in the lessors' operating expenses and other charges. The Company anticipates that most of these leases will be renewed or replaced upon expiration. At December 31, 2018, the aggregate future minimum lease payments under all non-cancelable lease agreements were as follows:

(in thousands)	
2019	$ 48,292
2020	43,517
2021	34,836
2022	27,035
2023	19,981
Thereafter	36,349
Total minimum future lease payments	$ 210,010

Rental expense in 2018, 2017 and 2016 for operating leases totaled $54.6 million, $51.0 million and $49.3 million, respectively.

Legal Proceedings

The Company records losses for claims in excess of the limits of, or outside the coverage of, applicable insurance at the time and to the extent they are probable and estimable. In accordance with ASC Topic 450-*Contingencies*, the Company accrues anticipated costs of settlement, damages, losses for liability claims and, under certain conditions, costs of defense, based upon historical experience or to the extent specific losses are probable and estimable. Otherwise, the Company expenses these costs as incurred. If the best estimate of a probable loss is a range rather than a specific amount, the Company accrues the amount at the lower end of the range.

The Company's accruals for legal matters that were probable and estimable were not material at December 31, 2018 and 2017. We continue to assess certain litigation and claims to determine the amounts, if any, that management believes will be paid as a result of such claims and litigation and, therefore, additional losses may be accrued and paid in the future, which could adversely impact the Company's operating results, cash flows and overall liquidity. The Company maintains third-party insurance policies to provide coverage for certain legal claims, in an effort to mitigate its overall exposure to unanticipated claims or adverse decisions. However, as (i) one or more of the Company's insurance carriers could take the position that portions of these claims are not covered by the Company's insurance, (ii) to the extent that payments are made to resolve claims and lawsuits, applicable insurance policy limits are eroded and (iii) the claims and lawsuits relating to

these matters are continuing to develop, it is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by unfavorable resolutions of these matters. Based upon the AM Best Company ratings of these third-party insurers, management does not believe there is a substantial risk of an insurer's material non-performance related to any current insured claims.

On the basis of current information, the availability of insurance and legal advice, in management's opinion, the Company is not currently involved in any legal proceedings which, individually or in the aggregate, would have a material adverse effect on its financial condition, operations and/or cash flows.

NOTE 15· Quarterly Operating Results (Unaudited)

Quarterly operating results for 2018 and 2017 were as follows:

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018				
Total revenues	$ 501,461	$ 473,187	$ 530,850	$ 508,748
Total expenses	$ 383,020	$ 372,277	$ 388,350	$ 408,137
Income before income taxes	$ 118,441	$ 100,910	$ 142,500	$ 100,611
Net income	$ 90,828	$ 73,922	$ 106,053	$ 73,452
Net income per share:				
Basic	$ 0.33	$ 0.27	$ 0.38	$ 0.26
Diluted	$ 0.32	$ 0.26	$ 0.38	$ 0.26
2017				
Total revenues	$ 465,080	$ 466,305	$ 475,646	$ 474,316
Total expenses	$ 354,113	$ 358,303	$ 351,227	$ 367,982
Income before income taxes	$ 110,967	$ 108,002	$ 124,419	$ 106,334
Net income	$ 70,110	$ 66,102	$ 75,913	$ 187,505
Net income per share:				
Basic[(1)]	$ 0.25	$ 0.24	$ 0.27	$ 0.68
Diluted[(1)]	$ 0.25	$ 0.23	$ 0.27	$ 0.66 [(2)]

(1) 2017 reflects the 2-for-1 stock split that occurred on March 28, 2018.
(2) Includes $0.43 impact associated with recording impact of the Tax Reform Act.

Quarterly financial results are affected by seasonal variations. The timing of the Company's policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly between quarters.

NOTE 16· Segment Information

Brown & Brown's business is divided into four reportable segments: (1) the Retail Segment, which provides a broad range of insurance products and services to commercial, public and quasi-public entities, and to professional and individual customers, (2) the National Programs Segment, which acts as an MGA, provides professional liability and related package products for certain professionals, a range of insurance products for individuals, flood coverage, and targeted products and services designated for specific industries, trade groups, governmental entities and market niches, all of which are delivered through nationwide networks of independent agents, and Brown & Brown retail agents, (3) the Wholesale Brokerage Segment, which markets and sells excess and surplus commercial and personal lines insurance, primarily through independent agents and brokers, as well as Brown & Brown retail agents, and (4) the Services Segment, which provides insurance-related services, including third-party claims administration and comprehensive medical utilization management services in both the workers' compensation and all-lines liability arenas, as well as Medicare Set-aside services, Social Security disability and Medicare benefits advocacy services and claims adjusting services.

Brown & Brown conducts all of its operations within the United States of America, except for a wholesale brokerage operation based in London, England, retail operations in Bermuda and the Cayman Islands, and a national programs operation in Canada. These operations earned $15.2 million, $15.9 million and $14.5 million of total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. Long-lived assets held outside of the United States during each of these three years were not material.

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its segments based upon revenues and income before income taxes. Inter-segment revenues are eliminated.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The "Other" column includes any income and expenses not allocated to reportable segments and corporate-related items, including the intercompany interest expense charge to the reporting segment.

	Year ended December 31, 2018					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 1,042,763	$ 494,463	$ 287,014	$ 189,246	$ 760	$ 2,014,246
Investment income	$ 2	$ 506	$ 165	$ 205	$ 1,868	$ 2,746
Amortization	$ 44,386	$ 25,954	$ 11,391	$ 4,813	$ —	$ 86,544
Depreciation	$ 5,289	$ 5,486	$ 1,628	$ 1,558	$ 8,873	$ 22,834
Interest expense	$ 35,969	$ 26,181	$ 5,254	$ 2,869	$ (29,693)	$ 40,580
Income before income taxes	$ 217,845	$ 117,375	$ 70,171	$ 34,508	$ 22,563	$ 462,462
Total assets	$ 5,850,045	$ 2,940,097	$ 1,283,877	$ 471,572	$ (3,856,923)	$ 6,688,668
Capital expenditures	$ 6,858	$ 12,391	$ 2,518	$ 1,525	$ 18,228	$ 41,520

	Year ended December 31, 2017					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 943,460	$ 479,813	$ 271,737	$ 165,372	$ 20,965	$ 1,881,347
Investment income	$ 8	$ 384	$ —	$ 299	$ 935	$ 1,626
Amortization	$ 42,164	$ 27,277	$ 11,456	$ 4,548	$ 1	$ 85,446
Depreciation	$ 5,210	$ 6,325	$ 1,885	$ 1,600	$ 7,678	$ 22,698
Interest expense	$ 31,133	$ 35,561	$ 6,263	$ 3,522	$ (38,163)	$ 38,316
Income before income taxes	$ 196,616	$ 109,961	$ 68,844	$ 30,498	$ 43,803	$ 449,722
Total assets	$ 4,255,515	$ 3,267,486	$ 1,260,239	$ 399,240	$ (3,434,930)	$ 5,747,550
Capital expenditures	$ 4,494	$ 5,936	$ 1,836	$ 1,033	$ 10,893	$ 24,192

	Year ended December 31, 2016					
(in thousands)	Retail	National Programs	Wholesale Brokerage	Services	Other	Total
Total revenues	$ 917,406	$ 448,516	$ 243,103	$ 156,365	$ 1,239	$ 1,766,629
Investment income	$ 37	$ 628	$ 4	$ 283	$ 504	$ 1,456
Amortization	$ 43,447	$ 27,920	$ 10,801	$ 4,485	$ 10	$ 86,663
Depreciation	$ 6,191	$ 7,868	$ 1,975	$ 1,881	$ 3,088	$ 21,003
Interest expense	$ 38,216	$ 45,738	$ 3,976	$ 4,950	$ (53,399)	$ 39,481
Income before income taxes	$ 188,001	$ 91,762	$ 62,623	$ 24,338	$ 56,775	$ 423,499
Total assets[1]	$ 3,854,393	$ 2,711,378	$ 1,108,829	$ 371,645	$ (2,783,511)	$ 5,262,734
Capital expenditures	$ 5,951	$ 6,977	$ 1,301	$ 656	$ 2,880	$ 17,765

(1) Total assets have been restated to reflect the adoption of ASU No. 2015-17, "Income Taxes (Topic 740) - Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17").

NOTE 17· Reinsurance

Although the reinsurers are liable to the Company for amounts reinsured, our subsidiary, WNFIC remains primarily liable to its policyholders for the full amount of the policies written whether or not the reinsurers meet their obligations to the Company when they become due. The effects of reinsurance on premiums written and earned at December 31 are as follows:

	2018		2017	
(in thousands)	Written	Earned	Written	Earned
Direct premiums	$ 619,223	$ 602,320	$ 604,623	$ 592,267
Assumed premiums	—	—	—	—
Ceded premiums	619,206	602,303	604,610	592,254
Net premiums	$ 17	$ 17	$ 13	$ 13

All premiums written by WNFIC under the National Flood Insurance Program are 100% ceded to FEMA, for which WNFIC received a 30.9% expense allowance from January 1, 2018 through September 30, 2018. From October 1, 2018 through December 31, 2018 WNFIC received a 30.0% expense allowance. As of December 31, 2018 and 2017, the Company ceded $617.2 million and $602.9 million of written premiums, respectively.

Effective April 1, 2014, WNFIC is also a party to a quota share agreement whereby it cedes 100% of its gross private excess flood premiums, excluding fees, to Arch Reinsurance Company and receives a 30.5% commission. WNFIC ceded $2.0 million and $1.7 million for the years ended December 31, 2018 and 2017. As of December 31, 2018, WNFIC had $2.3 million in paid excess flood losses, $99,349 in loss adjustment expenses, case reserves of $0 and incurred but not reported of $0.1 million.

WNFIC also ceded 100%, of the Homeowners, Private Passenger Auto Liability, and Other Liability Occurrence to Stillwater Insurance Company, formerly known as Fidelity National Insurance Company. This business is in runoff. Therefore, only loss data still exists on this business. As of December 31, 2018, no ceded unpaid losses and loss adjustment expenses or incurred but not reported balance for Homeowners, Private Passenger Auto Liability and Other Liability Occurrence.

As of December 31, 2018, the Consolidated Balance Sheet contained Reinsurance recoverable of $65.4 million and Prepaid reinsurance premiums of $337.9 million. As of December 31, 2017, the Consolidated Balance Sheet contained reinsurance recoverable of $477.8 million and prepaid reinsurance premiums of $321.0 million. There was $0.2 million net activity in the reserve for losses and loss adjustment expense for the year ended December 31, 2018, and $1.1 million net activity in the reserve for losses and loss adjustment expense for the year ended December 31, 2017, as WNFIC's direct premiums written were 100% ceded to two reinsurers. The balance of the reserve for losses and loss adjustment expense, excluding related reinsurance recoverables was $65.4 million as of December 31, 2018 and $477.8 million as of December 31, 2017.

NOTE 18· Statutory Financial Information

WNFIC maintains capital in excess of minimum statutory amount of $7.5 million as required by regulatory authorities. The statutory capital and surplus of WNFIC was $19.4 million as of December 31, 2018 and $28.7 million as of December 31, 2017. As of December 31, 2018 and 2017, WNFIC generated statutory net income of $4.5 million and $4.8 million, respectively.

NOTE 19· Subsidiary Dividend Restrictions

Under the insurance regulations of Texas, where WNFIC in incorporated, the maximum amount of ordinary dividends that WNFIC can pay to shareholders in a rolling twelve month period is limited to the greater of 10% of statutory adjusted capital and surplus as shown on WNFIC's last annual statement on file with the superintendent of the Texas Department of Insurance or 100% of adjusted net income. There was no dividend payout in 2018 and the maximum dividend payout that may be made in 2019 without prior approval is $4.5 million.

NOTE 20· Shareholders' Equity

On July 18, 2014, the Company's Board of Directors authorized the repurchase of up to $200.0 million of its shares of common stock, and on July 20, 2015, the Company's Board of Directors authorized the repurchase of up to an additional $400.0 million of the Company's outstanding common stock. Under the authorization from the Company's Board of Directors, shares may be purchased from time to time, at the Company's discretion and subject to the availability of stock, market conditions, the trading price of the stock, alternative uses for capital, the Company's financial performance and other potential factors. These purchases may be carried out through open market purchases, block trades, accelerated share repurchase plans of up to $100.0 million each (unless otherwise approved by the Board of Directors), negotiated private transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.

On March 28, 2018, we effected a 2-for-1 stock split (the “Stock Split”). As a result of the Stock Split, every share of common stock outstanding as of close of business on March 14, 2018 received an additional share of common stock, increasing the number of outstanding shares of common stock from approximately 138 million shares to approximately 276 million shares. The number of authorized shares of our common stock increased from 280 million shares to 560 million shares. No fractional shares were issued in connection with the Stock Split. Par value of the Company’s common stock was unchanged as a result of the Stock Split remaining at $0.10 per share. The number of shares of common stock reserved or subject to outstanding grants, the exercise or purchase prices applicable to such outstanding grants and
subscriptions, and certain grant limitations under our 1990 Employee Stock Purchase Plan, Performance Stock Plan and 2010 Stock Incentive Plan were adjusted as a result of the Stock Split, as required under the terms of those plans. Treasury shares were not adjusted for the Stock Split. All other shares and per share data included within this Annual Report on Form 10-K, including our Consolidated Financial Statements and related footnotes, have been adjusted to account for the effect of the Stock Split.

On December 12, 2018, the Company entered into accelerated share repurchase agreement ("ASR") with an investment bank to purchase an aggregate $100.0 million of the Company’s common stock. As part of the ASR, the Company received an initial share delivery of 2,910,150 shares of the Company’s common stock with a fair market value of $80.0 million. Upon maturity of the program, the Company will receive the remaining balance of $20.0 million at settlement.

During 2014, the Company repurchased 2,384,760 shares at an average price per share of $31.46 for a total cost of $75.0 million under the original share repurchase authorization from the Board of Directors on July 18, 2014. During 2015, the Company repurchased 5,408,819 shares at an average price per share of $32.35 for a total cost of $175.0 million under the current share repurchase authorization, while exhausting the previous authorization of $200.0 million from the Board of Directors in 2014. During 2016, the Company repurchased 209,618 shares at an average price per share of $36.53 for a total cost of $7.7 million under the current share repurchase authorization. During 2017, the Company repurchased 2,883,349 shares at an average price of $48.51 for a total cost of $139.9 million under the current share repurchase authorization. At December 31, 2018, the remaining amount authorized by our Board of Directors for share repurchases was $147.5 million. Under the authorized repurchase programs, the Company has repurchased a total of approximately 13.8 million shares for an aggregate cost of approximately $477.5 million between 2014 and 2017. The aforementioned share amounts have not been adjusted for the March 28, 2018 Stock Split, as treasury shares did not participate in this stock split transaction.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Brown & Brown, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Adoption of New Accounting Standards

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for revenue from contracts with customers on January 1, 2018, on a modified retrospective basis due to the adoption of Financial Accounting Standards Board Accounting Standards Codification 606, *Revenue from Contracts with Customers*, and related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Tampa, Florida
February 25, 2019

We have served as the Company’s auditor since 2002.

ITEM 9. Changes in and Disagreements with Accountants and Financial Disclosure.

There were no changes in or disagreements with accountants on accounting and financial disclosure in 2018.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation (the "Evaluation") required by Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15 and 15d-15 under the Exchange Act ("Disclosure Controls") as of December 31, 2018. Based upon the Evaluation, our CEO and CFO concluded that the design and operation of our Disclosure Controls were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our senior management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

Changes in Internal Controls

There has not been any change in our internal control over financial reporting identified in connection with the Evaluation that occurred during the quarter ended December 31, 2018, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Control Over Financial Reporting

Our management, including our CEO and CFO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Exhibits 31.1 and 31.2 are the Certifications of the CEO and the CFO, respectively. The Certifications are supplied in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This Item 9A of this Annual Report on Form 10-K contains the information concerning the evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Brown & Brown, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brown & Brown, Inc. and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 25, 2019, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of Financial Accounting Standards Board Accounting Standards Codification 606, *Revenue from Contracts with Customers*, and related amendments.

As described in *Management's Annual Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at the Automotive Development Group, LLC, Servco Pacific Inc., Health Special Risk, Inc., Professional Disability Associates, LLC, Finance & Insurance Resources Inc., Rodman Insurance Agency, Inc., The Hays Group, Inc. et al, and Dealer Associates, Inc. which were acquired in 2018 and whose financial statements constitute approximately 0.01 percent and 17.55 percent of net and total assets, respectively, 3.18 percent of revenues, and 0.36 percent of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Accordingly, our audit did not include the internal control over financial reporting of these acquired entities.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Tampa, Florida
February 25, 2019

Management's Report on Internal Control Over Financial Reporting

The management of Brown & Brown, Inc. and its subsidiaries ("Brown & Brown") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including Brown & Brown's principal executive officer and principal financial officer, Brown & Brown conducted an evaluation of the effectiveness of internal control over financial reporting based upon the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In conducting Brown & Brown's evaluation of the effectiveness of its internal control over financial reporting, Brown & Brown has excluded the following acquisitions completed by Brown & Brown during 2018: the Automotive Development Group, LLC, Servco Pacific Inc., Health Special Risk, Inc., Professional Disability Associates, LLC, Finance & Insurance Resources Inc., Rodman Insurance Agency, Inc., The Hays Group, Inc. et al, and Dealer Associates, Inc. (collectively the "2018 Excluded Acquisitions"), which were acquired during 2018 and whose financial statements constitute approximately 0.01% and 17.55% of net and total assets, respectively, 3.18% of revenues, and 0.36% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Refer to Note 3 to the Consolidated Financial Statements for further discussion of these acquisitions and their impact on Brown & Brown's Consolidated Financial Statements.

Based upon Brown & Brown's evaluation under the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, management concluded that internal control over financial reporting was effective as of December 31, 2018. Management's internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Brown & Brown, Inc.
Daytona Beach, Florida
February 25, 2019

/s/ J. Powell Brown	/s/ R. Andrew Watts
J. Powell Brown Chief Executive Officer	R. Andrew Watts Executive Vice President, Chief Financial Officer and Treasurer

ITEM 9B. Other Information.

None

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

Set forth below is certain information concerning our executive officers as of February 25, 2019. All officers hold office for one-year terms or until their successors are elected and qualified.

J. Hyatt Brown	Chairman	81
J. Powell Brown	President and Chief Executive Officer	51
Robert W. Lloyd	Executive Vice President; Secretary and General Counsel	54
J. Scott Penny	Executive Vice President; Chief Acquisitions Officer	52
Julie K. Ryan	Executive Vice President; Chief People Officer	47
Anthony T. Strianese	Executive Vice President; President - Wholesale Brokerage Division	57
Chris L. Walker	Executive Vice President; President - National Programs Division	61
R. Andrew Watts	Executive Vice President; Chief Financial Officer and Treasurer	50

J. Hyatt Brown. Mr. Brown was our Chief Executive Officer from 1993 to 2009 and our President from 1993 to December 2002, and served as President and Chief Executive Officer of our predecessor corporation from 1961 to 1993. He was a member of the Florida House of Representatives from 1972 to 1980, and Speaker of the House from 1978 to 1980. Mr. Brown serves on the Board of Directors of International Speedway Corporation, a publicly held company. Mr. Brown is a member of the Board of Trustees of Stetson University, of which he is a past Chairman, and the Florida Council of 100. Mr. Hyatt Brown's son, J. Powell Brown, is employed by us as President and Chief Executive Officer, and has served as a director since October 2007.

J. Powell Brown. Mr. Brown was named Chief Executive Officer in July 2009. He has been our President since January 2007 and was appointed to be a director in October 2007. Prior to 2007, he served as one of our Regional Executive Vice Presidents since 2002. Mr. Brown was previously responsible for overseeing certain or all parts of all of our divisions over the years, and worked in various capacities throughout the Company since joining us in 1995. Mr. Brown has served on the Board of Directors of WestRock Company (formerly RockTenn Company), a publicly held company, since January 2010. He is the son of our Chairman, J. Hyatt Brown.

Robert W. Lloyd. Mr. Lloyd has served as our General Counsel since 2009 and as Executive Vice President and Corporate Secretary since 2014. He previously served as Vice President from 2006 to 2014, Chief Litigation Officer from 2006 until 2009 and as Assistant General Counsel from 2001 until 2006. Prior to that, he worked as sales manager and marketing manager, respectively, in our Daytona Beach, Florida retail office. While working in a sales role, Mr. Lloyd qualified for the Company's top producer honors (Tangle B) in 2001. He has also earned his Chartered Property Casualty Underwriter (CPCU) and Certified Insurance Counselor (CIC) designations. Before joining us, Mr. Lloyd practiced law and served as outside counsel to the Company with the law firm of Cobb & Cole, P.A. in Daytona Beach, Florida. Mr. Lloyd is a Rotarian; a director, legal counsel, and chairman-elect of the Greater Daytona Beach Area Chamber of Commerce; a director of the Council on Aging of Volusia County; a member of the executive committee of the Halifax Area Civic League; and a member of the Advisory Board of the Central Florida Council - Boy Scouts of America. He also served on the economic advisory committee to the transition team for Florida Governor-Elect Ron Desantis. Since 2017, Mr. Lloyd has served as an independent director of Raydon Corporation, a private company based in Port Orange, Florida.

J. Scott Penny. Mr. Penny has been our Chief Acquisitions Officer since 2011, and he serves as director and as an executive officer for several of our subsidiaries. He served as a Regional President from 2010 to 2014 and Regional Executive Vice President from 2002 to July 2010. From 1999 until January 2003, Mr. Penny served as profit center leader of our Indianapolis, Indiana retail office. Prior to that, Mr. Penny served as profit center leader of our Jacksonville, Florida retail office from 1997 to 1999. From 1989 to 1997, Mr. Penny was employed as an account executive and marketing representative in our Daytona Beach, Florida office.

Julie K. Ryan. Ms. Ryan was appointed Chief People Officer and Executive Vice President in January 2017 and May 2017, respectively. From September 2015 until January 2017, she served as Director, Human Resources and Learning & Development of Pacific Resources Benefits Advisors, LLC, a subsidiary of the Company. From 2012 until 2015, Ms. Ryan was employed by BorgWarner Inc., where she held the positions of Manager, Learning & Development from 2014 until 2015, and Manager, Benefits & Organizational Development from 2012 until 2014. Ms. Ryan was previously employed by BorgWarner Inc. from 2001 until 2007 and prior to that, held a variety of human resources positions with Kimberly-Clark Corporation and Gulfstream Aerospace Corporation, a wholly owned subsidiary of General Dynamics Corporation. In her role as Chief People Officer, Ms. Ryan is responsible for the oversight of all traditional human resources functions.

Anthony T. Strianese. Mr. Strianese has served as President of our Wholesale Brokerage Division since 2014. He served as Regional President from 2012 to 2014 and Regional Executive Vice President from July 2007 to January 2012, and serves as director and as an executive officer for several of our subsidiaries. Mr. Strianese's responsibilities for our Wholesale Brokerage Division include oversight of the operations of Peachtree Special Risk Brokers, LLC, Hull & Company, Inc., ECC Insurance Brokers, Inc., MacDuff Underwriters, Inc. and Decus Insurance Brokers Limited, which commenced operations in 2008 in London, England. Additionally, Mr. Strianese is responsible for certain of our public entity operations located in Georgia, Texas and Virginia. Mr. Strianese joined the Company in January 2000 and helped form Peachtree Special Risk Brokers. Prior to joining us, he held leadership positions with The Home Insurance Company and Tri-City Brokers in New York City.

Chris L. Walker. Mr. Walker was appointed President of our National Programs Division in 2014. He served as Regional Executive Vice President from 2012 to 2014. Mr. Walker is responsible for our National Programs Division. He has also served as Chief Executive Officer of Arrowhead since 2012. He has been involved with Arrowhead's business development strategies, product expansion, acquisitions and the overall operations and infrastructure since joining the organization in 2003. Prior to that, he served as Vice Chairman of Aon Re. Mr. Walker's insurance career began with the reinsurance intermediary E.W. Blanch Co., where he ultimately served as Chairman and CEO of E.W. Blanch Holdings. He previously served as Chairman of the Brokers and Reinsurance Markets Association.

R. Andrew Watts. Mr. Watts joined the Company as Executive Vice President and Treasurer in February 2014, and was appointed Chief Financial Officer effective March 4, 2014. Prior to joining the Company, he had served as Global Head of Customer Administration for Thomson Reuters since 2011, and from 2008 to 2011, he acted as Chief Financial Officer for multiple segments within the Financial and Risk Division of Thomson Reuters. Prior to 2001, Mr. Watts was the Chief Financial Officer and Co-founder of Textera, an internet start-up company, and worked as a Senior Manager with PricewaterhouseCoopers for nine years. Mr. Watts is a Certified Public Accountant (CPA) and holds a Bachelor of Science degree from Illinois State University. He was previously the Chairman of the Board for Surflight Theatre from January 2013 through February 2014 and served on that board from July 2012 until February 2014. He was previously the Chairman of the Board for Make-A-Wish Foundation of New Jersey from 2005 through 2007 and served on that board from 2000 through 2007.

The additional information required by this item regarding directors and executive officers is incorporated herein by reference to our definitive Proxy Statement to be filed with the SEC in connection with the Annual Meeting of Shareholders to be held in 2019 (the "2019 Proxy Statement") under the headings "Board and Corporate Governance Matters" and "Other Important Information." We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, and controller. A copy of our Code of Ethics for our Chief Executive Officer and our Senior Financial Officers and a copy of our Code of Business Conduct and Ethics applicable to all employees are posted on our Internet website, at www.bbinsurance.com, and are also available upon written request directed to Corporate Secretary, 220 Brown & Brown, Inc., South Ridgewood Avenue, Daytona Beach, Florida 32114, or by telephone to (386) 252-9601. Any approved amendments to, or waiver of, any provision of the Code of Business Conduct and Ethics will be posted on our website at the above address.

ITEM 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the 2019 Proxy Statement under the heading "Compensation Matters."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2018, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

	A
Plan Category	**Number of securities remaining available for future issuance under equity compensation plans[1]**
Equity compensation plans approved by shareholders:	
Brown & Brown, Inc. 2010 Stock Incentive Plan	8,697,491 [2]
Brown & Brown, Inc. 1990 Employee Stock Purchase Plan	7,316,901
Brown & Brown, Inc. Performance Stock Plan	—
Total	16,014,392
Equity compensation plans not approved by shareholders	—

(1) All of the shares available for future issuance under the Brown & Brown, Inc. Performance Stock Plan, and the Brown & Brown, Inc. 2010 Stock Incentive Plan may be issued in connection with options, warrants, rights, restricted stock, or other stock-based awards.

(2) The payout for 1,770,134 shares of our outstanding performance-based restricted stock grants may be increased up to 200% of the target or decreased to zero, subject to the level of performance attained. The amount reflected in the table is calculated assuming the maximum payout for all restricted stock grants.

The information required by this item is incorporated herein by reference to the 2019 Proxy Statement under the heading "Security Ownership of Management and Certain Beneficial Owners."

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to the 2019 Proxy Statement under the headings "Director Independence," "Related Party Transactions Policy" and "Relationships and Transactions with Affiliated Parties."

ITEM 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to the 2019 Proxy Statement under the heading "Fees Paid to Deloitte & Touche LLP."

PART IV

ITEM 15. Exhibits and Financial Statements Schedules.

The following documents are filed as part of this Report:

1. Financial statements

Reference is made to the information set forth in Part II, Item 8 of this Report, which information is incorporated by reference.

2. Consolidated Financial Statement Schedules.

All required Financial Statement Schedules are included in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

3. Exhibits

The following exhibits are filed as a part of this Report:

3.1	Articles of Amendment to the Articles of Incorporation (adopted February 26, 2018) (incorporated by reference to Exhibit 3.1 to Form 8-K filed March 29, 2018 and Articles of Amendment to Articles of Incorporation (adopted April 24, 2003) (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 2003), and Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3a to Form 10-Q for the quarter ended March 31, 1999).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on October 12, 2016).
4.1	Indenture, dated as of September 18, 2014, between the Registrant and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Form 8-K filed on September 18, 2014).
4.2	First Supplemental Indenture, dated as of September 18, 2014, between the Registrant and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to Form 8-K filed on September 18, 2014).
4.3	Form of the Registrant's 4.200% Notes due 2024 (incorporated by reference to Exhibit 4.3 to Form 8-K filed on September 18, 2014).
10.1(a)	Employment Agreement, dated and effective as of July 1, 2009 between the Registrant and J. Hyatt Brown (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2009).*
10.1(b)	Executive Employment Agreement, effective as of February 17, 2014, between the Registrant and R. Andrew Watts (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2014).*
10.1(c)	Form of Employment Agreement (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2014).*
10.1(d)	Employment Agreement, dated as of January 9, 2012, between the Registrant and Chris L. Walker (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2013).*
10.1(e)**	Employment Agreement, dated as of November 16, 2018, between the Registrant and James C. Hays.*
10.2(a)	Registrant's Stock Performance Plan (incorporated by reference to Exhibit 4 to Registration Statement No. 333-14925 on Form S-8 filed on October 28, 1996).*
10.2(b)	Registrant's Stock Performance Plan as amended, effective January 23, 2008 (incorporated by reference to Exhibit 10.6(b) to Form 10-K for the year ended December 31, 2007).*
10.2(c)	Registrant's Stock Performance Plan as amended, effective July 21, 2009 (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2009).*
10.3	Registrant's 2010 Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 5, 2017).*
10.4(a)	Form of Performance-Based Stock Grant Agreement under 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Form 10-K for the year ended December 31, 2010).*
10.4(b)	Form of Performance-Triggered Stock Grant Agreement under 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on July 8, 2013).*

10.4(c)	Form of Performance Stock Award Agreement under the 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.5(c) to Form 10-K filed on February 28, 2018).*
10.4(d)	Form of Restricted Stock Award Agreement under the 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed on March 23, 2016).*
10.4(e)	Form of Director Stock Grant Agreement (incorporated by reference to Exhibit 10.8(e) to Form 10-K filed for the year ended December 31, 2016).
10.5	Promissory Note dated January 9, 2012, by and between Registrant and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.18 to Form 10-K for the year ended December 31, 2011).
10.6	Letter Agreement dated January 9, 2012 by and between Registrant and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.19 to Form 10-K for the year ended December 31, 2011).
10.7	Amended and Restated Credit Agreement dated as of June 28, 2017, among the Registrant, JPMorgan Chase Bank, N.A., Bank of America, N.A., Royal Bank of Canada and SunTrust Bank (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2017).
10.8	Settlement Agreement, dated March 1, 2017, by and among the Company, AssuredPartners, Inc. and certain of its employees and former employees (incorporated by reference to Exhibit 10.1 to the form 10-Q for the quarter ended March 31, 2017).
10.9**	Asset Purchase Agreement, dated as of October 22, 2018, by and among Brown & Brown, Inc., BBHG, Inc., The Hays Group, Inc., The Hays Group Of Wisconsin LLC, The Hays Benefits Group, LLC, PlanIT, LLC, The Hays Benefits Group of Wisconsin, LLC, and The Hays Group of Illinois, LLC, and Claims Management of Missouri, LLC.
10.10**	Term Loan Credit Agreement, dated December 21, 2018, by and among the Company, Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A., BMO Harris Bank N.A. and SunTrust Bank as co-syndication agents, and Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp. and SunTrust Robinson Humphrey, Inc. as joint lead arrangers and joint bookrunners.
21	Subsidiaries of the Registrant.
23	Consent of Deloitte & Touche LLP.
24	Powers of Attorney.
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer of the Registrant.
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer of the Registrant.
32.1	Section 1350 Certification by the Chief Executive Officer of the Registrant.
32.2	Section 1350 Certification by the Chief Financial Officer of the Registrant.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management Contract or Compensatory Plan or Arrangement
** Filed herewith

ITEM 16. Form 10-K Summary.

None

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BROWN & BROWN, INC.
Registrant

Date: February 25, 2019

By: /s/ J. Powell Brown
J. Powell Brown
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ J. Powell Brown J. Powell Brown	Director; President and Chief Executive Officer (Principal Executive Officer)	February 25, 2019
/s/ R. Andrew Watts R. Andrew Watts	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 25, 2019
* J. Hyatt Brown	Chairman of the Board	February 25, 2019
* Samuel P. Bell, III	Director	February 25, 2019
* Hugh M. Brown	Director	February 25, 2019
* Bradley Currey, Jr.	Director	February 25, 2019
* Lawrence L. Gellerstedt	Director	February 25, 2019
* James C. Hays	Director	February 25, 2019
* Theodore J. Hoepner	Director	February 25, 2019
* James S. Hunt	Director	February 25, 2019
* Toni Jennings	Director	February 25, 2019
* Timothy R.M. Main	Director	February 25, 2019
* H. Palmer Proctor, Jr.	Director	February 25, 2019
* Wendell Reilly	Director	February 25, 2019
* Chilton D. Varner	Director	February 25, 2019

*By: /s/ Robert W. Lloyd
Robert W. Lloyd
Attorney-in-Fact

ASSET PURCHASE AGREEMENT

This **Asset Purchase Agreement** (this "Agreement"), dated as of October 22, 2018, is made and entered into by and among **BBHG, Inc.**, a Florida corporation ("Buyer"); **Brown & Brown, Inc.**, a Florida corporation and parent company of Buyer ("Parent"); **The Hays Group, Inc.**, a Minnesota corporation ("THG"); **The Hays Group of Wisconsin, LLC**, a Minnesota limited liability company ("THGW"); **The Hays Benefits Group, LLC**, a Minnesota limited liability company ("THBG"); **PlanIT, LLC**, a Minnesota limited liability company ("PlanIT"), **The Hays Benefits Group of Wisconsin, LLC**, a Minnesota limited liability company ("THBGW"); **The Hays Group of Illinois, LLC**, a Minnesota limited liability company ("THGI"); and **Claims Management of Missouri, LLC**, a Missouri limited liability company ("CMM," and together with THG, THGW, THBG, PlanIT, THBGW and THGI, each a "Seller" and collectively, the "Sellers"); and **THG**, as the Sellers' Representative (the "Sellers' Representative"). Buyer and each Seller are each a "Party" and collectively the "Parties".

BACKGROUND

Sellers are engaged in the Insurance Business throughout the United States of America and wish to sell certain of their assets relating to such Business to Buyer. Buyer desires to acquire such assets upon the terms and conditions expressed in this Agreement (the "Acquisition").

Concurrent with the execution of this Agreement, the Sellers have provided to Buyer the following schedules to this Agreement: Schedule 1.1(a) (*Current Accounts*); Schedule 1.1(i) (*Office Locations*); Schedule 1.4(a)(ii) (*Earn-Out Illustrations*); Schedule 1.4(b)(ii) (*Earn-Out Locations*); Schedule 1.4(c)(i) (*Allocation of Purchase Price*); Schedule 2.2(d) ("Required Consents"); Schedule 3.1(c) (*Resident and Non-resident Insurance Licenses*); Schedule 3.2 (*Capitalization*); Schedule 3.4(c) (*Accounts Receivable and Accounts Payable*); Schedule 3.6(c) (*Retail Brokered Business*); Schedule 11.1-CC (*Client Credit Balances Amount*); Schedule 11.1-EC (*Estimated Carrier Payables Amount*); Schedule 11.1-KO (*Key Owners*); and Schedule 11.1-SM (*Proceedings*).

THEREFORE, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1.
THE ACQUISITION

Section 1.1 ***Covenants of Sale and Purchase of Acquired Assets***. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, each Seller will sell, convey, assign, transfer, and deliver to Buyer, and Buyer will purchase and acquire from each Seller in exchange for the consideration described in **Section 1.4**, free and clear of any Encumbrance, all of such Seller's right, title, and interest in and to all of such Seller's property and assets, real, personal, or mixed, tangible and intangible, of every kind and description, wherever located relating to the Insurance Business (but excluding the Excluded Assets), including the following (collectively, the "Acquired Assets"):

(a) *Client Accounts*. Such Seller's past, current, and prospective Client Accounts including, without limitation, the Current Accounts. Schedule 1.1(a) will set forth (i) a complete and correct list of each Current Account and the Insurance Products or Services in place for each Current Account as of September 30, 2018, including the policy type, policy number, policy expiration date, and annual Commissions of such Insurance Products or Services for each Current Account for the twelve (12)-month period ended September 30, 2018; and (ii) the Core Revenue received by any Seller from each of its appointing Carriers in the twelve (12)-month period ended September 30, 2018;

(b) *Tangible Personal Property.* All Tangible Personal Property, including those items described in Schedule 1.1(b). Schedule 1.1(b) will set forth the respective book value of each described item of Tangible Personal Property and the aggregate book value of such items;

(c) *Assumed Seller Contracts.* All Seller Contracts, including those Contracts listed in Schedule 3.7(a) and rights of Sellers under any employment agreement between a Seller and a Hired Employee (such listed Contracts, the "Material Seller Contracts"), and all outstanding offers or solicitations made by or to such Seller to enter into any Seller Contract, but excluding the Excluded Contracts (collectively, the "Assumed Seller Contracts");

(d) *Governmental Authorizations.* All Governmental Authorizations and all pending applications therefor or renewals thereof, in each case to the extent transferable to Buyer;

(e) *Records*. All Records related to the operations of the Insurance Business for the five (5)-year period preceding the Closing Date, whether compiled or maintained by such Seller or their respective Affiliates or by other agents or employees of such Seller or their respective Affiliates, including, without limitation: (i) lists and other Records pertaining to past, current and/or prospective Carriers; (ii) lists and other Records pertaining to past, current, or prospective Clients, policy forms, and/or rating information, expiration dates, information on risk characteristics, information concerning insurance markets for large or unusual risks, names, and contact information regarding Persons with decision making authority for purchasers of Insurance Products or Services on behalf of past, current, or prospective Clients, and all types of Records customarily used by, or available to, such Seller, including but not limited to the Current Accounts set forth in Schedule 1.1(a); and (iii) referral sources, research and development reports and Records, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and accounting Records, creative materials, advertising materials, promotional materials, studies, reports, correspondence, and other similar documents and Records;

(f) *Intangible Property.* All of the intangible rights and property of such Seller including (i) such Seller's corporate name and fictitious trade names (and any derivations thereof) and other Intellectual Property Assets, going concern value, goodwill, telephone and facsimile numbers and listings, websites, domain names, and e-mail addresses, including those items listed in Schedule 3.15; and (ii) to the extent assignable, such Seller's rights and privileges under any confidentiality, non-solicitation, non-competition, or other restrictive covenants in favor of such Seller, including any such covenants set forth in any Excluded Contracts;

(g) *Insurance Benefits.* All insurance benefits payable to Sellers in connection with the Insurance Business or the Acquired Assets, including rights and proceeds, arising from or relating to the Acquired Assets or the Assumed Liabilities before the Closing Date, unless expended in accordance with this Agreement;

(h) *Claims Against Third Parties.* All claims of such Seller against any Third Party relating to the Acquired Assets, whether choate or inchoate, known or unknown, contingent or noncontingent, including all such claims listed in Schedule 1.1(h);

(i) *Office Locations.* The Real Property Leases for the "Office Locations" listed in Schedule 1.1(i);

(j) *Deposits and Refunds.* All rights of such Seller relating to deposits, including all security deposits under any Real Property Lease to be assigned to and assumed by Buyer pursuant to this Agreement, and all claims for refunds and rights to offset in respect thereof that are not excluded under **Section 1.2(e)**;

(k) *401(k) Plan.* At the end of the Payroll Transition Period, all plan documents, contracts and insurance policies necessary for Buyer to assume sponsorship of the 401(k) Plan; and

(l) *Assets Held by Others.* All of the following (if any) that, due to the appointment requirements of Carriers of Employee Benefits Products or Services, may be held or paid in the name of an employee or independent contractor of any Seller: (i) Client Accounts and related Records within the Total Book of Business, (ii) Contracts with Carriers, and/or (iii) any Core Revenue.

Section 1.2 ***Excluded Assets.*** Notwithstanding anything to the contrary contained in **Section 1.1** or elsewhere in this Agreement, the following assets of the Sellers (collectively, the "Excluded Assets") are not part of

the sale and purchase contemplated hereunder, are excluded from the Acquired Assets, and will remain the property of the Sellers after the Closing:

(a) *Cash, Cash Equivalents, etc.* All cash, cash equivalents, Accounts Receivable, notes receivable, money market certificates, stocks, bonds, real property, and airplanes and other vehicles, including the investments, equity interests, and other assets listed on Schedule 1.2(a);

(b) *Records*. All minute books, equity ownership Records, organizational seals, personnel Records and any Records that any Seller is required to retain by Law, and Records related to the operations of the Insurance Business prior to five (5)-year period preceding the Closing Date (collectively, "Excluded Records");

(c) *Equity Interests*. Any equity interests in any Seller;

(d) *Insurance Policies*. All insurance policies and rights thereunder (except as set forth in **Section 1.1(g)**);

(e) *Refunds*. All claims for refund of Taxes and other governmental charges of whatever nature;

(f) *Seller Documents*. All rights of the Sellers under the Seller Documents;

(g) *Personal Effects*. Personal effects of the directors, officers, managers, and/or the employees of Sellers;

(h) *E-mails and Electronic Records*. All e-mails and electronic records (A) unrelated to the Insurance Business, or (B) relating to the Contemplated Transactions, of the directors, officers, managers, and/or the employees of Sellers, wherever and in whatever or medium stored, even if stored on hardware or software that is an Acquired Asset;

(i) *Employee Benefit Plans*. All Employee Benefit Plans other than the 401(k) Plan; and

(j) *Excluded Contracts*. All rights of Sellers under the Excluded Contracts not expressly assigned to Buyer hereunder, including those set forth on Schedule 1.2(j).

Section 1.3 ***Seller's Liabilities.***

(a) On the Closing Date, Buyer will assume and discharge only the Assumed Liabilities. Every Liability of Sellers other than the Assumed Liabilities (each a "Retained Liability" and collectively, the "Retained Liabilities") will remain the sole responsibility of, and will be retained, paid, performed, and discharged solely by, the Sellers.

(b) Specifically, Sellers acknowledge that Buyer is not assuming any liability related to: (i) stop-loss liability of Sellers for calendar year 2018, or (ii) any payments to Hired Employees related to non-member profit sharing, minority equity owner distributions or 401(k) discretionary profit sharing for calendar year 2018.

Section 1.4 ***Purchase Price***.

(a) The consideration for the Acquired Assets and the Restrictive Covenants will be the assumption of the Assumed Liabilities, plus an amount (the "Purchase Price") equal to:

(i) A "Closing Payment" equal to $705,000,000 comprised of:

(A) cash in the amount of $605,000,000 (the "Closing Cash Consideration"); and

(B) such number of shares of common stock, par value $0.10, of Parent (the "Parent Shares") as shall equal $100,000,000, before giving effect to any adjustments pursuant to **Section 1.4(f)** (as valued at the average closing price thereof on the New York Stock Exchange over the thirty (30)-day period prior to the date hereof) (the "Closing Stock Consideration"); *plus*

(ii) An "Earn-Out Payment" equal to 5.96 times the result of (A) the average annual EBITDA created by the Earn-Out Locations during the thirty-six (36)-month period beginning January 1, 2019 and ending December 31, 2021 (the "Earn-Out Period") *minus* (B) the Base EBITDA Amount. The total Earn-Out Payment shall not exceed $25,000,000. Schedule 1.4(a)(ii) sets forth an illustrative calculation of the Earn-Out Payment applying a variety of assumptions of the performance of the Earn-Out Locations during the Earn-Out Period.

(b) For purposes of **Section 1.4(a)(ii)**:

(i) "Base EBITDA Amount" means $31,733,248.

(ii) "Earn-Out Locations" means those locations set forth on Schedule 1.4(b)(ii).

(c) The Closing Payment will be paid as follows:

(i) Buyer will pay to the Sellers' Representative at the Closing a cash down payment, for distribution in accordance with the percentages set forth next to each such Seller's name on Schedule 1.4(c)(i) (the "Closing Payment Amount") equal to:

(A) The Closing Cash Consideration, minus

(B) The Secured Debt Amount, as described in Schedule 1.4(c)(i)(B), minus

(C) the Closing Transaction Expenses, as described in Schedule 1.4(c)(i)(C).

(ii) Buyer will deliver to the Key Owners and such other recipients of the Parent Shares as designated by the Sellers prior to Closing (together with the Key Owners, the "Stock Recipients") certificates representing the Parent Shares constituting the Closing Stock Consideration or evidence that such Parent Shares have been issued in book entry form from American Stock Transfer & Trust Co., the transfer agent for the Parent, in the name of the Stock Recipients;

(iii) Buyer, on behalf of Sellers, will pay the Secured Debt Amount in appropriate amounts to each Seller's secured creditors, in accordance with their respective Secured Debt Payoff Letters, on the Closing Date;

(iv) Buyer, on behalf of Sellers, will pay the Closing Transaction Expenses in appropriate amounts, in accordance with their respective invoices, on the Closing Date.

(d) *Earn-Out Payment Calculation; Dispute Resolution; Payment.*

(i) As soon as reasonably practicable following the end of the Earn-Out Period, but in any event no later than sixty (60) days thereafter, Buyer will calculate the Earn-Out Payment, and provide the Sellers' Representative with a statement (the "Earn-Out Statement") setting forth such calculation with reasonable supporting documentation. The Earn-Out Statement will be deemed to be accepted by the Sellers' Representative and will be conclusive for purposes of determining the Earn-Out Payment due to the Sellers, unless Sellers' Representative delivers to Buyer, within thirty (30) days following receipt of the Earn-Out Statement, a notice (the "Objection Notice") specifying Sellers' Representative's objections to the Earn-Out Statement in reasonable detail. The Parties will use reasonable good faith efforts to resolve the matters in dispute, but if they do not obtain a final resolution within sixty (60) days after Buyer's receipt of the Objection Notice, the Parties will submit the resolution of the disputed matters to an Independent Accounting Firm.

(ii) If Buyer and Sellers' Representative submit any unresolved disputed matters to the Independent Accounting Firm, each of Buyer and Sellers' Representative will submit an Earn-Out Statement, together with such supporting documentation as it deems appropriate, to the Independent Accounting Firm within 30 days after the date on which such unresolved disputed matters were submitted to the Independent Accounting Firm for resolution. The Independent Accounting Firm will resolve such dispute by choosing, in respect of any disputed line item, an amount that is within the range of the amounts for such line item as proposed by either Buyer or Sellers' Representative. Buyer and Sellers' Representative and their respective Representatives will each be entitled to meet with the Independent Accounting Firm and will use their respective commercially reasonable efforts to cause the Independent Accounting Firm to resolve such dispute as soon as practicable, but in any event within 30 days after the date on which the Independent Accounting Firm receives the Earn-Out Statement prepared by Buyer and Sellers' Representative. Buyer and Sellers' Representative will use their respective commercially reasonable efforts to cause the Independent Accounting Firm to notify them in writing of its resolution of such dispute as soon as practicable. Absent fraud or demonstrable error, the decision of the Independent Accounting Firm will be conclusive and binding upon the Parties. Each party will bear its own costs and expenses in connection with the resolution of such dispute by the Independent Accounting Firm. Buyer and the Sellers will bear the fees and disbursements of the Independent Accounting Firm in the same proportion that their respective positions are confirmed or rejected by the Independent Accounting Firm.

(iii) In conjunction with and as a condition to Buyer's payment of the Earn-Out Payment, the Parties will execute and deliver the Satisfaction Agreement and Release. Buyer will pay the Earn-Out Payment (if any) within one (1) Business Day following Buyer's receipt of the Satisfaction Agreement and Release, executed by the Sellers.

(e) *Purchase Price Allocation*. Within thirty (30) days after the end of the fiscal quarter in which the Closing occurs, Buyer will prepare, and Buyer and the Sellers will initial and deliver to each other, an IRS Form 8594, Asset Acquisition Statement Under Section 1060, setting forth the above allocations as set forth on Schedule 1.4(e), provided that such allocations will be subject to adjustment after the end of the Earn-Out Period, as set forth in the Satisfaction Agreement and Release, to reflect the final Purchase Price. Subject to the immediately previous sentence, the Parties will make consistent use of the allocations specified in this **Section 1.4(e)** for all Tax purposes and in all filings, declarations, and reports with the IRS or other taxing authorities in respect thereof, including the reports required to be filed under Section 1060 of the Code. In any Proceeding related to the determination of any Tax, none of the Parties will contend or represent that such allocations are incorrect allocations.

(f) *No Fractional Shares*. No fraction of a share of Parent Shares will be issued by virtue of the Contemplated Transactions. Only whole shares of Parent Shares will be delivered to each Stock Recipient. In the event that a Stock Recipient would receive a fractional share of Parent Shares, Buyer will pay the cash value of such fractional share to the Sellers (as valued in accordance with **Section 1.4(a)(i)(B)**).

Section 1.5 ***Agency Bill Policies; Direct Bill Policies; Other Commissions; Fees.***

(a) *Agency Bill Policies.*

(i) For agency bill policies for which premiums are paid in full at inception rather than in installments, regardless of when Commissions from such policies are received: (A) if the policy effective date is before the Closing Date, and the premium was billed before the Closing Date, all Commissions for such policies will be Sellers' property; and (B) if the policy effective date is on or after the Closing Date, or if the premium is billed on or after the Closing Date, all Commissions for those policies will be Buyer's property.

(ii) For agency bill policies for which premiums are paid in installments during the policy period, regardless of when Commissions from such policies are received: (A) if an installment effective date (the date on which payment is due) is before the Closing Date, and the installment was billed before the Closing Date, then all Commissions for that installment will be Sellers' property; and (B) if an installment effective date is on or after the Closing Date, or the installment is billed on or after the Closing Date, all Commissions for that installment will be Buyer's property.

(b) *Direct Bill Policies.* Sellers will own all Commissions on direct bill policies actually received by Sellers from Carriers before the Closing Date, and Buyer will own all such Commissions actually received from Carriers on or after the Closing Date, regardless of when billed by the Carrier.

(c) *Contingent Revenues.* Sellers will own all Contingent Revenues, GSCs or Overrides paid pursuant to a Contract with a term or applicable measurement period ending on or before the Closing Date. Buyer will own all Contingent Revenues, GSCs or Overrides paid pursuant to a Contract with a term or applicable measurement period beginning after the Closing Date. Sellers and Buyer will pro rate any Contingent Revenues, GSCs or Overrides paid pursuant to a Contract with a term or applicable measurement period that includes the Closing Date (such amounts, "Straddle Contingents"). Any Straddle Contingents received by Buyer will be split pro rata between Buyer and the Sellers based on: (i) the number of days in the contract term or applicable measurement period prior to the Closing Date (inclusive), and (ii) the number of days in the contract term or applicable measurement period after the Closing Date. By way of examples only, the Sellers and Buyer will split Straddle Contingents paid pursuant to a Contract as follows: (A) if the contract term or applicable measurement period is twelve (12) months beginning on January 1, 2018 and the Closing Date is November 15, 2018, then Sellers would receive 319/365 and Buyer 46/365 of the Straddle Contingents earned pursuant to such Contract; (B) if the contract term or applicable measurement period is six (6) months beginning on July 1, 2018 and the Closing Date is November 15, 2018, the Sellers would receive 138/184 and Buyer 46/184 of the Straddle Contingents earned pursuant to such Contract; and (C) if the contract term or applicable measurement period is twelve (12) months beginning on July 1, 2018 and the Closing Date is November 15, 2018, the Sellers would receive 138/365 and Buyer 227/365 of the Straddle Contingents earned pursuant to such Contract. The Parties acknowledge that the amount Sellers will receive after the Closing Date for Contingent Revenues, GSCs or Overrides will not exceed $20,000,000. Further, Sellers acknowledge and agree that no Seller will terminate a contract term or applicable measurement period prior to the Closing Date for any Contract for which Contingent Revenues, GSCs or Overrides could be paid, either unilaterally or in conjunction with a Carrier.

(d) *Additional or Return Commissions.* Regardless of policy effective date: (i) Sellers will own all additional Commissions received before the Closing Date as a result of endorsements or audits, and Sellers will be liable for all return Commissions that first become due before the Closing Date; and (ii) Buyer will own all additional Commissions received on or after the Closing Date as a result of endorsements or audits, and Buyer will be liable for all return Commissions that first become due on or after the Closing Date. Notwithstanding the foregoing, Buyer shall not be responsible for return Commission that first become due on or after the Closing Date in excess of $300,000.

(e) *Service Fees.* Sellers will own all Service Fees billed (subject to the qualification below) before the Closing Date, provided that the majority of the services have been completed. Buyer will own all Service Fees billed on or after the Closing Date. The foregoing shall apply so long as billing and collection of Service Fees is consistent with past practice over the prior thirty-six (36) month period. Buyer shall have the right to review Service Fees billed prior to Closing for the one hundred eighty (180) day period after Closing and provide written notice to Sellers regarding any billed Service Fee amounts that Buyer does not believe meet the criteria that the majority of services have been completed.

(f) *Twelve Month Limitation.* With respect to Clients billed on an annual, monthly, or, as set forth in Schedule 1.5(f), a multi-year basis, except with respect to Commissions generated from endorsements or audits, only twelve (12) months' of Commissions or Service Fees will be counted in any twelve (12)-month period.

(g) *Monies to be Held in Trust.* Buyer and Sellers will hold in trust and promptly pay over to the other Party (in accordance with **Section 2.6(b)**) any monies received by Buyer or Sellers that is the property of the other Party/Parties. For clarity, no monies due under this **Section 1.5** will be subject to any limitations set forth in **Article 6**.

Section 1.6 ***Return Premiums; Undesignated Premium Payments by Clients.***

(a) Buyer will promptly remit any Return Premiums it receives from any Carrier on or after the Closing Date to the applicable Client; provided, however, that if, at the time such Return Premiums are received from

the Carrier, any Premiums/Fees Receivable due from such Client remain outstanding to Sellers or Buyer or have been written off by Sellers or Buyer as bad debt in accordance with Sellers or Buyer's Accounts Receivable collection policy, as applicable, then such Return Premiums will be treated as follows: (i) the Return Premiums will be paid over to Buyer or Sellers, as the case may be, for application against (A) the Premiums/Fees Receivables set forth on a specific invoice, invoice number, or other reasonable indication as to which Premiums/Fees Receivable the Client intended to apply such monies, and (B) if none, the outstanding Premiums/Fees Receivables in order of their invoicing, i.e., with application to be made against the oldest aged Premiums/Fees Receivables first; and (ii) any remaining Return Premiums after application against all outstanding Premiums/Fees Receivable will be remitted by Buyer to the Client. Sellers will promptly deliver to Buyer any Return Premiums (net of amounts determined in accordance with clause **(i)** above) that Sellers receive from any Carrier on or after the Closing Date, so that Buyer may remit or apply such Return Premiums as appropriate under this **Section 1.6**. For clarity, no monies due under this **Section 1.6(a)** will be subject to any limitations set forth in **Article 6**.

(b) If any monies received on or after the Closing Date from a Client for payment of any Premiums/Fees Receivable are not accompanied by an invoice, an invoice number, or other reasonable indication as to which Premiums/Fees Receivable the Client intended to apply such monies, such monies will be applied in the order of their invoicing, i.e., with application to be made to the oldest aged Premiums/Fees Receivables first.

Section 1.7 ***Transfer Taxes***. All transfer, documentary, recording, and other similar fees payable in connection with the execution and delivery of this Agreement, the consummation of the Closing and the other Contemplated Transactions will be the responsibility of, and will be paid by Buyer.

ARTICLE 2
CLOSING, ITEMS TO BE DELIVERED, FURTHER ASSURANCES

Section 2.1 ***Closing.*** The Closing will take place on the Closing Date and will be accomplished by facsimile transmission and/or e-mail in portable document format (".pdf") to the respective offices of legal counsel for the Parties to the requisite Transaction Documents, duly executed where required.

Section 2.2 ***Conveyance and Delivery by the Sellers***. On the Closing Date, each Seller will surrender and deliver possession of the Acquired Assets owned by such Seller to Buyer and take such steps as may be required to put Buyer in actual possession and operating control of the Acquired Assets, and in addition will deliver to Buyer such bills of sale and assignments and other good and sufficient instruments and documents of conveyance, in form reasonably satisfactory to Buyer, as will be necessary and effective to transfer, assign to, and vest in, Buyer all of each Seller's right, title, and interest in and to the Acquired Assets, free and clear of any Encumbrance (other than Permitted Encumbrances). Without limiting the generality of the foregoing, at the Closing, the Sellers will deliver to Buyer:

(a) A wire transfer of immediately available funds to one or more accounts designated by Buyer for the "Assumed PTO Liability Amount", as described in Schedule 2.2(a), which equals the aggregate portion of the balance of accrued and unpaid paid time off or sick leave liability ("Assumed PTO Leave") owed by Seller(s) to the Hired Employees to be assumed by Buyer;

(b) The Bill of Sale, executed by the Sellers;

(c) The Key Owner Employment Agreements, executed by each Key Owner;

(d) Consents to the Acquisition and/or the assignment of any applicable Seller Contract from those Third Parties set forth in Schedule 2.2(d) (the "Required Consents"), in form reasonably acceptable to Buyer;

(e) The Closing Statement, executed by the Sellers;

(f) The Name Change Documents, duly authorized and executed by each Seller;

(g) The Lease Assignments, executed by the respective Seller tenant under each lease, as assignor, and Landlord;

(h) The Trademark Assignment, executed by the Sellers;

(i) The Secured Debt Payoff Letters, completed and executed by Sellers' secured creditors;

(j) The Tax Clearance Certificates from the State of Minnesota Department of Revenue;

(k) A copy of the Seller Resolutions of each Seller, certified by such Seller's secretary (or an individual serving in a substantially similar capacity);

(l) Evidence, satisfactory to Buyer in its commercially reasonable discretion, of each Seller's arrangement to purchase the Required Tail Coverage;

(m) An IRS Form W-9, Request for Taxpayer Identification Number and Certification, completed and executed by each Seller;

(n) The Sellers' Closing Certificate, executed by a duly authorized officer of each Seller;

(o) The Restrictive Covenant Agreements, executed by each Restrictive Covenant Party;

(p) A Subscription Agreement and a Lockup Agreement, executed by each Stock Recipient;

(q) The Transition Services Agreement, executed by Sellers; and

(r) An updated Schedule 1.1(a), Schedule 3.4(c), Schedule 3.6(c), Schedule 11.1-CC, Schedule 11.1-EC and Schedule 11.1-SM, each updated as of October 31, 2018; and

(s) Such other certificates, documents, and agreements as Buyer or Parent may reasonably request.

Section 2.3 ***Delivery by Buyer and Parent***. On the Closing Date, Buyer and/or Parent, as applicable, will deliver to (or, if applicable, on behalf of) Sellers:

(a) A wire transfer of immediately available funds to one or more accounts designated by Sellers for the Closing Payment Amount;

(b) Certificates representing the Parent Shares constituting the Closing Stock Consideration or evidence that such Parent Shares have been issued in book entry form from American Stock Transfer & Trust Co., the transfer agent for the Parent, in the name of the Stock Recipients;

(c) A wire transfer of immediately available funds to one or more accounts designated by the secured lenders for their appropriate portions of the Secured Debt Amount, as set forth on Schedule 1.4(c)(i)(B) and the Closing Statement;

(d) A wire transfer of immediately available funds to one or more accounts designated by the recipients thereof for their appropriate portions of the Closing Transaction Expenses, as set forth on Schedule 1.4(c)(i)(C) and the Closing Statement;

(e) The Bill of Sale, executed by Buyer;

(f) The Key Owner Employment Agreements, executed by Buyer;

(g) The Closing Statement, executed by Buyer and Parent;

(h) The Lease Assignments, executed by Buyer;

(i) The Trademark Assignment, executed by Buyer;

(j) The Buyer's/Parent's Closing Certificate, executed by duly authorized officers of Buyer and Parent, respectively;

(k) The License Agreement, executed by Buyer;

(l) The Transition Services Agreement, executed by Buyer; and

(m) Such other certificates, documents, and agreements as the Sellers may reasonably request.

Section 2.4 ***Mutual Performance***. At the Closing, the Parties will also deliver to each other the agreements and other documents referred to in **Article 5.**

Section 2.5 ***Sellers' Post-Closing Obligations with Respect to Nonassigned Acquired Assets***.

(a) Subject to **Section 2.2(d)** and, if (i) any Seller cannot assign any of the Acquired Assets without the Consent of or notice to a Third Party and any necessary Consent or notice has not been given or obtained as of the Closing Date, or (ii) any Acquired Assets are nonassignable by their nature, and the beneficial interest in and to those Acquired Assets passes in any event to Buyer at the Closing, Sellers will (A) hold those Acquired Assets in trust for, and for the benefit of, Buyer on and after the Closing Date; (B) continue to use Best Efforts, on and after the Closing Date, to obtain and to secure any consent and give any notice as may be required to effect a valid assignment or assignments of those Acquired Assets; (C) in the case of Leases of real or personal property, continue as a party to each such Lease for the benefit of Buyer and at Buyer's expense; and (D) assign or complete the assignment or assignments as soon as possible. If, however, any such Consent will not be obtained or if any attempted transfer would be ineffective or would impair Buyer's rights so that Buyer would not in effect acquire the benefit of all such rights, Sellers will use Best Efforts after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and will use Best Efforts to cooperate, to the maximum extent permitted by Law, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

(b) With respect to any portion of the Insurance Business that requires Governmental Authorizations to operate the Acquired Assets, the applicable Seller will maintain each such Governmental Authorization for the benefit of Buyer and at Buyer's expense until Buyer obtains its own required Governmental Authorizations, at which point such portion of the Insurance Business will pass from such Seller to Buyer. The Parties will continue to use their Best Efforts, on and after the Closing Date, to obtain and to secure any such Governmental Authorizations for Buyer as soon as reasonably practicable after the Closing Date.

Section 2.6 ***Further Assurances; Records.***

(a) At any time and from time to time after the Closing, the Parties will cooperate with each other to execute and deliver any other documents, instruments of transfer or assignment, and any files, books, and other Records acquired under **Section 1.1(e)**. Subject to the terms and conditions of this Agreement, each of the Parties agrees to use Best Efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable Law to consummate and make effective the Contemplated Transactions, including cooperating fully with the other Parties.

(b) *Monthly Settlement Account.*

(i) Without limiting the forgoing, during the transition of the Acquired Assets, Buyer and Sellers' Representative will maintain a monthly record (a "Monthly Settlement Account") of all (A) cash receipts by Buyer and Sellers of monies that, under the terms of this Agreement, are the property of the other Party, and (B) cash disbursements by Buyer or Sellers for expenses or Retained Liabilities that, under the terms of this Agreement,

are the other Party's obligation (or "due to/due from account"). For each month after Closing in which there is activity in the Monthly Settlement Account, each Party will deliver to the other Party a written settlement statement regarding the Monthly Settlement Account (each a "Settlement Statement") for such month. The Settlement Statement will be deemed to be accepted by the receiving Party and conclusive for purposes of determining the settlement of the Monthly Settlement Account for such month unless the receiving Party delivers, within ten (10) Business Days following receipt of the Settlement Statement, a notice (the "Settlement Objection Notice") specifying the receiving Party's objections to the Settlement Statement in reasonable detail. The Parties will use reasonable good faith efforts to resolve the matters in dispute, but if they do not obtain a final resolution within thirty (30) days after receipt of the Settlement Objection Notice, the Parties will submit the resolution of the disputed matters to an Independent Accounting Firm. The provisions of **Section 1.4(d)(ii)** shall apply *mutatis mutandis* to any dispute regarding a Monthly Settlement Account or the information set forth in a Settlement Statement.

(ii) For each month that the Monthly Settlement Account has a settlement balance, Buyer or Sellers, as appropriate, will pay over the settlement balance to the other Party, as appropriate, within three (3) Business Days following the settlement date, by wire transfer of immediately available funds to one or more accounts designated in writing by the recipient. Buyer and Sellers each agree to maintain sufficient operating cash in their respective bank accounts to pay the settlement balances in the Monthly Settlement Account that may become due.

(iii) The Parties acknowledge and agree that if the Closing Date is on a date that is not the first or final date of the month then any revenue and expenses shall be split pro rata between Buyer and Sellers based on the number of days in the month in which the Closing Date occurs each of Buyer and Sellers are deemed an owner of the Acquired Assets divided by the total number of days in such month. Notwithstanding the foregoing, Buyer shall not be responsible for expenses associated with the Sellers' plane, the capital appreciation rights program or any other adjustments agreed in writing between the parties.

(c) Also without limiting the generality of the foregoing, if and for so long as any Party actively is contesting or defending against any Proceeding with any Third Party in connection with (i) any of the Contemplated Transactions or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or before the Closing Date involving the Acquired Assets, the Insurance Business, or the obligations and Liabilities assumed hereunder, the other Party will reasonably cooperate with the contesting or defending Party and its counsel in the contest or defense, reasonably make available its personnel, and provide such testimony and access to its Records (including, as to any Seller, any Excluded Records) as will be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnity therefor under **Article 6** hereof).

(d) The Sellers' Representative will promptly after the Closing prepare and file all reports and returns required by Law relating to the Insurance Business as conducted using the Acquired Assets, up to and including the Closing Date. After the Closing Date, Buyer will retain for a period consistent with Buyer's Record-retention policies and practices (but no less than six years), those Records of Sellers delivered to Buyer. Buyer also will provide the Sellers' Representative and its Representatives reasonable access thereto, during normal business hours and on at least three (3) Business Days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits, or for any other reasonable legal or business purpose. After the Closing Date, Sellers' Representative will provide Buyer and its Representatives reasonable access to Excluded Records, during normal business hours and on at least three (3) Business Days' prior written notice, for any reasonable legal or business purpose specified by Buyer in such notice.

(e) For clarity, no monies due under this **Section 2.6** will be subject to any limitations set forth in **Article 6**.

Section 2.7 ***Hired Employees.***

(a) Buyer will hire those employees of Sellers listed on Schedule 2.7 as of January 1, 2019 ("Hired Employees"), subject to Sellers assigning to Buyer rights associated with those employment agreements

between Sellers and each Hired Employee as of the Closing Date. The rate of pay, location of employment at an Office Location, PTO liability, and state of residence for each Hired Employee will be set out on Schedule 2.7.

(b) Bonus Payments.

(i) On or before December 31, 2018, Sellers will pay to the Hired Employees certain bonus payments which have historically been paid prior to the end of a calendar year for performance by those Hired Employees during that calendar year identified Schedule 2.7(b) as "year-end bonus payments". Buyer acknowledges that Buyer shall be responsible to reimburse Sellers for its pro rata share of such year-end bonus payments based on the number of days that from the Closing Date through December 31, 2018 divided by 365. Buyer shall reimburse Sellers in accordance with **Section 2.6(b)**.

(ii) On or before December 31, 2018, Sellers will wire to Buyer the "Accrued Bonus Amount" identified as "producer true-up amounts", which equals the aggregate portion of any annual or other bonus amounts earned and payable to Hired Employees accrued by Sellers for any period prior to the Closing Date. As soon as reasonably practicable following December 31, 2018, but in any event no later than forty-five (45) days thereafter, Buyer will calculate (with reasonable assistance from Sellers' Representative) the actual bonuses payable to Hired Employees, the amount of such bonuses payable through the Closing Date (which will be allocated between the Seller and Buyer on a pro rata basis based on the number of actual days elapsed in 2018 through the Closing Date), and provide the Sellers' Representative with a statement setting forth such calculations with reasonable supporting documentation. No later than February 28, 2019, Sellers will transfer to Buyer additional amounts required to fund the Sellers' portion of the Accrued Bonus Amount. Buyer shall pay to the Hired Employees their respective portion of the Accrued Bonus Amount at such time when Buyer pays annual bonus payments to its employees, so long as such Hired Employee is employed with Buyer at the time of such payment. Buyer shall return to the Sellers within five (5) Business Days following payment of bonuses by Buyer to the Hired Employees any amounts transferred by Sellers to Buyer pursuant to this **Section 2.7(b)** in excess of (i) the aggregate bonuses allocated to the Sellers under this **Section 2.7(b)**, less (ii) bonus amounts paid by Sellers to Hired Employees.

(c) Sellers will maintain the Hired Employees on Sellers' payroll, 401(k) Plan and Employee Welfare Benefit Plans from the period between the Closing Date until December 31, 2018 (the "Payroll Transition Period"). Buyer will promptly reimburse Sellers for all payments made by Sellers (in such amounts as directed by Buyer), and all related withholdings and remittances that Sellers incur, during the Payroll Transition Period pursuant to the Transition Services Agreement.

(d) Buyer agrees to permit the respective Hired Employees to utilize and/or be paid out upon termination of employment (if applicable Law requires) the Assumed PTO Leave after the Closing. No later than March 31, 2019, the Sellers and Buyer will promptly pay to the other Party amounts required to true-up the Assumed PTO Liability Amount once finally determined.

(e) From and after the end of the Payroll Transition Period, with respect to the Hired Employees, the Buyer shall use commercially reasonable efforts to cause the Buyer's Employee Welfare Benefit Plans to waive all limitations as to pre-existing conditions and waiting periods with respect to participation and coverage requirements applicable under Buyer's Employee Welfare Benefit Plans for the Hired Employees and their eligible dependents to the same extent that such pre-existing conditions and waiting periods would not have applied or would have been waived under the corresponding Sellers' Employee Welfare Benefit Plans in which such Hired Employee was a participant immediately prior to his or her commencement of participation in Buyer's Employee Welfare Benefit Plans.

(f) Effective as of January 1, 2019, in connection with the change of employment of the Hired Employees, Buyer or one of its Subsidiaries will assume the sponsorship of the 401(k) Plan, and the Parties will cooperate with each other to take all actions and execute and deliver all documents and furnish all notices necessary or advisable to effectuate such assumption. Nothing contained herein (i) will alter or limit the ability of Buyer and its Subsidiaries to amend, modify, freeze, merge, or terminate the 401(k) Plan in accordance with the terms of the 401(k) Plan and the applicable provisions of ERISA and the Code, (ii) is intended to confer upon any Hired Employee

or any other current or former employee of Seller any right to employment or continued employment for any period of time or any right to a particular term or condition of employment, or (iii) is intended to confer upon any Hired Employee or any other individual any right as a third-party beneficiary of this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Effective as of the Closing Date (except with respect to the representations and warranties set forth in **Section 3.3(a)**, which are made as of the date hereof) and except as set forth on the Disclosure Schedules (which will be attached as an amendment to the Agreement at the Closing), the Sellers, jointly and severally, represent and warrant to Buyer as follows:

Section 3.1 ***Organization; Governmental Authorizations.***

(a) Each Seller is a limited liability company or corporation, as applicable, duly organized, validly existing, and in good standing under the Law of the State of Minnesota and its status is active.

(b) Schedule 3.1(b) sets forth a true and complete list of each jurisdiction in which any Seller is qualified to do business as a foreign limited liability company or corporation, as applicable. Each Seller is duly qualified to do business and is in good standing as a foreign limited liability company or corporation, as applicable, in each jurisdiction where the conduct of its Business requires it to be so qualified, except where the failure to be so licensed or in good standing would not result in a Material Adverse Change.

(c) Schedule 3.1(c) sets forth a true and complete list of any resident and non-resident insurance license, including type of license, license number, and expiration date, held by any Seller. Each Seller has all requisite organizational power and authority and all necessary insurance licenses and other Governmental Authorizations to own, lease, and operate its properties; to carry on its Business as now being conducted; and to perform all its obligations under the Seller Contracts.

Section 3.2 ***Capitalization.*** Schedule 3.2 sets forth the number of outstanding membership interests, financial rights and governance rights or shares of capital stock of each Seller directly held or beneficially owned by each equity owner and the respective percentages of the total outstanding membership interests, financial rights, and governance rights or shares of capital stock of each Seller represented by such number of shares or membership interests, financial rights, and governance rights, which constitute all of the outstanding membership interests, financial rights, and governance rights or shares of capital stock of each Seller. No other Person has any right or option to acquire any shares of capital stock or membership interest or other interest or any financial right or governance right or any financial interest or securities convertible into capital stock, in any Seller.

Section 3.3 ***Enforceability; Authority; No Conflict.***

(a) Upon the execution and delivery by the Sellers of the Seller Documents, each Seller Document will constitute the legal, valid, and binding obligation of each Sellers, as applicable, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, or similar applicable Law from time to time in effect relating to or affecting the enforcement of creditors' rights generally and general equitable principles. Each Seller has the absolute and unrestricted right, power, and authority to execute and deliver each Seller Document to which it is a party and to perform its obligations under the Seller Documents, and such action has been duly authorized by all necessary action by each Seller's members and managers or shareholders and board of directors, as applicable.

(b) Neither the execution or delivery of any Seller Document, nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time):

(i) Breach (A) any provision of any of the Governing Documents of any Seller or (B) any resolution adopted by the members or board of directors or managers or the shareholders of any Seller;

(ii) Give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under any Law or any Order to which any Seller, or any of the Acquired Assets, may be subject;

(iii) Contravene, conflict with or result in a violation or Breach of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by any Seller or that otherwise relates to the Acquired Assets or to, the Insurance Business;

(iv) To the Knowledge of Sellers, other than with respect to Material Seller Contracts that require Consent in connection with an assignment of such Contract, breach in any material respect any provision of, or constitute a material default under, or give any Person the right to accelerate the maturity or performance of, or payment under, or to cancel, terminate, or modify in any material respect, any Material Seller Contract; or

(v) To the Knowledge of Sellers, result in the imposition or creation of any Encumbrance (other than Permitted Encumbrances) upon or with respect to any of the Acquired Assets.

(c) Except for the approvals required under the Hart-Scott-Rodino Act or as set forth in Schedule 2.2(d) and other than with respect to Material Seller Contracts that require Consent in connection with the assignment of such Contract, no Seller is required to give any notice to, make any filing with, or obtain the Consent, authorization, permit or approval of any Third Party or Governmental Body regarding any Seller's entry into this Agreement, any of the other Transaction Documents, or the Contemplated Transactions, where the failure to give such notice, make such filing, or to obtain such Consent, authorization, permit or approval could reasonably be expected to cause a Material Adverse Change to Buyer, the Acquired Assets, or the Insurance Business after Closing.

Section 3.4 ***Financial Statements; No Material Adverse Change; No Undisclosed Liabilities.***

(a) Schedule 3.4(a) sets forth true and complete copies of (i) each Seller's balance sheet at December 31, 2017 (the "Year-End Balance Sheet"), and the related statement of income for the fiscal year then ended, and (ii) each Seller's balance sheet (the "Interim Balance Sheet") at September 30, 2018 (the "Balance Sheet Date") and the related statement of income for the nine (9) months then ended (collectively, the "Financial Statements"). All such Financial Statements were prepared in accordance with GAAP, subject, in the case of interim period statements, to normal recurring audit adjustments. Such balance sheets within the Financial Statements fairly present in all material respects the consolidated financial position, assets, and Liabilities (whether accrued, absolute, contingent, or otherwise) including, without limitation, the Estimated Carrier Payables Amount and the Client Credit Balances, of Sellers at the dates indicated and such statements of income fairly present the results of operations for the periods then ended. Each Seller's financial books and Records are true and complete in all material respects.

(b) Since the Balance Sheet Date, there has not been any Material Adverse Change, and no event has occurred or circumstance exists that could reasonably be expected to result in a Material Adverse Change. No Seller has any Liabilities of a nature that would be required under GAAP to be reflected on the Financial Statements except for (i) Liabilities reflected or reserved against in the Year-End Balance Sheet or the Interim Balance Sheet; (ii) current Liabilities incurred in the Ordinary Course of Business of Sellers since the Balance Sheet Date; and (iii) Liabilities that have not had and would not reasonably be expected to result in a Material Adverse Change.

(c) Schedule 3.4(c) sets forth true and complete lists of all (i) Accounts Receivable of Sellers as of September 30, 2018 ("Seller Accounts Receivable"), including the aging of such Accounts Receivable, and (ii) all accounts payable of Sellers as of September 30, 2018 ("Seller Accounts Payable"). All of Seller Accounts Receivable represent sales actually made or services actually performed in the ordinary and usual course of Sellers' Business, consistent with past practice. All of Seller Accounts Payable, including Estimated Carrier Payables Amount, are

current and reflected properly on its books and Records, and will be paid when due in accordance with their terms at their recorded amounts.

(d) Each Seller maintains accurate Records reflecting its assets and Liabilities and maintains proper and adequate internal accounting controls and procedures, and no Seller has received written notification from any accountants, independent auditors or other consultants, or Governmental Bodies challenging the adequacy or requesting modification of such controls and procedures. Such controls and procedures are reasonably designed to provide assurance that: (i) transactions are executed with management's authorization; (ii) transactions are recorded as necessary to permit preparation of each Seller's financial statements and to maintain accountability for each Seller's assets; (iii) access to any Seller's assets is permitted only in accordance with management's authorization; (iv) the reporting of each Seller's assets is compared with existing assets at regular intervals; and (v) accounts, notes, and other receivables are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

(e) Schedule 3.4(e) sets forth the name and position of each officer or manager or director of each Seller to which such Seller has made a loan that remains outstanding, including a summary of the original loan amount, the outstanding balance, and the terms of repayment for each loan.

Section 3.5 ***Absence of Certain Changes and Events.*** Since the Balance Sheet Date, each Seller has conducted its business only in the Ordinary Course of Business, except as expressly required by the terms of any Transaction Document, and there has not been any: (a) change in any Seller's membership interest, financial rights, or governance rights or issued capital stock, grant of any option or right to purchase shares of capital stock or any membership interest, financial rights, or governance rights of any Seller or issuance of any security convertible into any such interest or right; (b) amendment to the Governing Documents of any Seller; (c) payment (except in the Ordinary Course of Business) or increase by any Seller of any bonuses, salaries, or other compensation to any shareholder, director, member, manager, officer, or employee or entry into any employment, severance, or similar Contract with any director, officer, member, manager, officer, or employee; (d) adoption of, amendment to or increase in the payments to or benefits under, any Employee Benefit Plan; (e) damage to or destruction or loss of any Acquired Asset, whether or not covered by insurance; (f) entry into, termination of or receipt of notice of termination of any Contract or transaction involving a total remaining commitment by any Seller of at least $10,000; (g) sale, lease, or other disposition of any Acquired Asset (including the Intellectual Property Assets) or the creation of any Encumbrance on any Acquired Asset; (h) written indication by any insurance broker, insurance agent, program administrator, Carrier, Client, or other Third Party with a material business relationship with any Seller of an intention to discontinue or change the terms of its relationship with any Seller, which discontinuance or change could reasonably be expected to cause a Material Adverse Change to any Seller or the Insurance Business; (i) material change in the accounting methods used by any Seller; or (j) Contract by any Seller to do any of the foregoing.

Section 3.6 ***Assets.***

(a) The Acquired Assets (i) constitute all of the assets, tangible and intangible, of any nature whatsoever, necessary to operate the Insurance Business in the manner presently operated by Sellers, and (ii) include all of the operating assets of Sellers. Except as set forth on Schedule 3.6(a), Sellers own and hold, free and clear of any Encumbrances, restriction, or Third-Party interest of any kind whatsoever (other than Permitted Encumbrances), sole and exclusive right, title, and interest in and to the Acquired Assets, including but not limited to the expiration Records for the Current Accounts, together with the exclusive right to use such Records, and all Client Accounts, copies of insurance policies and Contracts in force, and all files, invoices, and Records pertaining to the Clients, Client Accounts, their Contracts, and insurance policies, and all other information comprising the Total Book of Business, and to any and all Commissions and other revenues and proceeds generated by the Acquired Assets (other than applicable Commissions payable to producers). No Seller is a party to, or bound by, any other agreement, instrument, or understanding restricting the transfer of the Acquired Assets. There, are no existing agreements, options, commitments, rights, or privileges, whether preemptive or contractual, of any Person to acquire any of the assets, properties, or rights included in the Acquired Assets or any interest therein.

(b) To the Knowledge of the Sellers, since March 1, 2018, no Seller has received written notice that any Client set forth in Schedule 1.1(a) has canceled or non-renewed, or intends to cancel or non-renew, any Insurance Products or Services with any Seller.

(c) To the Knowledge of Sellers, except as set forth in Schedule 3.6(c), none of the Insurance Products or Services for Current Accounts set forth in Schedule 1.1(a) represents Retail Brokered Business.

(d) To the Knowledge of Sellers, during the twelve (12) months before the date of this Agreement, none the Sellers or their respective employees or independent contractors have placed or serviced any Securities Business for any Client set forth in Schedule 1.1(a).

(e) To the Knowledge of Sellers, except as set forth on Schedule 3.6(e), no Seller owns any interest in, is a member of, or is affiliated with any cluster, joint venture, partnership, or similar association or arrangement with respect to or in connection with the Insurance Business.

(f) Schedule 3.6(f) sets forth (i) each Sub-Rated Carrier with which any in-force insurance policies are in place for any Current Account as of the Closing Date, (ii) the amount of Commission received by Sellers from each such Sub-Rated Carrier during the twelve (12)-month period ended September 30, 2018, and (iii) the approval status, as provided by Parent's Market Security Committee, of each such Sub-Rated Carrier as of the Closing Date.

(g) To the Knowledge of Sellers, no in-force policy for any Current Account is in place with any Ineligible Carrier.

(h) Except as set forth in Schedule 3.6(h), no Seller has entered into any Contract relating to any acquisitions, mergers, and/or purchases or sales of material assets (including purchases or sales of Client Accounts) within the past seven (7) years.

(i) Except as set forth on Schedule 3.6(i), to the Knowledge of Sellers, no employee of any Seller has any ownership interest (vested or unvested) in any Client Account.

Section 3.7 ***Contracts; No Defaults.***

(a) Schedule 3.7(a) contains a true and complete list, and Sellers have previously delivered or made available to Buyer true and complete copies, of the following Material Seller Contracts to which any Seller is a party:

(i) Any written Contract with any Carrier, general agent, insurance broker, or other source for any Seller to write any Insurance Products or Services, the termination of which could reasonably be expected to cause a Material Adverse Change to any Seller, the Acquired Assets, or the Insurance Business;

(ii) Any Real Property Lease or any Lease pertaining to any Tangible Personal Property of any Seller (regardless of whether Buyer is assuming any such Lease);

(iii) Any non-competition covenants granted in favor of any Seller from any Third Party, other than any Contracts with current or former employees or independent contractors described in Schedule 3.12(b); and

(iv) Any other Contract that is material to any Seller or the Insurance Business.

(b) To the Knowledge of the Sellers, the parties to all Seller Contracts are in compliance, in all material respects, with the terms thereof.

(c) There are no Seller Contracts between any Seller and any manager, director or officer of any Seller, or between any Seller and any Affiliate of any Key Owner, or any manager, director or officer of any Seller.

(d) To the Knowledge of the Sellers, no director, manager, officer, or Key Owner of any Seller directly or indirectly owns more than 5% equity interest in; serves as a director, officer, or manager of, or otherwise participates in the business operations of, any Client of any Seller.

(e) No Seller has guaranteed the performance of any Person under any Contract including, without limitation, any premium financing obligation on behalf of any Client.

(f) To the Knowledge of the Sellers, no Seller is engaged in any risk-bearing or risk-sharing activities, such as, for example but not by way of limitation, as a party to any Contract whereby such Seller agrees (i) to return any portion of its commissions to any Carrier based upon the loss ratios generated by any insurance program that such Seller administers for such Carrier, and/or (ii) to bear any portion of the total insurance risk placed through any insurance program administered by such Seller for any Carrier.

(g) Except as set forth on Schedule 3.13(b), no Seller is a party to any Contract that restricts such Seller's ability to compete in the Insurance Business or to solicit any Client Account or transact any such business with any Client or prospective Client.

Section 3.8 ***Litigation and Claims.*** Except as disclosed in Schedule 3.8, there is no Proceeding pending or, to the Knowledge of any Seller, threatened against any Seller in connection with the Insurance Business. No Seller is subject to any outstanding Order that, insofar as can be reasonably foreseen, individually or in the aggregate, in the future, could reasonably be expected to cause a Material Adverse Change to any Seller, the Acquired Assets, or the Insurance Business, or would prevent any Seller from consummating the Contemplated Transactions.

Section 3.9 ***Bankruptcy; Solvency.*** No voluntary or involuntary petition in bankruptcy, receivership, insolvency or reorganization with respect to any Seller, or petition to appoint a receiver or trustee of any Seller's property, has been filed by or against any Seller. No Seller has made any assignment for the benefit of creditors or admitted in writing insolvency, or that its property at fair valuation will not be sufficient to pay its debts, nor will any Seller permit any judgment, execution, attachment, or levy against it or its properties to remain outstanding or unsatisfied for more than ten (10) days. No Seller is "insolvent" and no Seller will be rendered insolvent by any of the Contemplated Transactions. As used in this section, "insolvent" means that the sum of the debts and probable Liabilities of any Seller exceeds the present fair saleable value of such Seller's assets. Immediately after giving effect to the consummation of the Contemplated Transactions: (i) each Seller will be able to pay its Liabilities as they become due in the usual course of its business; (ii) no Seller will have unreasonably small capital with which to conduct its present or proposed business; (iii) each Seller will have assets (calculated at fair market value) that exceeds its Liabilities; and (iv) taking into account all pending and threatened Proceedings, final judgments against each Seller in Proceedings for money damages are not reasonably to be rendered at a time when, or in amounts such that, such Seller will be unable to satisfy such judgments promptly in accordance with their terms (taking into account the maximum probable amount of such judgments in any such Proceedings and the earliest reasonable time at which such judgments might be rendered) as well as all other obligations of such Seller. The cash available to each Seller, after taking into account all other anticipated used of the cash, will be sufficient to pay all such debts and judgments promptly in accordance with their terms.

Section 3.10 ***Compliance with Applicable Law.*** Since January 1, 2017, each Seller and their respective predecessors and Affiliates has complied in all material respects with all applicable Laws, and no Proceeding has been filed or commenced against any of them alleging any failure to so comply. Without limiting the generality of the foregoing, Sellers' revenues as set forth in the Financial Statements do not include any fees received in addition to, or in lieu of, Commissions, except as permitted by applicable Law, and each Seller is otherwise in compliance in all material respects with applicable Law regarding rebating, excess fees and charges, and other unfair insurance trade practices. Each Seller and to the Knowledge of Sellers, its respective employees and agents hold all Governmental Authorizations (where the failure to hold such Governmental Authorizations could reasonably be expected to cause a Material Adverse Change to any Seller or the Insurance Business), including all resident and nonresident insurance licenses in each jurisdiction where the conduct of the Insurance Business requires such licensure, and are in compliance in all material respects with the terms of the Governmental Authorizations. To the Knowledge of the Sellers, each employee or independent contractor of any Seller to whom any Seller pays Commissions, and any other Third Party

to whom any Seller pays Commissions or with whom any Seller shares or splits any Commissions, holds all insurance licenses required under applicable Law to receive such Commissions.

Section 3.11 ***Tax Returns and Audits***. Each Seller has timely filed all federal, state, local, and foreign Tax Returns, including all amended returns, in each jurisdiction where such Seller is required to do so or has paid or made provision for the payment of any penalty or interest arising from the late filing of any such return, has correctly reflected all Taxes required to be shown thereon, and has fully paid or made adequate provision for the payment of all Taxes that have been incurred or are due and payable pursuant to such returns or pursuant to any assessment with respect to Taxes in such jurisdictions, whether or not in connection with such returns. No Seller is currently subject to any audits with respect to any federal, state, local, or foreign Tax Returns required to be filed and there are no unresolved audit issues with respect to prior years' Tax Returns. There are no circumstances or pending questions relating to potential Tax Liabilities nor claims asserted for Taxes or assessments of any Seller that, if adversely determined, could result in a Tax Liability that could reasonably be expected to cause a Material Adverse Change to any Seller or, the Acquired Assets, or the Insurance Business for any period. No Seller has executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect. No Seller is holding any unclaimed property that it is required to surrender to any state taxing authority including, without limitation, any uncashed checks or unclaimed wages, and each Seller has timely filed all unclaimed property reports required to be filed with such state taxing authorities. No Seller purges its Records of uncashed checks.

Section 3.12 ***Insurance Coverage.***

(a) Schedule 3.12(a) sets forth a complete and correct list of all currently effective insurance policies or binders of insurance or programs of self-insurance which relate to any Seller (including, without limitation, errors and omissions ("E&O"), employment practices liability ("EPL"), and employee theft or employee dishonesty coverage), along with the corresponding Carriers, minimum Liability limits, deductibles, and expiration dates for each such policy or binder. True and complete copies of such policies and binders have been previously delivered or made available for review to Buyer. The coverage under each such policy or binder is in full force and effect. No Seller has received any written notice of cancellation or nonrenewal with respect to, or disallowance of any claim under, or material increase in premium for, any such policy or binder. Each Seller has complied with all the provisions of such policies and binders in all material respects.

(b) Except as set forth in Schedule 3.8, no Seller has incurred any Liability or, to the Knowledge of Sellers, taken or failed to take any action that could reasonably be expected to result in a Liability for E&O in the conduct of its insurance business or EPL, except such Liabilities as are fully covered by insurance, less any applicable deductible or retention. Each Seller has had the same or higher levels of E&O and EPL coverage continuously in effect for at least the past five (5) years.

(c) Schedule 3.12(c) sets forth a complete and correct list of all employee theft or employee dishonesty losses incurred and/or claims made by any Seller in the past five (5) years.

Section 3.13 ***Employees and Independent Contractors.***

(a) With respect to the Insurance Business of Sellers:

(i) There is no collective bargaining agreement or relationship with any labor organization; no labor organization or group of employees has filed any representation petition or made any written or oral demand for recognition; no labor strike, work stoppage, slowdown, or other material labor dispute has occurred, and none is underway or, to the Knowledge of any Seller, threatened; and, to the Knowledge of any Seller, no union organizing or decertification efforts are underway or threatened and no other question concerning representation exists;

(ii) To the Knowledge of any Seller, no executive or manager of any Seller (A) has any present intention to terminate his or her employment, or (B) is a party to any confidentiality, non-competition, proprietary rights, or other such agreement between such employee and any Person besides Sellers that would be

material to the performance of such employee's employment duties, or the ability of Sellers or Buyer to conduct the Insurance Business of Sellers;

(iii) To the Knowledge of Sellers, there is no workers' compensation Liability, experience, or matter outside the Ordinary Course of Business;

(iv) There is no employment-related charge, complaint, grievance, investigation, inquiry, or obligation of any kind, of which Sellers have received written notice, or, to the Knowledge of the Sellers, threatened in any forum, relating to an alleged violation or breach by any Seller (or any of their respective current or former members, shareholders, managers, directors, officers, employees, independent contractors or agents) of any Law or Contract; and

(v) To the Knowledge of any Seller, no current or former members, managers, shareholders, directors, officers, employees, independent contractors, or agents has committed any act or omission giving rise to material Liability for any violation or breach identified in subsection **(iv)** above.

(b) Except as set forth in Schedule 3.13(b), there are no: (i) employment agreements, producer agreements, agent representation agreements, non-competition agreements, non-solicitation agreements, non-disclosure agreements, confidentiality agreements, or similar Contracts with any employees of any Seller; (ii) severance agreements with any former employees of any Seller; or (iii) to the Knowledge of Sellers, independent contractor agreements with any independent contractors of any Seller. True and complete copies of all such Contracts have been provided to Buyer before Closing Date.

(c) No employee of any Seller is on a paid or unpaid leave of absence, including, without limitation, a leave of absence (i) under the federal Family and Medical Leave Act (FMLA) or any similar state or local Law or (ii) for service in the United States Armed Forces, Reserves, National Guard, or other "uniformed services" as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, or has given written notice of his or her intent to take such leave within the ninety (90)-day period following the Closing Date.

(d) Within the past three (3) years, no Seller has implemented any plant closing or layoff of employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended (the WARN Act), or any similar state, local, or non-U.S. Law, and no such action will be implemented without advance notification to Buyer.

Section 3.14 ***Employee Benefit Plans***. Schedule 3.14 lists each Employee Benefit Plan that any Seller or any Seller ERISA Affiliate maintains or to which any Seller or any Seller ERISA Affiliate contributes or with respect to which Seller or any Seller ERISA Affiliate has or may have any Liability.

(a) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) has been maintained, funded, and administered in accordance with the terms of such Employee Benefit Plan and the terms of any applicable collective bargaining agreement and complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable Laws.

(b) All required reports and descriptions (including IRS Form 5500 annual reports, summary annual reports, and summary plan descriptions) have been timely filed and/or distributed in accordance with the applicable requirements of ERISA and the Code with respect to each such Employee Benefit Plan. The requirements of COBRA have been met with respect to each such Employee Benefit Plan and each Employee Benefit Plan maintained by a Seller ERISA Affiliate that is an Employee Welfare Benefit Plan subject to COBRA.

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code to each such Employee Benefit Plan that is an Employee Pension Benefit Plan and all contributions for any period ending on or before the Closing Date that are not yet due have been made to each such Employee Pension Benefit Plan or accrued

in accordance with the past custom and practice of Sellers. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(d) Each such Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Code Section 401(a) has received a determination from the IRS that such Employee Benefit Plan is so qualified, and to the Knowledge of Sellers, nothing has occurred since the date of such determination that could adversely affect the qualified status of any such Employee Benefit Plan. All such Employee Benefit Plans have been timely amended for all such requirements and have been submitted to the IRS for a favorable determination letter within the latest applicable remedial amendment period.

(e) To the Knowledge of Sellers, there have been no Prohibited Transactions with respect to any such Employee Benefit Plan or any Employee Benefit Plan maintained by a Seller ERISA Affiliate. To the Knowledge of Sellers, no fiduciary of any such Employee Benefit Plan has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No Proceeding with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of any Seller (or any employee of any Seller with responsibility for employee benefits matters), threatened. No Seller (or any employee of any Seller with responsibility for employee benefits matters) has any Knowledge of any basis for any such Proceeding.

(f) Sellers have delivered to Buyer correct and complete copies of the plan documents and summary plan descriptions; the most recent determination letter received from the IRS; the three (3) most recent annual reports (IRS Form 5500, with all applicable attachments); and all related trust agreements, insurance contracts, and other funding arrangements that implement each such Employee Benefit Plan.

(g) Neither Seller nor any Seller ERISA Affiliate contributes to or has ever contributed to, has any obligation to contribute to, or has or may have any Liability under or with respect to any Employee Pension Benefit Plan that is a "defined benefit plan" (as defined in ERISA Section (35)). No asset of any Seller is subject to any Encumbrance under ERISA or the Code. No accumulated funding deficiency, whether or not waived, exists with respect to any Employee Pension Benefit Plan; no event has occurred or circumstance exists that may result in an accumulated funding deficiency as of the last day of the current plan year of any such plan. The actuarial report for each Employee Pension Benefit Plan that is a defined benefit plan fairly presents the financial condition and the results of operations of each such plan in accordance with GAAP. To the Knowledge of Sellers, no reportable event (as defined in ERISA Section 4043 and in regulations issued thereunder) has occurred at any time.

(h) Neither Seller nor any Seller ERISA Affiliate contributes to or has ever contributed to, has any obligation to contribute to, or has or may have any Liability (including withdrawal Liability as defined in ERISA Section 4201) under or with respect to any Multiemployer Plan.

(i) Except as set forth on Schedule 3.14, no Seller maintains an Employee Benefit Plan or other arrangement that is subject to Section 409A of the Code. Each Employee Benefit Plan or arrangement that is a nonqualified, deferred compensation plan subject to Section 409A of the Code, has been operated and administered in good faith compliance with Section 409A of the Code since January 1, 2005, and in full operational and documentary compliance with final regulations promulgated under Code Section 409A since January 1, 2009.

(j) Schedule 3.14 also sets forth (i) the number of outstanding loans for participants in the 401(k) Plan and (ii) the outstanding loan balance for each such participant as of the Balance Sheet Date.

Section 3.15 ***Intellectual Property.***

(a) Schedule 3.15 sets forth each internet website, service mark registration and application therefor, trademark registration and application therefor, copyright registration and application therefor, patent, patent application, material unregistered service mark, material unregistered trademark, and material trade name, in each case owned and used by any Seller in its operation of the Insurance Business.

(b) Subject to the provisions of **Section 3.15(c)** below, Sellers have the right to use the Intellectual Property used in the Insurance Business, and except as otherwise set forth therein, the Intellectual Property is, and will be on the Closing Date, free and clear of all royalty obligations and Encumbrances. There are no Proceedings pending, or to the Knowledge of any Seller, threatened, asserting that any Seller's use of such Intellectual Property listed on Schedule 3.15 infringes the intellectual property rights of any Person. No Seller Party has any Knowledge of any use by any Seller of such Intellectual Property constituting an infringement thereof, and none of the Shareholders or Member has any right, claim, or interest in or to such Intellectual Property.

(c) The current Software applications, other than to the extent the Software is Public Software or "off-the-shelf" Software, used by any Seller in the operation of the Business, are set forth and described on Schedule 3.15 ("Seller Software"). To Seller's Knowledge, Seller Software, to the extent it is licensed from any Third-Party licensor or it constitutes "off-the-shelf" Software, is held by Sellers under valid, binding, and enforceable licenses. The third-party Software installed on each Seller's computer hardware is validly licensed. No Seller has sold, assigned, externally licensed, or distributed, or in any other way encumbered Seller Software.

Section 3.16 ***Real Property.***

(a) No Seller owns any of the Office Locations.

(b) Seller has provided to Buyer a true and complete copy of the Real Property Lease for each Office Location. With respect to each Real Property Lease, to the Knowledge of Sellers (i) such Real Property Lease is valid, binding and in full force and effect with respect to the Seller who is the lessee or sublessee, as applicable, thereunder, and the other parties thereto; (ii) all payments required to have been made under such Real Property Lease by such Seller have been made; (iii) there are no other defaults or events of default under, or events which with due notice or lapse of time, or both, would constitute defaults or events of default under, such Real Property Lease by such Seller, or, the landlord or sub landlord, as applicable, under such Real Property Lease; (iv) except as described in Schedule 3.16, the Contemplated Transactions do not require the consent of any other party to any Real Property Lease, will not result in a breach of or default under any Real Property Lease, and will not otherwise cause any Real Property Lease to cease to be legal, valid, binding, and in full force and effect on identical terms following Closing; (v) Sellers' possession and quiet enjoyment of the real property subject of the Real Property Leases has not been disturbed; (vi) no security deposit or portion thereof deposited with respect to any Real Property Lease has been applied in respect of a breach of or default under a Real Property Lease that has not been redeposited in full; (vii) no Seller owes in the future any brokerage commissions or finder's fees with respect to any Real Property Lease; (viii) except as described in Schedule 3.16, the other party to any Real Property Lease is not an Affiliate of, and otherwise does not have, any economic interest in any Seller; (ix) no Seller has collaterally assigned or granted any other Encumbrance in any Real Property Lease or any interest therein; and (x) no Seller has subleased, licensed, or otherwise granted any Person the right to use or occupy the real property subject of the Real Property Leases or any portion thereof except as detailed on Schedule 3.16.

Section 3.17 ***No Brokers or Finders.*** No agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from any Seller or any of their respective Affiliates in connection with the consummation of the Acquisition or any of the other Contemplated Transactions.

Section 3.18 ***Schedules.*** Each of the Schedules delivered by the Seller pursuant to this Agreement is true and complete in all material respects.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYERS

Buyer represents and warrants to the Sellers as follows:

Section 4.1 ***Organization.*** Buyer is a corporation duly organized, validly existing, and in good standing under the Law of the State of Minnesota and its status is active. Buyer and Parent has all requisite power and

authority and all necessary Governmental Authorizations to own, lease and operate its properties and to carry on its business as now being conducted.

Section 4.2 ***Authority.*** Each of Buyer and Parent has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the Contemplated Transactions. The execution, delivery, and performance of the Buyer's Documents have been duly authorized by all necessary action on the part of Buyer or Parent. This Agreement and the Buyer's Documents will be duly executed and delivered, respectively, by the duly authorized representative of Buyer and/or Parent, as applicable, on behalf of Buyer and/or Parent, as applicable. This Agreement and the other Buyer's Documents when executed and delivered will constitute the legal, valid, and binding obligations of Buyer and/or Parent, enforceable against Buyer and/or Parent, as applicable, in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, or similar applicable Law from time to time in effect relating to or affecting the enforcement of creditors' rights generally and general equitable principles.

Section 4.3 ***Consents and Approvals; No Violations.*** Neither the execution, delivery, or performance of this Agreement by Buyer, or Parent nor the consummation by Buyer or Parent of the Contemplated Transactions, nor compliance by them, as and when due, with any of the provisions of the Buyer's Documents will: (a) conflict with or result in any Breach of any provision of Buyer's or Parent's Governing Documents; (b) except for notices required under Parent's E&O insurance policy or Parent's credit facilities, a press release that may be required to fulfill Parent's disclosure obligations as a New York Stock Exchange-listed company regarding the Acquisition, or for the approvals required under the Hart-Scott-Rodino Act, require any notice to, filing with, or permit, authorization, Consent, or approval of, any Governmental Body; or (c) result in a violation or Breach of, or constitute a default under, any of the terms, conditions, or provisions of any agreement or other instrument or obligation to which Buyer or Parent is a party or by which Buyer or Parent or any of their respective properties or assets may be bound.

Section 4.4 ***No Brokers or Finders.*** No agent, broker, investment banker, financial advisor, or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee from Buyer, Parent, or any of their respective Affiliates in connection with the consummation of the Acquisition or any of the other Contemplated Transactions.

Section 4.5 ***Capitalization.***

(a) The authorized capital stock of Parent consists of 560,000,000 Parent Shares. The number of issued and outstanding Parent Shares is as stated in the SEC Reports as of the date(s) stated therein.

(b) Upon the Closing, the Parent Shares constituting the Closing Stock Consideration will be duly authorized, validly issued, fully paid and non-assessable, and shall be issued without violation of any preemptive rights of any third party free and clear of all Encumbrances (other than restrictions, if any, imposed by Law).

Section 4.6 ***SEC Reports.***

(a) Parent has filed with the SEC all forms, reports, schedules and other documents under the Exchange Act required to be filed by it with the SEC for the 12 months preceding the date hereof (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein being collectively referred to herein as the "SEC Reports"), and will file all such forms, reports, schedules and other documents required to be filed subsequent to the date of this Agreement through the Closing. As of their respective dates, the SEC Reports (i) were prepared in accordance, in all material respects, with the Securities Act or the Exchange Act, as the case may be, as in effect on the date so filed, and (ii) did not, at the time they were filed (or, if amended, as of the date of such amendment), contain any untrue statement of a material fact or omit to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, that Parent makes no representation or warranty whatsoever concerning any SEC Report as of any time other than the date or period with respect to which it was filed. The certifications and statements required by (x) Rule 13a-14 under the Exchange Act and (y) 18 U.S.C. § 1350 relating to the SEC Reports are accurate and complete and comply as to form and content with all applicable Law in all material respects.

(b) Each of the consolidated financial statements included in or incorporated by reference into the SEC Reports was prepared in accordance with (i) GAAP, applied on a consistent basis throughout the periods indicated, and (ii) Regulation S-X or Regulation S-K, as applicable, subject, in the case of the unaudited financial statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse) and the absence of notes (to the extent permitted by Regulation S-X or Regulation S-K, as applicable). Each such financial statement fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of Parent as of the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein.

Section 4.7 ***Listing.*** As of the date of this Agreement, the Parent Shares are listed on the New York Stock Exchange. There is no Proceeding pending or, to Buyer's knowledge, threatened against Parent by the New York Stock Exchange with respect to any intention by such entity to prohibit or terminate the listing of the Parent Shares on the New York Stock Exchange.

Section 4.8 ***Investigation***. Buyer acknowledges that it is relying solely on its own independent investigation and analysis and the representations and warranties of the Sellers set forth in **Article 3** in entering into the Contemplated Transactions. Buyer is knowledgeable about the industries in which the Sellers operate and is capable of evaluating the merits and risks of the Contemplated Transactions. Buyer has been afforded full access to the books and records, facilities, and personnel of the Sellers for purposes of conducting a due diligence investigation and has conducted a full due diligence investigation of the Sellers.

ARITCLE 5
ADDITIONAL AGREEMENTS

Section 5.1 ***Expenses.*** Except as otherwise expressly set forth in this Agreement, whether or not the Acquisition is consummated, all costs and expenses incurred in connection with this Agreement and the Contemplated Transactions will be paid by the Party incurring such expenses. For clarity and without limiting the foregoing: (a) all filing fees incurred in connection with the filing of name change documents on behalf of any Seller, or any other documents necessary to affect the change each Seller's corporate name with any applicable Governmental Body, will be Sellers' responsibility; and (b) all filing fees incurred in connection with the filing of any fictitious name registration documents on behalf of Buyer with any applicable Governmental Body, will be Buyer's responsibility, regardless of the Party that, for logistical reasons, convenience or otherwise, actually submits such documents with any applicable Governmental Body.

Section 5.2 ***Errors and Omissions and Employment Practices Liability Extended Reporting Coverage.***

(a) On or before the Closing Date, Sellers must arrange to purchase, at Sellers' expense, extended reporting period ("tail") coverage extensions for each of Sellers' E&O insurance policies and EPL insurance policies (the "Required Tail Coverage"). The Required Tail Coverage will extend for a period of at least five (5) years from the Closing Date, will have the same limits and deductibles currently in effect, and will otherwise be in form reasonably acceptable to Buyer. Evidence of Sellers' arrangement to procure the Required Tail Coverage, satisfactory to Buyer in its commercially reasonable discretion, will be delivered to Buyer at or before Closing. Without limiting the generality of the foregoing, the endorsement or policy evidencing the Required Tail Coverage will not contain an "other insurance" or other provision that purports to make the Required Tail Coverage excess rather than primary and non-contributory coverage as to any error or omission or EPL occurrence arising before the Closing Date (an "Excess Coverage Provision"). If the Required Tail Coverage is procured as an endorsement to Sellers' existing E&O policies or EPL insurance policies, and the existing policy contains an Excess Coverage Provision, the Required Tail Coverage endorsement will amend the existing policies to (i) remove the Excess Coverage Provision and (ii) state expressly that the Required Tail Coverage will be primary and non-contributory as to any error or omission or EPL occurrence arising before the Closing Date.

(b) Notwithstanding the foregoing, it is the Parties' intent that, subject to the terms and conditions of **Article 6** of this Agreement: (i) as between the Required Tail Coverage and any coverage that might be available under Parent's policies, the Required Tail Coverage will be primary and non-contributory; (ii) the Sellers, jointly and

severally, will be solely liable for any deductibles or retentions under the Required Tail Coverage; and (iii) in the event Parent's policies must so respond, the Sellers will remain jointly and severally liable to Buyer for any deductibles or other related costs or expenses incurred by Parent.

(c) Within one (1) Business Day following the Closing Date, and thereafter during the term of the Required Tail Coverage as Buyer may request from time to time, Sellers will promptly provide Buyer with a certificate of insurance evidencing the Required Tail Coverage. After the Closing, with respect to any Proceeding that names or otherwise involves Buyer or its Affiliates as to which defense and/or coverage may be available for Buyer or its Affiliates under the Required Tail Coverage, Buyer may, at its option and sole discretion, directly pay any applicable deductible under the Required Tail Coverage to the appropriate Carrier (the "Required Tail Deductible") and seek indemnity from the Sellers for such Required Tail Deductible as a Retained Liability pursuant to **Article 6**. Nothing in this **Section 5.2** will limit or affect the Parties' respective rights and obligations under **Article 6**.

Section 5.3 ***Appointments.*** On or prior to the Closing Date, Parent shall cause: (i) James C. Hays to be appointed to Parent's board of directors and appointed as an officer of Parent with the title Vice Chairman, and (ii) Mike Egan to be appointed as an officer of Parent with the title Regional President-Retail Division.

Section 5.4 ***Post-Closing Employee Matters.***

(a) After the Closing, and at Buyer's request, Sellers will (i) take all reasonable measures to enforce the terms of those non-compete/non-solicitation/confidentiality agreements with its existing or former employees and/or independent contractors that either have not been or cannot be assigned to Buyer, including pursuing legal and injunctive Proceedings, and (ii) cooperate with Buyer in enforcing the terms of those Contracts assigned to Buyer and will join in any legal or injunctive Proceedings instituted by Buyer for such purpose. If the violating party was an employee of Sellers providing services to Buyer pursuant to the Transition Services Agreement after the Closing Date or became an employee of Buyer on the Closing Date, any such action will be at Buyer's cost and expense. If the violating party was no longer an employee of a Seller providing services to Buyer pursuant to the Transition Services Agreement after the Closing Date or did not become an employee or contractor of Buyer on the Closing Date, any such action will be at the Sellers' cost and expense. Without Buyer's prior written consent, which Buyer may withhold in its sole and absolute discretion, Sellers will not amend, modify, waive, release, or otherwise affect the terms of any such non-compete/non-solicitation/confidentiality agreements with any Seller's former employees and/or independent contractors. Nothing in this **Section 5.4(a)** will be deemed or construed to (x) impose any obligation or duty on Buyer to initiate any such Proceeding, which may be initiated by Buyer in its sole discretion, or (y) limit, modify, or otherwise affect Sellers' indemnity obligations under **Section 6.2**.

(b) Notwithstanding anything in this Agreement to the contrary, at Buyer's option, Buyer and Sellers will promptly, but in any event no later than ninety (90) days following the Closing Date, reasonably cooperate and file such forms, notices, reports, or other instruments with state taxing authorities as are necessary to effect the transfer of each Seller's state unemployment records, unemployment rating account balance, state unemployment Taxes paid by each Seller, each Seller's existing State Unemployment Insurance (SUI) account number (notwithstanding whether any Seller will continue in existence following Closing, in which case, each such Seller is responsible for obtaining, at its sole expense, a new SUI account number), and other aspects of each Seller's pre-Closing unemployment experience to Buyer, as successor employer of the Hired Employees.

(c) For purposes of determining eligibility to participate, vesting and entitlement to benefits where length of service is relevant under any benefit plan or arrangement of Buyer, any Hired Employee who is employed by Sellers as of the Payroll Transition Date will receive service credit for service with Sellers to the same extent such service credit was granted under Sellers' Employee Benefit Plans, subject to offsets for previously accrued benefits and no duplication of benefits.

Section 5.5 ***Corporate Name, Tradenames, Service Marks, Etc.***

(a) From and after Closing, the Sellers agree:

(i) Not to use any tradename or service mark (whether or not registered) identical or confusingly similar to any Seller's corporate name, tradenames, and service marks (whether or not registered), or any colorable imitations thereof, and/or any mark, name, or any words or representations confusingly similar thereto in connection with the advertising, offering for sale, and/or sale, of any Insurance Products or Services (though each Seller will be entitled to the use of such Seller's corporate name in connection with the winding-down of such Seller's affairs or such Seller's liquidation, including collecting the Seller Accounts Receivable);

(ii) Otherwise not to infringe on any service mark and name (whether or not registered by any Seller or Buyer) that Buyer is acquiring hereunder from any Seller;

(iii) Not to use any Seller's corporate name tradename, or any internet domain name of any Seller, which Buyer is acquiring hereunder, to unfairly compete with Buyer, pass off its Insurance Products or Services as those of Buyer, or otherwise to cause any misunderstanding as to source, sponsorship, approval, or certification with or by Buyer or its Insurance Products or Services.

(b) Promptly after the Closing, each Seller will file name change documents with, and pay the accompanying filing fees to, the Minnesota Secretary of State.

(c) Notwithstanding the limitations set forth in this **Section 5.5**, Sellers and their Affiliates may use such tradenames, service marks, internet domain names, and e-mail addresses as are currently being used by Sellers and their Affiliates in connection with businesses carried on by, relating to, or otherwise incorporating, the Excluded Assets and for a reasonable transition period following the Closing, all in accordance with the License Agreement.

(d) The Sellers' covenants under this **Section 5.5** will survive indefinitely after the Closing.

Section 5.6 ***Post-Closing Payment of Liabilities; Waiver of Bulk Sales Laws.*** Sellers in their commercially reasonable discretion will maintain sufficient assets after the Closing to satisfy those Retained Liabilities that were not otherwise satisfied out of the Secured Debt Amount at Closing. Without limiting the generality of the foregoing:

(a) *Taxes Resulting from Sale of Assets by Sellers*. Sellers will pay in a timely manner all Taxes resulting from or payable in connection with (i) Sellers' ownership or operation of the Insurance Business before the Closing Date and/or (ii) the sale of the Acquired Assets pursuant to this Agreement, regardless of the Person who is liable for such Taxes under applicable Law. Without limiting the generality of the foregoing, (A) the Sellers will, in a timely manner, file all returns for and pay all (1) tangible personal property Taxes (or ad valorem Taxes) in all applicable jurisdictions for each taxable year during which Sellers owned or owns the Acquired Assets on the Tax Measurement Date for such taxable year, and (2) all other Taxes in all applicable jurisdictions for all periods before the Closing Date, and (B) the Sellers, jointly and severally, will indemnify Buyer for any unpaid unemployment or other Taxes, interest, and penalties, in accordance with **Article 6**.

(b) *Payment of Other Retained Liabilities*. Sellers will pay, or make adequate provision for the payment, in the Ordinary Course of Business all of the Retained Liabilities including, without limitation, outstanding Carrier payables incurred before the Closing.

(i) After Closing, Sellers may transfer to Buyer amounts due for outstanding Carrier payables and Buyer, on behalf of Sellers, will directly pay each Seller's pre-Closing Carrier payables in appropriate amounts.

(ii) After Closing Sellers may transfer to Buyer amounts held by Sellers on behalf of Client Accounts. If any such funds are transferred, Buyer, on behalf of and at the direction of Sellers, will remit the appropriate portions of the Client Credit Balances Amount to the respective Clients and/or offset such portions against future premiums due from such Clients, as appropriate. If any monies that Buyer attempts to remit to a Client are returned as undeliverable to the Client, Buyer will promptly remit the returned monies to Sellers' Representative,

which will be solely responsible for timely tendering such monies and related forms to the appropriate Governmental Bodies as abandoned property;

(c) *Waiver of Bulk Sales Laws.* Buyer and Sellers hereby waive compliance with any applicable Bulk Sales Laws in connection with the Contemplated Transactions.

Section 5.7 ***Client and other Business Relationships; Collection of Seller Accounts Receivable.***

(a) *Client and other Business Relationships.* After the Closing, the Sellers and their Representatives will reasonably cooperate with Buyer in its efforts to continue and maintain for the benefit of Buyer those business relationships of each Seller existing before the Closing and relating to the business to be operated by Buyer after the Closing, including relationships with lessors, employees, Governmental Bodies, Clients, insurance brokers, insurance agents, Carriers, administrators, licensors, and vendors, and Sellers will satisfy the Retained Liabilities in a manner that is not reasonably expected to be detrimental to any of such relationships. The Sellers will refer to Buyer all inquiries relating to the Insurance Business. None of the Sellers or any manager, director, officer, employee, or agent of any Seller will take any action that would reasonably be expected to diminish the value of the Acquired Assets after the Closing or that would reasonably be expected to interfere with the business of Buyer to be engaged in after the Closing.

(b) *Collection of Seller Accounts Receivable.* Without limiting the foregoing, the Sellers will use commercially reasonable efforts in collecting the Seller Accounts Receivable and will avoid any action or omission that is reasonably likely to cause any Current Account to cancel or non-renew any Insurance Products or Services with Buyer.

Section 5.8 ***Life Insurance Policy***. Buyer may, at its option and expense, purchase a term life insurance policy on the life of each Key Owner, with a limit and term to be determined in Buyer's discretion and with benefits payable to Buyer (each a "Key Owner Life Policy"). Sellers will cause each Key Owner to reasonably cooperate with Buyer in connection with Buyer's efforts to obtain such insurance and take such actions (including, without limitation, obtaining such Key Owner's consent and submitting to physical examinations) as may reasonably be required for such purpose.

Section 5.9 ***Termination of Access to Systems.*** Promptly following Closing, Sellers will terminate access by any Third Party to Sellers' agency management system or Carriers through Sellers' contracts with those Carriers.

Section 5.10 ***Operation of New Profit Center During Earn-Out Period.***

(a) *Management of New Profit Center During Earn-Out Period;*

(i) The management of the New Profit Center will be generally consistent with the past business practices and corporate policies of the Sellers, subject to compliance with: Buyer's and Parent's quality control guidelines; Buyer's and Parent's accounting methodology, procedures, guidelines, and internal controls; the Sarbanes-Oxley Act of 2002, as amended, and other applicable Law; any necessary information technology (IT) upgrades; and generally the requirement to manage the New Profit Center for the long-term benefit of Buyer, Parent, and Parent's shareholders. Parent shall permit and enable management of the Earn-Out Locations to operate following the Closing Date in substantially the same manner as the Sellers operated the Insurance Business at the Earn-Out Locations prior to the date hereof.

(ii) The leader of the New Profit Center, which will be James C. Hays for the duration of the Earn-Out Period as long he remains an employee of Buyer/Parent; provided if James C. Hays is not so employed, Mike Egan will be the leader of the New Profit Center for the remaining duration of the Earn-Out Period as long as he remains an employee of Buyer/ Parent, may not make any managerial decision, including any decision to minimize the New Profit Center's expenses in the Earn-Out Period (including by implementing material staff reductions that are not dictated by a corresponding reduction in business or, in individual cases and with Buyer's reasonable prior written approval, by a legitimate business reason unrelated to the determination of the Purchase Price), for the primary

purpose of maximizing the Purchase Price. Conversely, Buyer may not take any action, including any action to increase the New Profit Center's expenses during the Earn-Out Period, for the primary purpose of minimizing the Purchase Price.

(iii) In the event of the occurrence of any of the following events, the maximum Earn-Out Payment shall be immediately due and payable in full, to the extent not previously paid: (1) Parent or Buyer commences any proceeding in bankruptcy or for dissolution, liquidation, winding-up, or other relief under state or federal bankruptcy laws; (2) any such proceeding is commenced against Parent or Buyer, or a receiver or trustee is appointed for Parent or Buyer or a substantial part of its respective property, and such proceeding or appointment is not dismissed or discharged within sixty (60) days after its commencement; (3) Parent or Buyer makes an assignment for the benefit of creditors, or petitions or applies to any tribunal for the appointment of a custodian, receiver or trustee for all or substantially all of its assets or has a receiver, custodian or trustee appointed for all or substantially all of its assets; or (4) the employment of James C. Hays and Mike Egan is terminated by Buyer without Cause (as that term is defined in their respective employment agreements with Buyer/Parent).

(b) *Acquisitions or Transfers During Earn-Out Period.*

(i) During the Earn-Out Period, no acquisitions by Buyer or the New Profit Center will be merged into the New Profit Center unless mutually agreed by the Parties.

(ii) If Buyer elects to sell, transfer, assign, or remove ("Transfer") any Client Accounts from the Total Book of Business of the Earn-Out Locations (each a "Transferred Account") during the Earn-Out Period, the Transfer will be treated as follows:

(A) If the Transfer is effective during the first twelve (12) months of the Earn-Out Period, then an annualized amount equal to (1) the Core Revenue attributable to the Transferred Account in the Pro Forma Operating Profit ("Transferred Account Core Revenue"), less any such Core Revenue that Buyer has already recognized before the effective date of the Transfer; times (2) the Pro Forma Operating Profit Margin; will be credited for purposes of calculating Operating Profit for the remainder of the Earn-Out Period; and

(B) If the Transfer is effective after the first twelve (12) months of the Earn-Out Period, then an annualized amount equal to (1) the Core Revenue recognized by Buyer from the Transferred Account during the twelve (12)-month period before the effective date of such Transfer, times (2) the Operating Profit margin generated by the New Profit Center during the twelve (12)-month period before the effective date of such Transfer, will be credited for purposes of calculating Operating Profit for the remainder of the Earn-Out Period. For example, if Buyer transferred certain Transferred Accounts eighteen (18) months after the Closing Date, the Core Revenue earned by Buyer from the Transferred Accounts during the twelve (12)-month period before such Transfer equaled $10,000, and the New Profit Center's Operating Profit margin for such twelve (12)-month period equaled thirty-five percent (35%), then $3,500 will be credited on an annualized basis toward the Operating Profit.

Section 5.11 ***Sellers' Restrictive Covenants.***

(a) *Non-Competition Covenant*. Each Seller agrees that such Seller will not, for a period of five (5) years following the Closing Date (the "Restricted Period"), engage in, or be or become the owner of an equity interest in, or otherwise consult with, be employed by, or participate in the business of any Person, other than Buyer, Parent, or their Affiliates, successors, and assigns (each and collectively, the "Buyer Group") engaged in the Insurance Business within the applicable Restricted Area, as defined below (the "Non-Compete Covenant"); *provided*, *however*, that (A) ownership of less than three percent (3%) of the outstanding market capitalization of any publicly traded corporation or (B) those investments set out on Schedule 5.11 will not be deemed a violation of the Non-Compete Covenant. The term "Restricted Area" means the United States.

(b) *Non-Solicitation Covenants*. Without limiting anything set forth in **Section 5.11**, during the Restricted Period:

(i) No Seller will, directly or indirectly, in any capacity whatsoever, solicit, divert, quote, propose, sell, place, provide, service, or renew any Insurance Products or Services in respect of any Seller Account. Each Seller recognizes and acknowledges that such Seller Accounts are not confined to any geographic area. Therefore, each Seller acknowledges and understands that there is no geographic restriction that applies to the non-solicitation covenant as contained in this **Section 5.11(b)(i)** and that the scope of this covenant is appropriately limited by the customer-based restriction.

(ii) No Seller will take any action intended to or which would reasonably be expected to cause any Seller Account or other Person with a material business relationship with Seller or Buyer, to cease, reduce, or refrain from transacting business with Buyer.

(iii) No Seller will, directly or indirectly, solicit, hire, engage, or seek to induce any Hired Employee to terminate such employee's employment with Buyer for any reason, including, without limitation, to work for any Seller or any competitor of Buyer

(c) *Confidentiality*.

(i) Each Seller recognizes and acknowledges that, as part of this Agreement, Buyer is purchasing from Sellers certain Confidential Information, which will constitute valuable, secret, special, and unique assets of Buyer. Each Seller covenants and agrees that such Seller will not disclose the Confidential Information to any Person for any reason or purpose without the express written approval of Buyer and will not use the Confidential Information except in the businesses of Buyer and its Affiliates. It is expressly understood and agreed that the Confidential Information is the property of Buyer and must be immediately returned to Buyer upon demand.

(ii) Any trade secrets Buyer acquired from Sellers hereunder will also be entitled to all of the protections and benefits under applicable trade secret Law and any other applicable Law. If any information that Buyer deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for purposes of this Agreement, such information will in any event still be considered Confidential Information for purposes of this Agreement. In the case of trade secrets, Sellers hereby waives any requirement that Buyer submit proof of the economic value of any trade secret or post a bond or other security.

(d) *Scope of Covenants*. Each Seller acknowledges and agrees that: (i) the covenants set forth in this Agreement are being entered into (A) in connection with, and as a material inducement for Buyer to enter into, the Acquisition and (B) voluntarily and for adequate consideration; and (ii) given the nature and geographic scope of the Insurance Business, the Restricted Period and the Restricted Area are reasonable in time and geographic area.

(e) *Remedies*.

(i) In the event of a breach or threatened breach of the provisions of **Section 5.11** of this Agreement, Buyer will be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Should a court of competent jurisdiction declare any of the covenants set forth in this Agreement unenforceable due to an unreasonable restriction, duration, geographical area or otherwise, the Parties agree that such court will be empowered and will grant Buyer or its Affiliates injunctive relief to the extent reasonably necessary to protect their respective interests. Each Seller acknowledges that the covenants set forth in this Agreement represent an important element of the value of the Insurance Business and the Acquired Assets and are a material inducement for Buyer to enter into this Agreement. Each Seller further acknowledges that without such protection, Buyer's business would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(ii) If any Seller will violate the restrictions contained in **Section 5.11** of this Agreement, and if any court action is instituted by Buyer to prevent or enjoin such violation, then the period of time during which such Seller's business activities will be restricted as provided in this Agreement will be lengthened by a period of time equal to the period between the date upon which such Seller is found to have first violated the restrictions, and the date on which the decree of the court disposing of the issues upon the merits will become final and not subject to further appeal.

(iii) In addition to the foregoing, any damages suffered by Buyer or its Affiliates as a result of any breach by any Seller of the provisions of **Section 5.11** of this Agreement will be subject to such Seller's indemnity obligations set forth in this Agreement.

(iv) Each provision of **Section 5.11** of this Agreement will be independent of any and all other provisions of this Agreement, the other Transaction Documents, and any other agreement entered into between the Parties. The real or perceived existence of any claim or cause of action of any Seller against Buyer or its Affiliates, whether predicated on this Agreement or some other basis, will not relieve such Seller of its obligations under **Section 5.11** of this Agreement and will not constitute a defense to the enforcement by Buyer or Parent of the restrictions and covenants contained in **Section 5.11** of this Agreement.

(v) It is the Parties' intent that the terms and provisions of **Section 5.11** of this Agreement be enforceable to the maximum extent permitted by applicable Law. If a court of competent jurisdiction declare any of the covenants set forth in **Section 5.11** of this Agreement unenforceable, then such court will be authorized to modify such covenants so as to render the remaining covenants and the modified covenants valid and enforceable to the maximum extent possible, and as so modified, to enforce **Section 5.11** of this Agreement in accordance with its terms. If any provision of this Agreement will be held to be excessively broad, it will be limited to the extent necessary to comply with applicable Law.

(vi) If any of the provisions of **Section 5.11** of this Agreement will otherwise contravene or be determined to be invalid or unenforceable under the Laws of any state, country, or other jurisdiction in which this Agreement may be applicable, valid, and enforceable but for such contravention or invalidity or unenforceability, then (A) such contravention or invalidity or unenforceability (A) will not invalidate or otherwise affect the enforceability of all of the provisions of **Section 5.11** of this Agreement, but rather (B) **Section 5.11** of this Agreement (or the remaining provisions hereof, as applicable) will be construed, insofar as the Laws of that state or other jurisdiction are concerned, as not containing the provision or provisions contravening or invalid under the Laws of that state or jurisdiction, and (B) the rights and obligations created hereby will be construed and enforced to the maximum extent permitted under applicable Law.

ARTICLE 6
INDEMNITY

Section 6.1 ***Survival of Representations, Warranties, Indemnities, and Covenants.***

(a) Subject to **Section 6.1(c)**, the representations, warranties, and indemnities set forth in this Agreement will survive for a period of three (3) years following the Closing Date (the "Survival Period"). All post-Closing covenants will survive the Closing for the period(s) specified in this Agreement or, if not specified, for the Survival Period. The rights of the Indemnified Parties (as defined in **Section 6.4** below) to assert a claim under this **Article 6** will survive the Closing Date until the expiration of the Survival Period, except with respect to Liability for any item as to which, before the expiration of the Survival Period, an Indemnified Party has asserted a claim in writing as required pursuant to the provisions of this **Article 6**, in which event the Liability on the part of the Indemnifying Parties for such claim will continue until such claim has been finally settled, decided, or adjudicated.

(b) If a Party (the Sellers, on the one hand, and Buyer, on the other hand, each being considered one Party for purposes of this **Section 6.1**) has received written notice of a potential Breach of a representation, covenant, or warranty by the other Party, or the occurrence of an otherwise potentially-indemnifiable event in favor of the other Party, under this Agreement within the applicable period under this **Section 6.1**, such Party will give timely, complete, and accurate written notice of such Breach or other potentially indemnifiable event to the other Party.

(c) Notwithstanding **Section 6.1(a)** and **Section 6.1(b)**:

(i) The indemnity obligations of a Party for any Special Matter will survive until sixty (60) days following the expiration of all applicable statutes of limitation or statutes of repose; and

(ii) As to any Proceeding pending against a Party as of the Closing Date, such Party's indemnity obligation will continue through the final disposition of such Proceeding, either by settlement or by a final, non-appealable judgment issued by a court of competent jurisdiction.

Section 6.2 ***Indemnity Provisions for the Benefit of Buyer Indemnified Parties.*** To the extent permitted by applicable Law, the Sellers each agree, from and after the Closing, jointly and severally to indemnify, defend, and hold the Buyer Indemnified Parties harmless from and against any Adverse Consequences that any of the Buyer Indemnified Parties may suffer or incur resulting from, arising out of, relating to, or caused by: (i) the Breach of any Seller's representations or warranties herein; (ii) the Breach of any Seller's other obligations or covenants contained herein; or (iii) the operation of the Insurance Business or ownership of the Acquired Assets by any Seller before the Closing Date, including, without limitation, (A) any Proceedings based on conduct of any Seller occurring before the Closing or (B) any Retained Liabilities (including any Employee/Owner-Related Liabilities and any Liabilities arising from the administration or funding of any Employee Benefits Plan sponsored or contributed to before the Closing by any Seller).

Section 6.3 ***Indemnity Provisions for the Benefit of Seller Indemnified Parties***. To the extent permitted by applicable Law, Buyer will indemnify, defend, and hold the Seller Indemnified Parties harmless from and against any Adverse Consequences that any of the Seller Indemnified Parties may suffer or incur resulting from, arising out of, relating to, or caused by (a) the Breach of any of Buyer's representations or warranties herein, (b) the Breach of any of Buyer's other obligations or covenants contained herein, or (c) the operation or ownership of the Acquired Assets by Buyer on or after the Closing Date (other than the Retained Liabilities), including, without limitation, (i) any Proceedings based on conduct of Buyer occurring after the Closing or (ii) any Assumed Liabilities.

Section 6.4 ***Matters Involving Third Parties.***

(a) If any Third Party will notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnity against the other Party (the "Indemnifying Party") under this **Article 6** (the Sellers, on the one hand, and Buyer, on the other hand, each being considered one Party for purposes of this **Section 6.4**), then the Indemnified Party will promptly notify (which the Indemnified Party will endeavor to provide, by the sooner to occur of (i) fifteen (15) Business Days after receipt of notice by it or (ii) five (5) Business Days before the date a responsive pleading is due) the Indemnifying Party (or, if applicable, the appropriate tail Carrier) thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party (or, if applicable, the Indemnifying Party's appropriate tail Carrier) will relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) that the Indemnifying Party thereby is prejudiced by such delay.

(b) The Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as: (i) the Third Party Claim involves only money damages and does not seek by way of a motion an injunction or other equitable relief; (ii) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests of the Indemnified Party; and (iii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently; provided, however, such assumption of the defense will not constitute a waiver of any argument relating to the obligation of the Indemnifying Party to indemnify the Indemnified Party pursuant to, or of any applicable condition or limitation applicable to such indemnification under, this **Article 6**.

(c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with **Section 6.4(b)** above, (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party, and (iii) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party.

(d) If any of the conditions in **Section 6.4(b)** above is or becomes unsatisfied, however, (i) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), (ii) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically (but no more frequently than monthly) for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses), and (iii) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this **Article 6**, subject to the conditions and limitations under this **Article 6.**

Section 6.5 ***Limitations on Indemnity Undertaking.***

(a) Notwithstanding anything contained in this Agreement to the contrary, (a) no Indemnifying Party will be liable for any amounts for which Indemnified Parties are otherwise entitled to indemnity for any Breach of a Party's representations or warranties pursuant to **Section 6.2(i)** or **Section 6.3(a)**, as applicable, until the aggregate amount for which Indemnified Parties are entitled to indemnity under all such claims for indemnity under **Section 6.2(i)** or **Section 6.3(a)**, respectively, exceeds (i) $3,500,000 during the first twenty-four (24) months of the Survival Period and (ii) $7,000,000 during final twelve (12) months of the Survival Period (the "Basket") (which Basket will be a true Basket and shall not revert back to dollar one), and (b) the Indemnifying Party will not be required to make indemnity payments pursuant to **Section 6.2(i)** or **Section 6.3(a)** to the extent such indemnity payments would exceed $50,000,000 in the aggregate (the "Cap"). Notwithstanding the foregoing, neither the Cap nor the Basket will limit an Indemnifying Party's Liability in respect of any claim under this **Article 6** to the extent that such claim arises from or in connection with (*x*) any Special Matter, (*y*) any Breach by Buyer of its obligations to pay any portion of the Purchase Price when due, or any Breach by any Seller of such Seller's obligations under **Section 5.11**; provided, Sellers will not be required to indemnify Buyer Indemnified Parties in respect of any Adverse Consequences for which indemnity is claimed under **Section 6.2** to the extent the aggregate of all Adverse Consequences in excess of the Basket exceed an amount equal to the Purchase Price (the "Super Cap"); provided, further that the Super Cap will not apply to Adverse Consequences claimed under clause **(a)** of the definition of "Special Matters."

(b) In no event will the Buyer Indemnified Parties or Seller Indemnified Parties be entitled to recover or make a claim for any amounts in respect of any (i) indirect or consequential damages, (ii) damages based on diminution of value, enterprise value, or any multiple or similar valuation theories, or (iii) punitive or exemplary damages, in each case except to the extent awarded to a third party. In addition, in no event will the Buyer Indemnified Parties be entitled to recover for any Adverse Consequences that are its own general and administrative time or other overhead expenses. Attorneys' fees and disbursements of a Buyer Indemnified Party or Seller Indemnified Party shall constitute Adverse Consequences for purposes of this **Article 6** if they are reasonable.

(c) The calculation of any Adverse Consequence subject to indemnification under this **Article 6** will reflect: (i) the amount of any net tax benefit or net tax cost actually recognized or incurred (after taking into account any correlative adjustments) by the Indemnified Party for income Tax purposes (by reduction in Tax paid in the year of the loss or in any prior Tax year to which such Adverse Consequence is actually carried back); and (ii) the amount of any insurance proceeds that are or may be received by the Indemnified Party in respect of such Adverse Consequence (net of (i) the cost and expense of pursuing such proceeds, (ii) the deductible associated with any insurance recovery and (iii) the amount of reasonably anticipated premium increases resulting from such recovery). An Indemnified Party will use commercially reasonable efforts to pursue any available coverage under any available insurance policies maintained by such Indemnified Party. If an Indemnified Party receives any amounts under applicable insurance policies subsequent to its receipt of an indemnification payment by the Indemnifying Party, then such Indemnified Party will, without duplication, promptly reimburse the Indemnifying Party for any payment made by such Indemnifying Party up to the amount received by the Indemnified Party. Additionally, in the event an Indemnifying Party makes any payment to any Indemnified Party for indemnification for which the Indemnified Party could have collected on a claim against a third party (including under any contract or insurance claims), such Indemnifying Party will be entitled to pursue claims and conduct litigation on behalf of such Indemnified Party and any of its successors, to pursue and collect on any indemnification or other remedy available to such Indemnified

Party thereunder with respect to such claim and generally to be subrogated to the rights of such Indemnified Party. Except with the prior written consent of the Indemnifying Party, the Indemnified Party will not waive or release any contractual right to recover from a third party any Adverse Consequence subject to indemnification hereunder, and the Indemnifying Party will, and will cause its Affiliates to, cooperate with the Indemnifying Party with respect to any such effort to pursue and collect with respect thereto.

(d) Each Buyer Indemnified Party or Seller Indemnified Party, as applicable, will use commercially reasonable efforts to mitigate all Adverse Consequences after becoming aware of any event which would reasonably be expected to give rise to any Adverse Consequences that are indemnifiable or recoverable hereunder or in connection herewith, it being understood that the reasonable costs of any such mitigation will constitute Adverse Consequences. Each Buyer Indemnified Party or Seller Indemnified Party, as applicable, will use commercially reasonable efforts to address any Adverse Consequences that may provide a basis for an indemnifiable claim such that each such Buyer Indemnified Party or Seller Indemnified Party, as applicable, will respond to any Adverse Consequences in the same manner it would respond to such Adverse Consequences in the absence of the indemnification provisions of this Agreement.

(e) From and after the Closing, the remedies provided by this **Article 6** will, subject to the limitations set forth herein and therein, be the sole and exclusive remedies of Buyer Indemnified Parties and the Seller Indemnified Parties for the recovery of monetary Adverse Consequences resulting from, relating to or arising out of this Agreement (save in the case of common Law fraud on the part of a party with respect to the representations and warranties of such party set forth herein) or in any agreement, document or certificate furnished by Sellers, Buyer, or Parent pursuant to this Agreement. No current or former member, stockholder, manager, director, officer, employee, Affiliate or advisor of any Seller, Buyer, or Parent shall have any Liability of any nature to any Buyer Indemnified Party or Seller Indemnified Party, as applicable, with respect to any matter arising under or related to this Agreement or the Contemplated Transactions. Without limiting the generality of this **Section 6.5(e)**, each of the Buyer Indemnified Parties and the Seller Indemnified Parties hereby waive any statutory, equitable, or common Law rights or remedies that otherwise may be asserted by such party (save in the case of common Law fraud on the part of a party with respect to the representations and warranties of such party set forth herein). For purposes of clarity, this **Section 6.5(e)** will not limit the availability of non-monetary equitable or injunctive relief as contemplated in **Section 10.10(b)** below.

Section 6.6 ***Disputes***. In the event of any dispute regarding any obligation to indemnify any Adverse Consequences resulting from a claim (whether a Third Party Claim or other claim), the Indemnified Party and the Indemnifying Party shall attempt to resolve in good faith such dispute within 30 days after the Indemnifying Party delivers written notice to the Indemnified Party of such dispute. If such dispute is not so resolved within such 30-day period, then either Party may initiate a Proceeding with respect to the subject matter of such dispute in accordance with, and subject to **Section 10.9**.

ARTICLE 7
PRE-CLOSING COVENANTS

Section 7.1 ***Access to Information.*** From the date hereof and continuing through the Closing Date, each Seller agrees that (except as expressly contemplated or permitted by this Agreement), upon reasonable notice from Buyer, to afford to the officers, employees, accountants, counsel, and other authorized Representatives of Buyer reasonable access, during the period before the Closing Date, to all of the properties, books, Contracts, commitments, Records, and senior management of each Seller included in the Acquired Assets. Unless otherwise required by applicable Law, Buyer will hold any such information that is nonpublic in confidence, will not use such information in its business if the Acquisition does not close, and will return such information if the Acquisition does not close.

Section 7.2 ***Operations of Seller.*** From the date of this Agreement through the Closing Date, Sellers agree that (except as expressly contemplated or permitted by this Agreement) they will conduct the Insurance Business as follows:

(a) *Ordinary Course*. The Sellers will carry on the Insurance Business in the Ordinary Course of Business, in substantially the same manner as conducted before the date of this Agreement and will use Best Efforts

to preserve intact each Seller's present business organization, keep available the services of each Seller's present officers and employees, and preserve each Seller's relationships with Clients and others having business dealings with Sellers to the end that the goodwill of Sellers and the Insurance Business will not be impaired in any material respect at the Closing Date.

(b) *No Dispositions*. Other than (i) as may be required by applicable Law to consummate the Contemplated Transactions, or (ii) sales or provision of services in the Ordinary Course of Business consistent with prior practice of such Seller, no Seller will sell, lease, license, encumber, or otherwise dispose of, or agree to sell, lease, license, encumber, or otherwise dispose of, any of its assets that are material to any Seller or the Insurance Business, either individually or in the aggregate.

(c) *No Acquisitions*. No Seller will acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial equity interests in or substantial portion of the assets of, or by any manner, any business or any corporation, partnership, or other business organization or division thereof, or otherwise acquire or agree to acquire any assets not in the Ordinary Course of Business.

(d) *No Equity Issuances*. No Seller will issue any additional equity securities or other financial interests in any Seller, or any options, warrants, or rights to acquire any equity securities or other financial interests in any Seller.

(e) *Indebtedness and Leases*. No Seller will incur any indebtedness for borrowed money, guarantee any such indebtedness, issue or sell any debt securities, warrants, or rights to acquire any of its debt securities, or guarantee any debt securities of others other than, in each case, in the Ordinary Course of Business consistent with prior practice. In any event, no Seller will grant, permit, or suffer any Encumbrances (other than Permitted Encumbrances) on any of the Acquired Assets. No Seller will enter into any material Leases.

Section 7.3 ***Other Actions.*** No Seller will take any action that would, or would be reasonably likely to, result in any of their representations and warranties set forth in this Agreement being untrue, or in any of the conditions set forth in **Article 8** not being satisfied.

Section 7.4 ***Advise of Changes.*** The Sellers will confer on a regular and frequent basis with Buyer, report on operational matters, and promptly advise Buyer of any change or event having or which, insofar as can reasonably be foreseen, would reasonably be expected to have, a Material Adverse Change to any Seller, the Acquired Assets, or the Insurance Business.

Section 7.5 ***Required Approvals.***

(a) As promptly as practicable after the date of this Agreement, the Sellers will give all notices, make all filings, and obtain all Consents, authorizations, permits and approvals required by Law to be made or obtained by it with or from a Third Party or Governmental Body in order to consummate the Acquisition and the Contemplated Transactions. The Sellers also will cooperate with Buyer and its Representatives with respect to all filings that Buyer elects to make or, pursuant to Law, will be required to make in connection with the Acquisition and the Contemplated Transactions. The Sellers will also use their Best Efforts in obtaining all Required Consents; provided that the Parties agree that no Consent required in connection with the assignment of a Seller Contract will be a Required Consent.

(b) As soon as reasonably practicable after the date hereof, the Parties shall file the Notification and Report Forms and related materials that may be required to be filed with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the Hart-Scott-Rodino Act and any other filings required under applicable antitrust or merger control Laws (the "HSR Filings") and shall provide to any Governmental Body whose consent, authorization, order or approval is required in connection with the Acquisition and the Contemplated Transactions any additional information required under any applicable antitrust or merger control Laws or otherwise properly requested. Fees for the HSR Filings shall be borne 50% by Sellers and 50% by Buyer; provided, however, that each Party shall bear its own legal fees and any other costs or fees incurred in the preparation of the

HSR Filings and responses in respect of such HSR Filings. The Parties shall use their Best Efforts to obtain an early termination of the applicable waiting period under the Hart-Scott-Rodino Act.

(c) Subject to any applicable Law, the Parties and their respective counsel shall: (i) to the extent practicable, each consult the other on any filing made with, or written materials to be submitted to, any Governmental Body in connection with the Acquisition and the Contemplated Transactions; (ii) promptly inform each other of any communication (or other correspondence or memoranda) received from, or given to, any Governmental Body in connection with the Contemplated Transactions; (iii) consult with the other Party and consider in good faith the views of the other Party prior to entering into any agreement with any Governmental Body with respect to the Acquisition and the Contemplated Transactions; and (iv) promptly inform each other of all correspondence, filings and written communications between them or their subsidiaries or Affiliates, on the one hand, and any Governmental Body or its respective staff, on the other hand, with respect to the Acquisition and the Contemplated Transactions. The Parties shall, to the extent practicable, provide each other and their respective counsel with advance notice of and the opportunity to participate in any in-person discussion or meeting with any Governmental Body in respect of any filing, investigation or other inquiry in connection with the Acquisition and the Contemplated Transactions and to participate in the preparation for such discussion or meeting, subject to any restrictions on such participation by any applicable Governmental Body.

(d) Notwithstanding the foregoing, nothing in this **Section 7.5** shall require, or be construed to require, Parent or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Parent or any of its Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to materially and adversely impact the economic or business benefits to Parent of the Acquisition or the Contemplated Transactions; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

ARTICLE 8
CONDITIONS

Section 8.1 ***Conditions to Each Party's Obligation.*** The respective obligations of each Party to consummate the Contemplated Transactions will be subject to the satisfaction before or on the Closing Date of the following conditions:

(a) *Approvals.* All authorizations, consents, orders, or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Body, the failure to obtain which would reasonably be expected to cause a Material Adverse Change to the Insurance Business or the Acquired Assets, after the Closing, will have been filed, occurred, or been obtained.

(b) *No Injunctions or Restraints.* No temporary restraining order, preliminary or permanent injunction, or other Order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Contemplated Transactions will be in effect.

Section 8.2 ***Conditions to Buyer's and Parent's Obligation to Close***. The obligation of Buyer or Parent to take the actions required to be taken by it at the Closing is subject to the satisfaction or waiver, in whole or in part, in Buyer's reasonable discretion, of each of the following conditions at or before the Closing:

(a) The representations and warranties of the Sellers contained in this Agreement that are qualified by materiality will be true and correct and the representations and warranties of the Sellers that are not so qualified will be true and correct in all material respects on and as of the Closing with the same force and effect as if made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct as of such earlier date);

(b) The Sellers will have performed and complied in all material respects with its agreements contained in this Agreement, except to the extent that such covenants are qualified by the term "material," or contain

terms such as "Material Adverse Change," in which case the Sellers will have performed and complied with all of such covenants (as so written, including the term "material" or "Material") in all respects through the Closing;

(c) Since the date of this Agreement, there will not have occurred and be continuing any Material Adverse Change in the Acquired Assets or the Insurance Business;

(d) Each Seller will have delivered each of the agreements, certificates, instruments, and other documents that each is obligated to deliver pursuant to **Section 2.2** and such documentation will be in full force and effect; and

(e) All Encumbrances (other than Permitted Encumbrances) on the Acquired Assets will have been satisfied and released before Closing (or will be satisfied and released upon Buyer's payment of the Secured Debt Amount).

Section 8.3 ***Conditions to the Sellers' Obligation to Close.*** The obligation of the Sellers to take the actions required to be taken by them at the Closing is subject to the satisfaction or waiver, in whole or in part, in the Sellers' sole discretion, of each of the following conditions at or before the Closing:

(a) The representations and warranties of Buyer and Parent contained in this Agreement that are qualified by materiality will be true and correct and the representations and warranties of Buyer and Parent that are not so qualified will be true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct as of such earlier date);

(b) Buyer and Parent will have performed and complied in all material respects with each of their agreements contained in this Agreement, except to the extent that such covenants are qualified by the term "material," or contain terms such as "Material Adverse Change," in which case Buyer and Parent will have performed and complied with all of such covenants (as so written, including the term "material" or "Material") in all respects through the Closing;

(c) Buyer will have paid the amounts required to be paid at the Closing pursuant to **Section 2.3**;

(d) Buyer and/or Parent will have delivered each of the agreements, certificates, instruments, and other documents that they are obligated to deliver pursuant to **Section 2.3** and such documentation so delivered will be in full force and effect; and

(e) The shareholders or members, as applicable, of each Seller will have approved this Agreement, the Transaction Documents, and the Contemplated Transactions.

Section 8.4 ***Closing Date.*** Upon satisfaction of all the conditions set forth in this **Article 8**, the Contemplated Transactions shall be deemed closed and the Closing shall be deemed to have occurred. The date of the Closing is referred to in this Agreement as the "Closing Date."

ARTICLE 9
TERMINATION AND AMENDMENT

Section 9.1 ***Termination.*** This Agreement may be terminated at any time before the Closing Date:

(a) By mutual written consent of the Parties hereto;

(b) By Buyer, if there has been a violation or breach by the Sellers of any covenant, agreement, representation, or warranty contained in this Agreement which would constitute, if occurring or continuing on the Closing Date, the failure of a condition set forth in **Section 8.1** or **Section 8.2**, and such violation or breach has not

been cured by the Sellers within 10 days after written notice thereof from Buyer or by its nature or timing cannot be cured during such period;

(c) By Sellers' Representative; if there has been a violation or breach by Buyer or Parent of any covenant, agreement, representation or warranty contained in this Agreement which would constitute, if occurring or continuing on the Closing Date, the failure of a condition set forth in **Section 8.1** or **Section 8.3**, and such violation or breach has not been cured by Buyer or Parent within 10 days after written notice thereof by Sellers' Representative or by its nature or timing cannot be cured during such period;

(d) By either Buyer or Sellers' Representative, if any Governmental Body that must grant a Governmental Authorization has denied approval of the Contemplated Transactions and such denial has become final and nonappealable or any Governmental Body shall have issued a final nonappealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the consummation of the Contemplated Transactions; provided that neither Buyer nor Sellers' Representative will be entitled to terminate this Agreement pursuant to this **Section 9.1(d)** if such Person's knowing or willful breach of this Agreement has resulted in the failure to obtain a required Governmental Authorization; or

(e) By either Buyer or Sellers' Representative, if the Contemplated Transactions have not been consummated by 5:00 p.m., Minneapolis, Minnesota time on January 1, 2019; provided that neither Buyer nor Sellers' Representative will be entitled to terminate this Agreement pursuant to this **Section 9.1(e)** if such Person's knowing or willful breach of this Agreement has prevented the consummation of the Contemplated Transactions.

Section 9.2 ***Reverse Termination Fee.*** If the Contemplated Transactions have not been consummated by 5:00 p.m., Minneapolis, Minnesota time on January 1, 2019, based on failure of Buyer to close the Contemplated Transactions despite all conditions to Closing set forth in **Section 8.1** and **Section 8.2** being satisfied, Buyer shall pay to Sellers' Representative a reverse termination fee of $35,000,000.

Section 9.3 ***Effects of Termination.*** In the event of a termination of this Agreement by any Party as provided in **Section 9.1**, this Agreement will forthwith become void and there will be no Liability or obligation on the part any Party or any of their respective Affiliates, except to the extent that such termination results from the Breach by a Party hereto of any of its representations, warranties, covenants, or agreements set forth in this Agreement. Nothing in this **Article 9** will be deemed to impair the right of any party to compel specific performance by another party of its obligations under this Agreement.

Section 9.4 ***Extension; Waiver.*** At any time before the Closing Date, the Parties may (a) extend the time for the performance of any of their obligations or other acts, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver will be valid only if set forth in a written instrument signed on behalf of such Party.

ARTICLE 10
MISCELLANEOUS

Section 10.1 ***Notices.*** All notices, Consents, waivers, and other communications required or permitted by this Agreement will be in writing and will be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses, facsimile numbers, or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address, or Person as a Party may designate by notice to the other Parties). The Parties acknowledge that the telephone numbers set forth below are for convenience purposes only and telephonic notice alone will not constitute valid notice under this Agreement:

Buyer:	BBHG, Inc. c/o Brown & Brown, Inc. 220 S. Ridgewood Avenue Daytona Beach, FL 32114 Attention: Robert W. Lloyd, General Counsel Telephone No.: (386) 239-5752 Facsimile No.: (386) 239-7293 E-mail Address: rlloyd@bbins.com
Sellers: (before the Closing)	The Hays Group, Inc. IDS Center, Suite 700 80 South 8th Street Minneapolis, MN 55402 Attention: Stephen Lerum Telephone No.: (612) 373-7273 Facsimile No.: (612) 313-1673 E-mail Address: slerum@hayscompanies.com
With a mandatory copy to:	Fredrikson & Byron, P.A. 200 South Sixth Street, Suite 4000 Minneapolis, MN 55402 **Attention:** John Houston and Zachary Olson **Telephone No.:** (612) 492-7392 Facsimile No.: (612) 492-7077 **E-mail Address:** jhouston@fredlaw.com; zolson@fredlaw.com
Sellers' Representative (after the Closing):	Sellers' Representative IDS Center, Suite 700 80 South 8th Street Minneapolis, MN 55402 Attention: Stephen Lerum Telephone No.: (612) 373-7273 Facsimile No.: (612) 313-1673 E-mail Address: slerum@hayscompanies.com
With a mandatory copy to:	Fredrikson & Byron, P.A. 200 South Sixth Street, Suite 4000 Minneapolis, MN 55402 Attention: John Houston and Zachary Olson Telephone No.: (612) 492-7392 Facsimile No.: (612) 492-7077 E-mail Address: jhouston@fredlaw.com; zolson@fredlaw.com

Section 10.2 ***Counterparts.*** The Parties may execute any Transaction Document in any number of duplicate originals, each of which constitutes an original, and all of which, collectively, constitute only one (1) agreement or document (as the case may be), it being understood that all Parties need not sign the same counterpart. Delivery of an executed counterpart signature page by facsimile or e-mail transmission is as effective as executing and delivering such Transaction Document in the presence of the other Parties to such Transaction Document. Any Party delivering an executed counterpart of any Transaction Document by facsimile or e-mail transmission will also deliver an executed original counterpart of such Transaction Document, but the failure to do so does not affect the validity, enforceability, or binding effect of such Transaction Document. Each Transaction Document is effective upon delivery of one (1) executed counterpart from each Party to the other Parties. In proving any Transaction Document, a Party must produce or account only for the executed counterpart of the other Parties to such Transaction Document.

Section 10.3 ***Entire Agreement***. This Agreement supersedes all prior agreements, whether written or oral, between the Parties with respect to its subject matter (including any term sheet, letter of intent, and any confidentiality or non-disclosure agreement between Buyer and Sellers) and constitutes (along with the Schedules, Exhibits, and other Transaction Documents) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter.

Section 10.4 ***Waiver of Jury Trial***. **Each Party, to the extent permitted by APPLICABLE LAW, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any proceeding arising out of or relating to this Agreement, the OTHER Transaction DOCUMENTS, the CONTEMPLATED TRANSACTIONS, and any other CONTRACTS or transactions between the Parties, whether occurring before or after the date of this Agreement. This waiver applies to any proceeding, whether sounding in contract, tort, or otherwise.**

Section 10.5 ***Assignment and Successors; No Third Party Rights.*** Unless otherwise set forth in a Transaction Document, no Party may assign any of its rights or delegate any of its obligations under such Transaction Document without the prior written consent of the other Parties, except that Buyer may assign any of its rights and delegate any of its obligations under any Transaction Document to any Affiliate of Buyer and may collaterally assign its rights hereunder to any financial institution providing financing in connection with the Contemplated Transactions. Subject to the preceding sentence, the Transaction Documents will apply to, be binding in all respects upon, and inure to the benefit of, the successors and permitted assigns of the Parties. Nothing expressed or referred to in the Transaction Documents will be construed to give any Person other than the parties to a Transaction Document any legal or equitable right, remedy, or claim under or with respect to such Transaction Document or any provision of such Transaction Document, except such rights as will inure to a successor or permitted assignee pursuant to this **Section 10.5**.

Section 10.6 ***Headings***. All paragraph headings herein are inserted for convenience of reference only and will not modify or affect the construction or interpretation of any provision of this Agreement.

Section 10.7 ***Severability***. If any provision, covenant, section, subsection, paragraph, or any portion thereof, of this Agreement is held by any court of competent jurisdiction to be illegal, invalid, or unenforceable, either in whole or in part, the legality, validity, or enforceability of the remaining provisions, covenants, sections, subsections, paragraphs, or portions thereof will not be affected thereby, and each such provision, covenant, section, subsection, paragraph, or any portion thereof, will remain valid and enforceable to the fullest extent permitted by applicable Law.

Section 10.8 ***Governing Law; Dispute Resolution***.

(a) All matters arising under or relating to this Agreement, the other Transaction Documents (except as otherwise set forth therein), and the Contemplated Transactions will be governed by and construed and enforced in accordance with the Law of the State of Florida, without giving effect to its conflicts of law principles.

(b) Any judicial proceeding brought with respect to this Agreement must be brought in a federal or state court of competent jurisdiction located in Hennepin County, in the State of Minnesota, and, by execution and delivery of this Agreement, each party (i) accepts and consents to, generally and unconditionally, the jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, the other Transaction Documents, and the Contemplated Transactions, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. Service of process, summons, notice or other document by mail to such Party's address set forth herein will be effective service of process for any suit, action or other proceeding relating to this Agreement, the other Transaction Documents, and the Contemplated Transactions.

Section 10.9 ***Amendment; Waiver.*** This Agreement may not be amended, or any provision waived, except by an instrument in writing signed on behalf of each of the Parties.

Section 10.10 ***Remedies***.

(a) *Remedies Cumulative*. Except as otherwise expressly provided in this Agreement, any Person having any rights under any provision of this Agreement will be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by any Laws. Except as otherwise expressly provided in this Agreement, all such rights and remedies will be cumulative and non-exclusive, and may be exercised singularly or concurrently.

(b) *Equitable Relief*. The parties acknowledge that any breach of this Agreement may cause substantial irreparable harm to the other parties. Therefore, this Agreement may be enforced in equity by specific performance, temporary restraining order, and/or injunction. The rights to such equitable remedies are in addition to all other rights or remedies that a party may have under this Agreement or under applicable Law.

Section 10.11 ***No Other Representations and Warranties***. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, OTHER THAN THE REPRESENTATIONS MADE IN **Article 3**, NO SELLER NOR ANY OTHER PERSON MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO ANY SELLER, THE ACQUIRED ASSETS, THE INSURANCE BUSINESS, OR THE CONTEMPLATED TRANSACTIONS, AND SELLERS HEREBY DISCLAIM ANY SUCH REPRESENTATION OR WARRANTY. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN **Article 3** BUYER WILL ACQUIRE THE ACQUIRED ASSETS WITHOUT ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN AN "AS-IS" CONDITION AND ON A "WHERE-IS" BASIS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, OTHER THAN THE REPRESENTATIONS MADE IN **Article 4**, NEITHER BUYER NOR ANY OTHER PERSON MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE BUYER OR THE CONTEMPLATED TRANSACTIONS, AND BUYER HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY.

Section 10.12 ***Sellers' Representative***. Each Seller hereby irrevocably appoints the Sellers' Representative as such Seller's sole and exclusive agent and attorney-in-fact for such Seller, for and on behalf of such Seller, with full power and authority to represent such Seller, such Seller's successors and assigns, with full power of substitution in the premises, with respect to all matters arising under this Agreement and the Transaction Documents and to receive all sums payable to such Seller, and all actions taken by the Sellers' Representative under this Agreement or any of the Transaction Documents will be binding upon such Seller and such Seller's successors and assigns as if expressly ratified and confirmed in writing by such Seller. The authority conferred under this Agreement will be an agency coupled with an interest, and all authority conferred hereby is irrevocable and not subject to termination by any Seller, or by operation of law, whether by the death or incapacity of any Seller, the termination of any trust or estate, or the occurrence of any other event. If any Seller should die or become incapacitated, or if any other similar event should occur, any action taken by the Sellers' Representative will be as valid as if such death, incapacity, termination or other event had not occurred, regardless of whether or not the Sellers' Representative had received notice of such death, incapacity, termination or other event. Without limiting the generality of the foregoing, the Sellers' Representative shall have full power and authority, on behalf of each Seller and such Seller's successors and assigns, to interpret the terms and provisions of this Agreement, to dispute or fail to dispute any claim made under **Article 6** of this Agreement or under the Transaction Documents, to negotiate and compromise any dispute that may arise under this Agreement or the Transaction Documents and to sign any releases or other documents with respect to any such dispute. Each Seller will be deemed a party or a signatory to any agreement, document, instrument or certificate for which the Sellers' Representative signs on behalf of such Seller for which the Sellers' Representative had authority. In performing any of its duties under this Agreement or upon the claimed failure to perform its duties under this Agreement, the Sellers' Representative will not be liable to any Seller for any Adverse Consequences that any Seller may incur as a result of any good faith act or any inadvertent omissions by the Sellers' Representative under this Agreement (in the absence of any willful misconduct and/or gross negligence by the Sellers' Representative), and the Sellers' Representative will be indemnified and held harmless by the Sellers for all Adverse Consequences.

Section 10.13 ***Attorney-Client Privilege***.

(a) *Privileged Materials Excluded from Sale of Assets*. Except as provided in **Section 10.13(e)** below, the Acquired Assets exclude, and the Sellers shall retain: (i) all attorney-client privileges and work-product protections of the Sellers or associated with the Insurance Business as a result of legal counsel representing the Sellers or the Insurance Business, including in connection with the Contemplated Transactions; (ii) all documents or information subject to such attorney-client privilege or work-product protection; and (iii) all expectations of, and rights to enforce any duties of, confidentiality with respect to such documents or information. Such documents and information are excluded from the Acquired Assets even if copies of such documents are contained or stored in file cabinets, computers, servers, or other storage media that is otherwise included in the Acquired Assets.

(b) *Return of Information.* The parties agree that any disclosure by the Sellers to Buyer of documents or information described in **Section 10.13(a)** above is unintentional and shall not waive any attorney-client privilege or attorney work-product protection with respect thereto. If Buyer discovers that it has received copies of any documents or information described in **Section 10.13(a)** above, then Buyer shall promptly (i) notify Sellers' Representative, (ii) return or destroy (according to Sellers' Representative's request) all tangible copies thereof, and (iii) delete all electronic copies thereof (except that any electronic copies stored on inactive "back-up" tapes or other not readily accessible storage media need not be deleted unless and until Buyer otherwise retrieves and accesses such media).

(c) *Assert Privilege Against Third Parties*. If any Third Party seeks to obtain disclosure of documents or information described in **Section 10.13(a)** above, Buyer shall assert the attorney-client privilege on behalf of the Sellers to prevent disclosure of privileged materials to such third party, and such privilege may be waived only with the prior written consent of Sellers' Representative.

(d) *Common Interest.* The parties acknowledge that, with respect to any Liability of the Sellers or the Insurance Business that is assumed by Buyer or to which Buyer or the Insurance Business becomes subject, Buyer and the Sellers have a commonality of interest vis-à-vis the Third Party to whom such assumed Liability is owed. Any disclosure by the Sellers to Buyer of documents or information related to such Liability that may be subject to attorney-client privileges and/or attorney work-product protections shall not constitute a waiver of such privileges and/or protections.

(e) *Privileged Materials Regarding Assumed Liability.* Notwithstanding **Section 10.13(a)** and **Section 10.13(b)** above, if (i) Buyer assumes a Liability of the Insurance Business owed to a Third Party, (ii) such assumed Liability is or becomes subject to a dispute with such Third Party, and (iii) Buyer does not have, or agrees not to assert, any indemnity claim against the Sellers with respect to such assumed Liability, then the Acquired Assets shall include any attorney-client privileges and attorney work-product protections specifically related to such assumed Liability and any documents and information related thereto. After the Closing, Buyer shall control the assertion or waiver of such privileges and protections and shall not be obligated to return or destroy such documents or information.

ARTICLE 11
DEFINITIONS AND USAGE

Section 11.1 ***Definitions.***

(a) For purposes of this Agreement, the following terms and variations thereof have the following meanings:

"401(k) Plan"-the "Hays Companies 401(k) Profit Sharing Plan."

"Accounts Receivable"-(a) all trade accounts receivable and other rights to payment from Clients and the full benefit of all security for such Client Accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of products sold or services rendered to Clients; (b) all other accounts or notes receivable and the full benefit of all security for such accounts or notes; and (c) any claim, remedy, or other right related to any of the foregoing.

"Adverse Consequences"-all charges, complaints, actions, suits, Proceedings, hearings, investigations, claims, demands, judgments, Orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, Encumbrances (other than Permitted Encumbrances), losses, expenses, and fees, including all reasonable attorneys' fees and court costs.

"Affiliate"-with respect to a particular Person, any other Person that, directly or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, such particular Person.

"Assumed Liabilities"-collectively, (a) the ongoing obligation to service the Total Book of Business on and after the Closing Date, (b) those Liabilities arising on or after the Closing Date under the Assumed Seller Contracts assumed by Buyer under this Agreement, other than those Liabilities arising in connection with a Pre-Closing Breach, (c) those

Liabilities arising on or after the Closing Date associated with the Acquired Assets, other than those Liabilities arising in connection with a Pre-Closing Breach, and (d) the Liabilities associated with the Assumed PTO Liability Amount.

"Best Efforts"-the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as reasonably possible, provided, however, that a Person required to use Best Efforts under this Agreement will not be thereby required to take actions that could reasonably be expected to cause a Material Adverse Change in the benefits to such Person of this Agreement and the Contemplated Transactions, or to dispose of any material assets or make any material change to its business, expend any material funds, incur any other material burden, or undertake any commercially unreasonable actions.

"Bill of Sale"-a mutually agreeable Bill of Sale and Assignment of Contract Rights and Assumption of Liabilities.

"Breach"-any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant or obligation, in or of this Agreement or any other Contract, or any event which with the passing of time or the giving of notice, or both, would constitute such a breach, inaccuracy, or failure.

"Bulk Sales Laws"-the bulk-transfer provisions of the Uniform Commercial Code (or any similar Law).

"Business Day"-any day other than (a) Saturday or Sunday or (b) any other day on which banks in the State of Florida are permitted or required to be closed.

"Buyer Indemnified Parties"-Buyer; Parent; the Affiliates of Buyer and/or Parent; and the respective officers, directors, managers, agents, employees, successors, and permitted assigns of Buyer, Parent, and/or their Affiliates.

"Buyer's Documents"-this Agreement and the other Transaction Documents required to be delivered by Buyer and/or Parent in connection with the Contemplated Transactions.

"Buyer's/Parent's Closing Certificate"-a Buyer's/Parent's Closing Certificate, representing and warranting to the Sellers that: (a) each of Buyer's and Parent's representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respects as of the Closing Date as if made on the Closing Date (giving full effect to any supplements to the Schedules that were delivered by Buyer and Parent to the Sellers on or before the Closing Date), unless given as of a specific date and then such representations and warranties are accurate in all material respects as of such date; and (b) each of Buyer and Parent has performed in all material respects all of the obligations to be performed by Buyer or Parent under this Agreement on or before the Closing Date.

"Calculated Purchase Price Amount"-the mathematical result of the Purchase Price formula set forth in **Section 1.4(a)**.

"Carrier"-any insurance company, surety, benefit plan, insurance pool, risk retention group, risk purchasing group, reinsurer, Lloyd's of London syndicate, ancillary employee benefit carrier, state fund or pool, or other risk assuming entity or association in which any insurance, reinsurance, or bond has been placed or obtained.

"Client"-any Person to whom any Insurance Products or Services have been provided by an applicable Person.

"Client Account"-collectively, (a) the right to payment of a monetary obligation, whether or not earned by performance, for the provision of any Insurance Products or Services to any Client, and (b) the goodwill and business relationship with such Client relating to the provision of any Insurance Products or Services to such Client.

"Client Credit Balances Amount"-the aggregate amount of credit balances on Sellers' balance sheet(s) as of the Closing Date, as set forth on Schedule 11.1-CC, that are to be remitted to the appropriate Current Accounts or applied to future premiums owed by the appropriate Current Accounts.

"Closing"-the consummation of the purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities.

"Closing Statement"-a mutually agreeable Closing Statement, setting forth the payment and/or the allocation of the Closing Payment Amount at Closing.

"Closing Transaction Expenses"- all fees and expenses payable by the Sellers or any of their respective Affiliates relating to the Contemplated Transactions or the other Transaction Documents, including any tax, accounting, legal, financial, and other advisory and consulting fees.

"COBRA"-the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

"Code"-the Internal Revenue Code of 1986, as amended, or any successor statute, and any rules or regulations promulgated thereunder.

"Commissions"-(a) commission revenues, including Overrides (if any), plus (b) fees (other than Service Fees) in addition to or in lieu of commissions, provided such fees are disclosed and otherwise permissible in accordance with applicable Law, plus (c) premium financing commissions, provided such fees are billed and received in accordance with applicable Law, in each case net of any Commissions or referral fees paid to any Third Party producing or referring agent or broker. Commissions do not include Contingent Revenues.

"Confidential Information"-any and all of the following information that has been or may hereafter be disclosed in any form, whether in writing, orally, electronically, or otherwise, or otherwise made available by observation or inspection (provided, that the Recipient is informed in writing by the Disclosing Party of the confidential nature of any such information that is not in writing) by Buyer, Parent, or their Representatives (collectively, a "Disclosing Party") to another Person or its Representatives (collectively, a "Recipient"):

(a) Trade secrets concerning the business and affairs of Disclosing Party (which includes the materials disclosed to Recipient prior to Closing pursuant to any confidentiality or non-disclosure agreement among the Parties), product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, supplier lists, market studies, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures and architectures (and related processes, formulae, composition, improvements, devices, know-how, inventions, discoveries, concepts, ideas, designs, methods and information), and any other information, however documented, that is a trade secret under applicable trade secret Law; and

(b) information concerning the business and affairs of Disclosing Party (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, and personnel training techniques and materials), however documented, or is otherwise obtained from review of Disclosing Party's documents or property or discussions with Disclosing Party's Representatives or by Recipient's Representatives (including current or prospective financing sources) or Representatives of Recipient's Representatives irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries and other material prepared by Recipient or Recipient's Representatives containing or based, in whole or in part, upon any information included in the foregoing.

Notwithstanding anything to the contrary in the foregoing, "Confidential Information" does not include information that the Recipient can show (i) was in the public domain at the time of disclosure, (ii) is published or otherwise comes into the public domain after its disclosure through no violation of this Agreement, (iii) is disclosed to the Recipient by a Third Party not under an obligation of confidence, or (iv) is already known by the Recipient at the time of its disclosure as evidenced by written documentation of the Recipient existing prior to such disclosure.

"Consent"-any approval, consent, ratification, waiver, or other authorization.

"Contemplated Transactions"-all of the transactions contemplated by this Agreement and the other Transaction Documents.

"Contingent Revenues"-

(a) Contingent Revenues means all contingent, bonus, profit-sharing, subsidies, GSCs, and similar incentive-based revenues.

(b) Contingent Revenues *exclude*:

(i) any specific percentage commission on premium to be paid by a Carrier set at the time of purchase, renewal, placement or servicing of an insurance policy, other than GSCs;

(ii) any specific fee, to the extent legally permissible, to be paid by the Client Account in addition to or in lieu of such specific percentage commission;

(iii) a combination of such commissions and fees; and

(iv) Overrides.

"Contract"-any agreement, contract, Lease, consensual obligation, promise, or undertaking (whether written or oral and whether express or implied), whether or not legally binding.

"Core Revenue"- all Commissions and Service Fees earned from the Total Book of Business of the Earn-Out Locations, including Contingent Revenues (subject to the limitations set forth below).

(a) In calculating Core Revenue, Contingent Revenues will equal the Contingent Revenues received from the Total Book of Business of the Earn-Out Locations over the Earn-Out Period.

(b) Core Revenue excludes:

(i) Late fees charged to Clients;

(ii) First-year Commissions earned from any Individual Financial Products in excess of $750,000;

(iii) Any Commissions earned from any (A) Individual Financial Products written on the lives of any Key Owner, director, manager, officer, or key employee of a Seller, or any family member of any Key Owner, director, manager, or officer of a Seller; (B) individual life products sold to any such individuals or their respective estates; or (C) Insurance Products or Services placed or provided for a Seller or any Affiliate of a Seller;

(iv) Interest;

(v) Countersignature fees;

(vi) Commissions derived from any Insurance Product or Service written with any Sub-Rated Carrier or Ineligible Carrier, except and to the extent otherwise set forth in this Agreement;

(vii) Commissions accrued on Sellers' or Buyer's balance sheet and attributable to direct bill policies;

(viii) Any non-recurring revenue during the Earn-Out Period directly related to a change in Carrier or re-allocation of a book of business from one Carrier to another;

(ix) Any revenues recognized during the Earn-Out Period under GAAP to reflect any changes in the fair value of the "earn-out" or other contingent portions of the Purchase Price;

(x) Any benefits paid to Buyer under any Owner Life Policy purchased by Buyer;

(xi) Any purchase price or other consideration that Buyer receives from any sale or transfer of Client Accounts during the Earn-Out Period, except as otherwise provided in this Agreement; and

(xii) Revenues from any Retail Brokered Business, except for those relationships set out on Schedule 3.6(c) or unless otherwise mutually agreed upon by the Parties in writing.

(c) Core Revenue shall include an annual credit of $300,000 for investment earnings for the New Profit Center.

(d) Core Revenue shall include amounts received from premium financing companies for placements of premium financing for Client Accounts.

(e) Core Revenue shall include any rent or other monies paid to Buyer as sublandlord under any sublease arrangement with any Third Party entered into or assumed by Buyer in connection with this Agreement such rent or other monies offsets an actual rental expense.

(f) Except with respect to Commissions or Services Fees generated from endorsements or audits, no more than twelve (12) months of Core Revenue generated from any one Client Account will be included in any twelve (12)-month period.

(g) If any Premiums/Fees Receivable are written off as bad debt (in accordance with the bad debt policy below), during the Earn-Out Period, any corresponding Commissions or Service Fees that were previously recognized as revenue during the Earn-Out Period, and not otherwise reduced (e.g., by cancellation credits), will be excluded dollar-for-dollar from Core Revenue; provided, however, that if such Premiums/Fees Receivable are later collected during the Earn-Out Period, any corresponding Commissions or Services Fees will be included in Core Revenue. No Commissions or Service Fees corresponding to Premiums/Fees Receivable that were written-off as uncollectible bad debt before the Closing Date and are later collected during the Earn-Out Period will be included in Core Revenue. The Parties acknowledge and agree that any Premiums/Fees Receivable for purposes of this Agreement shall be written off as bad debt after ninety (90) days.

(h) Billing and collection of Service Fees shall be consistent with past practice during the thirty-six (36) month period prior to the Closing Date and revenue shall be recognized in accordance with **Section 1.5(e)**.

"Current Accounts"-the current, in-force Client Accounts of Sellers as of the Closing Date, i.e., any Client Accounts that have not canceled or non-renewed their Insurance Products or Services with Seller, and all renewals and expirations thereof.

"Disclosure Schedules"-the Disclosure Schedules delivered by the Sellers to Buyer concurrently with the Closing. Any disclosure in the Disclosure Schedules shall be deemed to constitute an exception to or otherwise modify the representations and warranties contained in the equivalently numbered section of **Article 3** and each other section of this Agreement where such information is relevant on its face, regardless of whether such exception or modification is explicitly stated in this Agreement.

"EBITDA"-Operating Profit calculation with the following adjustments to Expenses remove charges to the New Profit Center for depreciation.

"Employee Benefit Plan"-any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

"Employee Pension Benefit Plan"-as defined in ERISA Section 3(2).

"Employee Welfare Benefit Plan"-as defined in ERISA Section 3(1).

"Employee/Owner-Related Liabilities"-(a) any Liability under the Employee Benefit Plans or relating to compensation, payroll, vacation, sick leave, PTO, workers' compensation, unemployment benefits, pension benefits, employee stock option or profit-sharing plans, deferred compensation plans, health care plans or benefits, or any other employee plans or benefits of any kind for any Seller's employees or former employees or both (including, without limitation, any Liabilities arising under ERISA, the Code or the FLSA); (b) any Liability under any employment,

severance, retention, or termination agreement with any employee of any Seller or any of their respective Affiliates; (c) any Liability arising out of or relating to any employee grievance arising with respect to (i) any Seller before the Closing Date or (ii) the termination of any employee's employment with any Seller in connection with the Acquisition, including, without limitation, any purported violation by any Seller of any federal, state, or local labor or employment Law, whether or not the affected employees are hired by Buyer, or any failure-to-hire or similar claim against Buyer by any of any Seller's employees not hired by Buyer; (d) any Liability under the WARN Act or any similar state or local Law that may result from an "Employment Loss", as defined in 29 U.S.C. § 2101(a)(6), caused by any action of any Seller before the Closing or by Buyer's decision not to hire previous employees of any Seller; and (e) any Liability of any Seller to any Affiliate of any Seller or any Affiliate or family member of any Key Owner; (f) any Liability to indemnify, reimburse, or advance amounts to any officer, director, employee, or agent of any Seller; (g) any Liability to distribute to any Key Owner or otherwise apply all or any part of the consideration received hereunder; and (h) any Liability or Adverse Consequences arising, under, or resulting from, any dissenter's rights exercised by any Key Owner.

"Encumbrance"-any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income, or exercise of any other attribute of ownership, including any Leases for Tangible Personal Property.

"Environmental, Health, and Safety Laws"-the Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act of 1976; and the Occupational Safety and Health Act of 1970; each as amended, together with all other applicable Law (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, or employee health and safety, including applicable Law relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes.

"ERISA"-the Employee Retirement Income Security Act of 1974, as amended, or any successor statute, and any rules or regulations promulgated thereunder.

"Estimated Carrier Payables Amount"-the estimated aggregate amount, as set forth in Schedule 11.1-EC, of accounts payable due by Sellers to their Carriers after the Closing Date.

"Exchange Act" -the Securities Exchange Act of 1934, as amended, and any applicable rules and regulations promulgated thereunder, and any successor to such statute, rules or regulations.

"Excluded Business"-the business of the Sellers and their Affiliates conducted with the Excluded Assets, including the business of The Hays Financial Group, LLC.

"Excluded Contracts"-(a) any Contract between any Seller and any Third Party concerning any merger, stock acquisition, or other consolidation or acquisition, by or involving any Seller with respect to any insurance intermediary, Client Accounts (books of business), or other assets (except for (i) any Seller's ownership rights in such Client Accounts or assets and (ii) to the extent assignable, any confidentiality, non-solicitation, non-competition, or other restrictive covenants in favor of any Seller, arising under such Contracts, which ownership rights and restrictive covenants will be included within the Acquired Assets); (b) any Contract between any Seller and any current or prior employee of any Seller (except for any restrictive covenants in favor of any Seller, to the extent assignable by Seller, arising under such Contracts, which restrictive covenants will be included within the Acquired Assets); (c) any vehicle or equipment Leases; (d) any loan facilities or any Encumbrances related thereto of any Seller; and (e) any Contract listed on Schedule 1.2(j).

"Expenses"-For purposes of determining Operating Profit and the resulting Purchase Price:

(a) Expenses means all expenses actually incurred by the New Profit Center in connection with the Earn-Out Locations, including:

(i) A total corporate overhead charge of seven percent (7.0%) of Core Revenue, which includes a charge for insurance;

(ii) A charge, consistent with the charge to Buyer's other profit centers, for the first $10,000 of each new workers' compensation claim (medical, indemnity and expense) opened on or after January 1, 2018, for any employee directly employed by the New Profit Center at an Earn-Out Location;

(iii) Charges for actual legal and other professional fees paid to Third-Party service providers and incurred by or on behalf of the New Profit Center with respect to Earn-Out Locations;

(iv) A charge for actual costs attributable to attendance at Buyer's annual sales meeting (the "Annual Meeting Charge") (which Annual Meeting Charge will be estimated in calculating the Pro Forma Operating Profit), provided, however, that during the first twelve (12) months following the Closing Date, the Annual Meeting Charge will be (i) excluded as an Expense for purposes of calculating Operating Profit and the resulting Purchase Price hereunder, but (ii) included as an operating expense of the New Profit Center for financial reporting and all other purposes;

(v) A charge for the full amount of any judgment or settlement (in the case of any errors and omissions (E&O) or employment practices liability (EPL) claim, up to a maximum of $100,000), and the full amount of all related legal fees, costs, and expenses (regardless of the type of claim), with respect to any claim arising on or after the Closing Date against the New Profit Center, net of any applicable insurance proceeds actually paid (Sellers will be liable for the full amount of any applicable deductibles, any judgment or settlement amount, and all related legal fees, costs, and expenses for any Proceeding pending as of, or any claim arising before, the Closing Date);

(vi) Charges for the total compensation expense (including direct compensation, group health plan and other employee benefit plan-related expenses, expense accruals for paid time off (PTO) for applicable employees, and all compensation-related Tax Liabilities) for all employees of the New Profit Center, provided that as to new hires whose direct compensation qualifies for subsidization under Buyer's corporate assistance program, such subsidized direct compensation will not be included within Expenses. For the second twelve (12)-month period ("Year Two") and third twelve (12)-month period ("Year Three") of the Earn-Out Period, the direct compensation expense charge will include an increase of three and one-half percent (3.5%) of the total direct compensation expense of non-commissioned New Profit Center employees over the prior twelve (12)-month period (such increase, the "Salary Increase Pool"). The Salary Increase Pool will be distributed in Year Two and Year Three as annual salary increases among the non-commissioned New Profit Center employees in such amounts as the New Profit Center Leader may determine in his or her discretion. Notwithstanding the foregoing, Buyer may elect in its sole discretion (1) to forego any such direct compensation increase for non-commissioned New Profit Center employees for Year Two and/or Year Three, or (2) to charge an increase of less than three and one-half percent (3.5%) for Year Two and/or Year Three;

(vii) A charge of $100,000 annually for audit fees associated with the New Profit Center;

(viii) Expenses will also include charges for depreciation of computers, furniture and other tangible personal property (i) acquired from Sellers or (ii) acquired by the New Profit Center on or after the Closing Date. Tangible Personal Property acquired (A) from Sellers will be depreciated on a straight-line method over three (3) years following the Closing Date, and (B) on or after the Closing Date will be depreciated in accordance with Buyer's standard accounting methodology and practices; and

(ix) Expenses for optional marketing materials, programs, and services offered by Parent that the New Profit Center orders with respect to Earn-Out Locations or in which the New Profit Center elects to participate with respect to the Earn-Out Locations.

(b) The following are excluded from "Expenses":

(i) Buyer's acquisition amortization expense;

(ii) Buyer's income tax expense;

(iii) Interest expense;

(iv) Buyer's cost of capital;

(v) Costs of any stock incentive grants to Hired Employees issued at Closing;

(vi) (A) Costs incurred by Buyer to effect the Acquisition and/or (B) restructuring costs incurred by Buyer that Buyer expected but was not obligated to incur as a result of the Acquisition;

(vii) Any premiums incurred by Buyer to purchase, at its election under **Section 5.8**, any Owner Life Policy; and

(viii) Any expenses recognized during the Earn-Out Period under GAAP to reflect any changes in the fair value of the "earn-out" or other contingent portions of the Purchase Price.

"FINRA"-the Financial Industry Regulatory Authority or any successor thereto.

"FLSA"-collectively, (a) the federal Fair Labor Standards Act, as amended, or any successor statute, (b) any equivalent state or local Law, and (c) and any rules or regulations promulgated thereunder.

"GAAP"-generally accepted accounting principles for financial reporting in the United States of America, applied on a consistent basis.

"Governing Documents"-with respect to any particular entity, (a) if a corporation, the articles or certificate of incorporation and the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles of organization and operating agreement; (e) if another type of Person, any other charter or similar document adopted or filed in connection with the creation, formation, or organization of the Person; (f) all equityholders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements, or other agreements or documents relating to the organization, management, or operation of any Person or relating to the rights, duties, and obligations of the equityholders of any Person; and (g) any amendment or supplement to any of the foregoing.

"Governmental Authorization"-any Consent, license, registration, permit, variance, exemption, Order, or approval issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law.

"Governmental Body"-any: (a) nation, state, county, city, town, borough, village, district, or other jurisdiction; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers); (d) multinational organization or body; (e) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power; or (f) official of any of the foregoing.

"GSCs"-guaranteed supplemental commissions.

"Hart-Scott-Rodino Act" -means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Hired Employees"-the employees of any Seller providing services to Buyer pursuant to the Transition Services Agreement and/or hired by Buyer as of January 1, 2019.

"Independent Accounting Firm"- an independent accounting firm, not used by any Party as an auditor or consultant in the previous twenty-four (24) months, and otherwise mutually and reasonably acceptable to the Buyer and Sellers' Representative, acting as an expert on accounting matters and as an arbitrator with respect to resolution of any disputes relating to operation of the New Profit Center. If the Buyer and Sellers' Representative are unable to agree on an Independent Accounting Firm, the dispute will be settled by three independent accounting firms, one of whom will be chosen by the Buyer, one by Sellers' Representative, and the third arbitrator by the two so chosen. The Party desiring to have the dispute submitted to the Independent Account Firm shall promptly select its appointee and notify the other Party thereof. When so notified, the other Party will within 15 days likewise select its appointee and give notice thereof. If the two independent accounting firms so selected are unable to agree within a period of 15 days on the selection of a third independent accounting firm, any Party may petition the District Court for Hennepin County, Minnesota, for the appointment of the third arbitrator.

"Individual Financial Product"-any individual life, long-term care, annuity, disability, accident, cancer, dental, or hospital confinement insurance policies, or any other insurance, financial, or estate planning product sold to individuals or their estates (either directly or through a group arrangement), whereby forty percent (40%) or more of the policy premium is paid during the first year of the policy term.

"Ineligible Carrier"-a Carrier that, as of the Closing Date, is not admitted, authorized, licensed, or otherwise eligible to write insurance coverage on a surplus lines basis in the jurisdiction in which the covered risk is located.

"Insolvent Carrier Liabilities"-any Liabilities arising out of, directly or indirectly resulting from, in consequence of, or in any away involving the insolvency, receivership, bankruptcy, liquidation, or financial inability to pay of any Carrier.

"Insurance Business"-the business of quoting, placing, providing, servicing, and/or renewing Insurance Products or Services.

"Insurance Products or Services"- (a) Employee Benefits Products or Services, (b) Insurance-Related Services, and/or (c) P&C Products or Services, as such terms are defined below:

(a) "Employee Benefits Products or Services"-(i) employer-sponsored benefits accounts with programs, whether self-insured or fully insured, such as group life, group health, group dental, group disability, group long-term care, ancillary benefits sold to groups, and similar or related products and services, and (ii) insurance procured for individual, natural persons (e.g., life, health, annuities, long-term care, and similar or related products and services).

(b) "Insurance-Related Services"-any services provided to a Client, either directly or by a Third-Party service provider, whether or not for a fee and whether or not pursuant to a written Contract, including but not limited to: third-party administration (TPA); risk management; loss control; compliance or other consulting services; claims analysis; insurance program administration; enrollment services; COBRA, Section 125 Cafeteria Plan, Health Savings Account (HSA) Plan, Health Reimbursement Arrangement (HRA) Plan, Health Flexible Spending Account (FSA) Plan, and/or Premium Reimbursement Arrangement (PRA) Plan administration; preparation, review, and/or filing of IRS Form 5500s; referrals to on-site medical clinics, attorneys, or other Third-Party service providers (whether or not a referral fee or other remuneration is paid by such providers for such referrals); or other services.

(c) "P&C Products or Services"-(i) commercial lines or personal lines property and casualty insurance products, and/or (ii) commercial or individual bond or suretyship products.

"Intellectual Property" and "Intellectual Property Assets"- (a) all patents and patent applications, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof; (b) each Seller's corporate trade names, trademarks, service marks, trade dress, logos, and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith; (d) all mask works and all applications, registrations, and renewals in connection therewith; (e) all trade secrets and Confidential Information, including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and

techniques, technical data, designs, drawings, specifications, Client and supplier lists, pricing and cost information, and business and marketing plans and proposals; (f) all computer software (including data and related documentation); (g) all registered domain names and website content; and (h) all copies and tangible embodiments thereof (in whatever form or medium).

"IRS"-the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury, or any successor thereto.

"Key Owner"-means the individuals set forth on Schedule 11.1-KO.

"Key Owner Employment Agreements"-mutually agreed Employment Agreements between Buyer and each Key Owner.

"Knowledge"-(a) an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual is actually aware of such fact or other matter; and (b) a Person other than an individual will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving as Chief Executive Officer, Chief Financial Officer or Chief Operating Officer of such Person has Knowledge of such fact or other matter.

"Landlord"-the landlord under each Lease as set forth on Schedule 11.1-LL, or its duly appointed agent.

"Law"-any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, rule, regulation, statute, or treaty.

"Lease"-any Real Property Lease or any lease or rental agreement, license, right to use, or installment and conditional sale agreement to which any Seller is a party, and any other Seller Contract pertaining to the leasing or use of any Tangible Personal Property.

"Lease Assignment"-a mutually agreeable Assignment and Assumption of Lease with respect to the Real Property Lease for the Office Locations.

"Liability"-with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown; absolute or contingent; accrued or unaccrued; disputed or undisputed; liquidated or unliquidated; secured or unsecured; joint or several; due or to become due; vested or unvested; executory; determined; determinable; or otherwise; and whether or not the same is required to be accrued on the financial statements of such Person.

"License Agreement"-a mutually agreed License Agreement regarding use of certain Intellectual Property of the Sellers by or in connection with the Excluded Business.

"Material Adverse Change"-with respect to any Seller or Buyer, a material adverse change in the business, operations, prospects, assets, Liabilities, results of operations, or condition (financial or other) of a Party and its subsidiaries on a consolidated basis, except any adverse change related to or resulting from: (i) general business or economic conditions affecting the industry in which the specified Person operates, except to the extent any such condition has a disproportionate effect on the specified Person compared to the other participants in the industry in which the specified Person participates; (ii) national or international political or social conditions, including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, except to the extent any such condition has a disproportionate effect on the specified Person compared to the other participants in the industry in which the specified Person participates; (iii) events, changes, facts, conditions, circumstance or occurrences generally affecting the economy or the financial, banking, or securities markets in the United States, or worldwide (including any disruption thereof and any decline in the price of any security or any market index), but only to the extent that such events, changes, facts, conditions, circumstances or occurrences do not have a disproportionate effect on the specified Person as compared to other participants in the industry in which

the specified Person participates; (iv) changes or proposed changes in GAAP; (v) changes or proposed changes in Laws, or (vi) the announcement of this Agreement or the Contemplated Transactions.

"Multiemployer Plan"-as defined in ERISA Section 3(37).

"Name Change Documents"-(a) duly authorized and executed Articles of Amendment or similar documents as required under applicable Law, amending each Seller's Governing Documents to change each Seller's name to one sufficiently dissimilar to such Seller's name immediately prior to Closing, in Buyer's judgment, to avoid confusion, and (b) if applicable, such other duly authorized and executed documents as may be necessary or desirable to effect the transfer, the ownership, and use of each Seller's fictitious names to Buyer.

"New Profit Center"- the new profit center formed by Buyer to operate the Acquired Assets.

"Operating Profit"- the excess of Core Revenue over Expenses for a given period.

(a) Operating Profit will be determined in accordance with Buyer's standard accounting methodology and procedures, consistently applied. Notwithstanding the foregoing, if there is any conflict between Buyer's standard accounting methodology and practices and the terms of this Agreement, then solely for purposes of calculating the Purchase Price hereunder, the terms of this Agreement will govern.

(b) Operating Profit will include an application of marketing allocation, other allocation and cross-sell allocation consistent with Sellers' historical practice prior to Closing, unless any modification is mutually agreed upon by Buyer and Sellers' Representative.

(c) Without limiting the foregoing:

(i) Operating Profit will be computed without regard to: (A) "extraordinary items" of gain or loss as that term shall be defined in GAAP, or (B) modification to Core Revenue or Expenses due to certain changes in accounting standards that became effective in 2018 in connection with the FASB's adoption of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and/or the IASB's adoption of IFRS 15, as amended, unless otherwise agreed among the Parties;

(ii) Operating Profit will not include any gains, losses or profits realized from the sale of any assets;

(iii) Notwithstanding any GAAP requirement that Sellers or Buyer post accruals for (A) direct bill Commissions or (B) Contingent Revenues (including, without limitation, GSCs and Overrides) on its balance sheet or **Section 1.5(c)**, for purposes of determining the Purchase Price, direct bill Commissions and Contingent Revenues (including, without limitation, GSCs and Overrides) are recognized when received (i.e., on a cash basis).

(iv) Agency bill Commissions are recognized as follows:

(A) For agency bill policies for which premiums are paid in full at inception rather than in installments, such Commissions are recognized on the later of the policy effective date (as indicated in the policy) or the date that the premium was billed to the Client (as indicated in the premium invoice).

(B) For agency bill policies for which premiums are paid in installments during the policy period, such Commissions are recognized on the later of the payment due date for each installment (as indicated in the policy) or the date each installment was billed to the Client (as indicated in the invoice for each installment).

"Order"-any order, injunction, judgment, decree, ruling, assessment, or arbitration award of any Governmental Body or arbitrator.

"Ordinary Course of Business"- an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action: (a) is consistent in nature, scope, and magnitude with the past practices of such Person

and is taken in the ordinary course of the normal, day-to-day operations of such Person; (b) does not, by virtue of an applicable Law or the terms of such Person's Governing Documents, require authorization by the members, managers, board of directors, or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and (c) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

"Overrides"-"override", "bonus", or similar volume-based commissions paid by life and health Carriers on Employee Benefits Products or Services.

"Permitted Encumbrances"- means (i) statutory Encumbrances for current Taxes or other charges by a Government Entity not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings by the applicable Person (such proceedings, as disclosed on Schedule 11.1-PE), (ii) mechanic's, carriers', workers', repairers' and similar statutory Encumbrances arising or incurred in the Ordinary Course of Business for amounts that are not delinquent and that are not, individually or in the aggregate, significant or the amount or validity of which is being contested in good faith by appropriate proceedings by the applicable Person (such proceedings, as disclosed on Schedule 11.1-PE), (iii) Encumbrances granted under leases of real property, (iv) Encumbrances arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation, and (v) liens securing rental payments under capital lease arrangements.

"Person"-an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture, or other entity, or a Governmental Body.

"Pre-Closing Breach"-any Liability of any Seller arising out of or relating to a Breach of any such Seller Contract that occurred before the Closing Date.

"Premiums/Fees Receivable"-any Accounts Receivable for Premiums or Service Fees due from a Client.

"Proceeding"-any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, judicial, or investigative, whether formal or informal, whether public or private) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Pro Forma Operating Profit"-the *pro forma* Operating Profit, based upon Seller's Operating Profit for the twelve (12)-month period ended September 30, 2018, for the New Profit Center for the twelve (12)-month period beginning on the Closing Date, as mutually agreed upon by the Parties at Closing (it being understood that, except as otherwise set forth in this Agreement, the Parties make no representation or warranty as to the performance of the Total Book of Business or the New Profit Center after the Closing).

"Pro Forma Operating Profit Margin"-an amount, expressed as a percentage, equal to (a) Pro Forma Operating Profit *divided by* (b) the Core Revenue component of Pro Forma Operating Profit.

"Prohibited Transaction"-as defined in ERISA Section 406 and Code Section 4975, or any successor statutes.

"Public Software"-any software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux), or similar licensing or distribution models, including without limitation any model that requires the distribution of source code to licensees, including software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (a) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL); (b) the Artistic License (e.g., PERL); (c) the Mozilla Public License; (d) the Netscape Public License; (e) the Sun Community Source License (SCSL); (f) the Sun Industry Standards License (SISL); (g) the BSD License; and (h) the Apache License.

"Real Property Lease"-any (a) long-term lease of land in which most of the rights and benefits comprising ownership of the land and the improvements thereon or to be constructed thereon, if any, are transferred to the tenant for the

term thereof, or (b) any lease or rental agreement pertaining to the occupancy of any improved space on any parcels and tracts of land in which any Seller has an ownership interest.

"Record"-information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Representative"-with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, attorney, or other representative of that Person.

"Restrictive Covenants"-collectively, the restrictive covenants of the Sellers set forth in **Section 5.11** and the restrictive covenants of each Restrictive Covenant Party set forth in the respective Restrictive Covenant Agreement delivered by such Restrictive Covenant Party.

Restrictive Covenant Agreement"-a Restrictive Covenant Agreement, substantially in the form of Exhibit C.

"Restrictive Covenant Party"-each Key Owner and certain other Hired Employees mutually agreed upon by Buyer and Sellers.

"Retail Brokered Business"-any retail Insurance Products or Services that (a) any Seller or Buyer has co-brokered or sub-brokered with or on behalf of any Third Party insurance intermediary, or (b) any Third Party has referred to any Seller or Buyer insurance intermediary. For clarity, "Retail Brokered Business" (i) includes Insurance Business placed through any Seller by any independent contractor, unless a written Contract between such Seller and such contractor exists as of Closing that (A) provides for such Seller's exclusive ownership of such Insurance Business and all files, records, and other information related thereto, and/or (B) prohibits such contractor from soliciting or diverting away such Insurance Business, but (ii) does not include any Insurance Business that any Seller or Buyer places on behalf of a Client through any wholesale or excess and surplus lines insurance broker, managing general agent, managing general underwriter, insurance program, or similar insurance intermediary.

"Return Premiums"-any insurance premiums, net of Commissions, returned by a Carrier as a result of an insurance policy cancellation, a reduction in benefits under an insurance policy, or a reduction in premium for an insurance policy.

"Satisfaction Agreement and Release"-a Satisfaction Agreement and Release, substantially in the form of Exhibit A.

"Secured Debt Amount" -the aggregate amount, as set forth in **Section 1.4(c)(i)(B)**, of those Liabilities for funded indebtedness of any Seller outstanding as of Closing and secured by the Acquired Assets.

"Secured Debt Payoff Letters"-letters from those secured creditors of any Seller, setting forth wire transfer instructions and the secured debt payoff balances due to such secured creditors as of the Closing Date.

"Seller Account"-any (a) Current Account, (b) Person that was Client Account of any Seller within the twenty-four (24)-month period before the Closing Date, and (c) Person to whom any Seller has quoted, proposed, or solicited the sale of any Insurance Products or Services within the twenty-four (24)-month period before the Closing Date.

"Securities Act"-the Securities Act of 1933, as amended.

"Securities Business"-the business of soliciting, selling, servicing, and/or providing investment advice as to any equities, mutual funds, bonds, variable annuities, equity-indexed annuities, or any other investment product deemed "securities" under applicable Law.

"Seller ERISA Affiliate"-any trade or business, whether or not incorporated, that together with any Seller, would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

"Sellers' Closing Certificate"-a Seller's Closing Certificate for each Seller, representing and warranting to Buyer and Parent that: (a) each Seller's representations and warranties in this Agreement was accurate in all material respects as of the date of this Agreement and is accurate in all material respects as of the Closing Date as if made on the Closing

Date (giving full effect to any supplements to the Schedules that were delivered by the Seller Parties on or before the Closing Date), unless given as of a specific date and then such representations and warranties are accurate in all material respects as of such date; and (b) the Seller Parties have performed in all material respects all of the obligations to be performed by the Seller Parties under this Agreement on or before the Closing Date.

"Seller Contract"-any Contract in connection with the Insurance Business: (a) under which any Seller has or may acquire any rights or benefits; (b) under which any Seller has or may become subject to any obligation or Liability; or (c) by which any Seller or any of the assets owned or used by any Seller is or may become bound, unless part of the Excluded Assets and/or the Retained Liabilities.

"Seller Documents"-this Agreement and the other Transaction Documents required to be delivered by any Seller in connection with the Contemplated Transactions.

"Seller Indemnified Parties"-the Sellers, their respective managers, officers, directors, agents, employees, successors, permitted assigns, and Affiliates, and the officers, managers, directors, agents, and employees, successors and assigns of their respective Affiliates.

"Seller Resolutions"-duly adopted resolutions of the shareholders or members, as applicable, of each Seller, satisfactory to Buyer in its sole discretion: (a) approving the Seller Documents and the Contemplated Transactions, in accordance with applicable Law regarding the sale of assets other than in the Ordinary Course of Business; (b) approving the name change contemplated by **Section 5.5** and accompanied by the requisite documents for amending the relevant Governing Documents of each Seller required to effect such name change in form sufficient for filing with the appropriate Governmental Body.

"Seller Schedules"-the Disclosure Schedules, the Schedules required to be delivered by the Sellers under **Article 1**, and each other Schedule required to be delivered by the Schedules pursuant to this Agreement.

"Service Fees"-fees charged for services such as consulting, program design and implementation, risk management, or other services not directly related to the placement of insurance coverage, pursuant to the terms of a written Contract with the Client.

"Software"-all computer software and subsequent versions thereof, including source code, object, executable or binary code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons and all files, data, materials, manuals, design notes and other items and documentation related thereto or associated therewith.

"Special Matter"-any one or more of the following indemnity matters:

(a) Fraud, including any determination by a court of competent jurisdiction that the Acquisition constitutes a fraudulent conveyance by any Seller;

(b) Any Adverse Consequences incurred or suffered by any Seller Indemnified Party in connection with any Breach of Buyer's or Parent's representations and warranties contained in **Section 4.4 (*No Brokers or Finders*);**

(c) Any Adverse Consequences incurred or suffered by any Buyer Indemnified Party in connection with:

(i) Any Tax Liabilities of any Seller, including any (A) Taxes assessed on or after the Closing Date for any period before the Acquisition or (B) Successor Tax Liabilities;

(ii) Any Breach by any Seller of its covenants under **Section 5.4(a) (*Post-Closing Employee Matters*), Section 5.5 (*Corporate Name, Tradenames, Service Marks, Etc.*), Section 5.6(a) (*Taxes Resulting from Sale of Assets by Seller*), Section 5.7(b) (*Collection of Seller Accounts Receivable*),** or **Section 5.11 (*Seller Parties' Restrictive Covenants*)**;

(iii) Any Breach by any Seller of those representations and warranties contained in **Section 3.2 (*Capitalization*)**; **Section 3.4(b) (*Financial Statements; No Material Adverse Change; No Undisclosed Liabilities*), Section 3.6 (*Assets*)**, **Section 3.9 (*Bankruptcy; Solvency*),** or **Section 3.16 (*No Brokers or Finders*)**;

(iv) Any Employee/Owner-Related Liabilities;

(v) Any Liabilities arising under any Environmental, Health, and Safety Laws;

(vi) Any Insolvent Carrier Liabilities arising prior to the Closing;

(i) Any Unclaimed Property Matters arising prior to the Closing; and

(ii) Any Proceeding that as of the Closing Date is pending (including those Proceedings listed on Schedule 11.1-SM), threatened, or based upon written notice received by any Seller, is reasonably likely to be commenced against any Seller.

"Staff Employment Agreements"-Buyer's standard Employment Agreement, between Buyer and the Hired Employees.

"Stop Loss Carrier Disclosure Statement"-the disclosure statement, as provided by Buyer to Sellers before Closing, together with any documentation called for thereunder.

"Sub-Rated Carrier"-a Carrier that, as of the Closing Date, is not rated by A.M. Best Company or is rated less than "A-" by A.M. Best Company.

"Successor Tax Liability"-any Liability imposed upon Buyer for the unpaid Taxes of any Person (including any Seller): (a) under United States Treasury Regulation Section 1.1502-6, or any similar local, state, or federal Law, including any Bulk Sales Laws; (b) as a transferee or successor; (c) by Contract; or (d) otherwise.

"Tangible Personal Property"-all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles, and other items of tangible personal property of every kind owned or leased by any Seller (wherever located and whether or not carried on any Seller's books), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance Records and other documents relating thereto, unless part of the Excluded Assets.

"Tax"-collectively, (a) any income; gross receipts; license; payroll; employment; excise; severance; stamp; occupation; premium; property; environmental; windfall profit; customs; vehicle; airplane, boat, vessel or other title or registration; capital stock; franchise; employees' income withholding; foreign or domestic withholding; social security; unemployment; disability; real property; personal property; sales; use; transfer; value added; alternative; add-on minimum; and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever; and (b) any interest, penalty, addition or additional amount thereon imposed, assessed, or collected, by or under the authority of, any Governmental Body or payable under any tax-sharing agreement or any other Contract.

"Tax Clearance Certificate"-a tax clearance certificate or similar instrument duly issued by any applicable Governmental Body in accordance with applicable Law regarding the outstanding and unpaid Tax Liability of each Seller as of the Closing Date.

"Tax Measurement Date"-the date on which a Tax jurisdiction sets as the measurement date for determining the ownership of Tangible Personal Property in assessing Taxes on Tangible Personal Property.

"Tax Return"-any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Law relating to any Tax.

"Third Party"-a Person that is not a Party to this Agreement.

"Total Book of Business"--collectively:

(a) the Current Accounts; and

(b) any new, renewal, or replacement Insurance Products or Services written or provided for any:

(i) Current Account, or

(ii) new Client Account produced by any Hired Employee during the Earn-Out Period,

(iii) including any "cross-selling" new Insurance Products or Services, "up-selling" existing Insurance Products or Services, or otherwise "rounding-out" of Insurance Products or Services for any Current Account or new Client Account; but

(c) *excluding* any:

(i) any business enterprise or Client Account (other than the Current Accounts) purchased or acquired for any form of consideration after the Closing by Buyer or any of Buyer's Affiliates,

(ii) Securities Business, or

(iii) Client Account of Buyer or any of Buyer's Affiliates.

"Trademark Assignment"-a mutually agreed Assignment of Trademark regarding Seller's registered trademark and a mutually agreed Assignment of Trademark Application regarding Seller's pending trademark application, as described in Schedule 3.14.

"Transaction Documents"-this Agreement and all documents, agreements, and instruments, as amended, supplemented, or otherwise modified from time to time, executed in connection with this Agreement or the Contemplated Transactions.

"Transition Services Agreement"-a mutually agreed upon agreement between Sellers and Buyer for services provided by Sellers or employees of Seller between the Closing Date and the January 1, 2019.

"Unclaimed Property Matters"-any Adverse Consequences, whether or not resulting from the breach of any representation or warranty by any Seller under this Agreement, arising from the failure of any Seller or any Affiliate of any Seller to pay an amount to any Governmental Body, and/or to file any applicable report or return with, any Governmental Body pursuant to any unclaimed or abandoned property, escheat or similar Law.

"WARN Act"-the Worker Adjustment and Retraining Notification Act, as amended, or any successor statute, and any rules or regulations promulgated thereunder.

(b) *Other Definitions.* Each of the following terms and variations thereof is defined in the Section or paragraph set forth below opposite such term:

Acquired Assets	Section 1.1
Acquisition	Background Paragraph
Agreement	Introductory Paragraph
Assumed Seller Contract	Section 1.1(c)
Assumed PTO Leave	Section 2.2(a)
Assumed PTO Liability Amount	Section 2.2(a)
Balance Sheet Date	Section 3.4(a)
Basket	Section 6.5
Business	Background Paragraph

Buyer	Introductory Paragraph
Buyer Group	Section 5.11
Cap	Section 6.5
Closing Date	Section 8.4
Closing Payment Amount	Section 1.4(c)(i)
Current Account	Section 1.1(a)
E&O	Section 3.12(a)
Earn-Out Period	Section 1.4(a)
Earn-Out Statement	Section 1.4(d)
EPL	Section 3.12(a)
Excess Coverage Provision	Section 5.2(a)
Excluded Assets	Section 1.2
Excluded Records	Section 1.1(e)
Financial Statements	Section 3.4(a)
Hired Employees	Section 2.7
Indemnified Party	Section 6.4(a)
Indemnifying Party	Section 6.4(a)
Interim Balance Sheet	Section 3.4(a)
Key Owner Life Policy	Section 5.8
Material Seller Contracts	Section 1.1(c)
Maximum Purchase Price Amount	Section 1.4(a)
Minimum Purchase Price Amount	Section 1.4(a)
Monthly Settlement Account	Section 2.6(b)(i)
Non-Compete Covenant	Section 5.11
Objection Notice	Section 1.4(d)
Office Locations	Section 1.1(i)
Parent	Introductory Paragraph
Party/Parties	Introductory Paragraph
Payroll Transition Period	**Section 2.7(c)**
Pre-Closing E&O	Section 5.2(a)
Purchase Price	Section 1.4(a)
Required Consents	Section 2.2(d)
Required Tail Coverage	Section 5.2(a)
Required Tail Deductible	Section 5.2(c)
Restricted Area	Section 5.11
Restricted Period	Section 5.11
Retained Liability/Retained Liabilities	Section 1.3
Seller/Sellers	Introductory Paragraph
Seller Accounts Payable	Section 3.4(c)
Seller Accounts Receivable	Section 3.4(c)
Seller Software	Section 3.15(c)
Settlement Objection Notice	Section 2.6(b)(i)
Settlement Statement	Section 2.6(b)(i)
Special Matter	Section 6.1(c)(i)
Stock Recipients	Section 1.4(c)(ii)
Survival Period	Section 6.1(a)

Third Party Claim	Section 6.4(a)
Transfer	Section 5.10(a)(ii)
Transferred Account	Section 5.10(a)(ii)
Transferred Account Core Revenue	Section 5.10(b)(ii)(A)
W-9s	Section 2.2(m)
Year-End Balance Sheet	Section 3.4(a)

Section 11.2 ***Incorporation of Background Paragraph.*** The provisions of the Background paragraph set forth above are hereby incorporated into this Agreement as if set forth herein at length.

Section 11.3 ***Usage.***

(a) *Interpretation*. In this Agreement, unless a clear contrary intention appears: (i) the singular number includes the plural number and vice versa; (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any gender includes either gender; (iv) reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (v) reference to any Law means such Law as amended, modified, codified, replaced, or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Law means that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement, or reenactment of such section or other provision; (vi) "hereunder," "hereof," "hereto," and words of similar import will be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision hereof; (vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (viii) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and (ix) references to documents, instruments or agreements will be deemed to refer as well to all addenda, exhibits, schedules, or amendments thereto.

(b) *Accounting Terms and Determinations*. Unless otherwise specified herein, all accounting terms used herein will be interpreted and all accounting determinations hereunder will be made in accordance with GAAP.

(c) *Joint Efforts.* This Agreement is the result of the joint efforts and negotiations of the Parties hereto, with each Party being represented, or having the opportunity to be represented, by legal counsel of its own choice, and no singular Party is the author or drafter of the provisions hereof. Each of the Parties assumes joint responsibility for the form and composition of this Agreement and each Party agrees that this Agreement will be interpreted as though each of the Parties participated equally in the composition of this Agreement and each and every provision and part hereof; provided, however, that notwithstanding the foregoing, with respect to any Tax Liabilities that may arise or result from the Contemplated Transactions, the Sellers acknowledge and agree that: (i) Buyer has made no representation or warranty, or otherwise provided any advice to any Seller, regarding such potential Tax Liabilities; and (ii) they have relied solely upon the advice of their Tax advisors and have not entered into the Contemplated Transactions in reliance upon any communication made by Buyer regarding such potential Tax Liabilities. The Parties agree that the rule of judicial interpretation to the effect that any ambiguity or uncertainty contained in an agreement is to be construed against the Party that drafted the agreement will not be applied in the event of any disagreement or dispute arising out of this Agreement.

*** * * * * * * * * ***

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

IN WITNESS WHEREOF, the Parties have signed or caused this Asset Purchase Agreement to be signed by their duly authorized respective officers as of the date first written above.

BUYER:

BBHG, Inc.

By: /s/ J. Scott Penny
Name: J. Scott Penny
Title: Chief Acquisitions Officer

PARENT:

Brown & Brown, Inc.

By: /s/ J. Scott Penny
Name: J. Scott Penny
Title: Chief Acquisitions Officer

SELLERS:

The Hays Group, Inc.

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

The Hays Group of Wisconsin, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

The Hays Benefits Group, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

PlanIT, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

The Hays Benefits Group of Wisconsin, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

Claims Management of Missouri, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

The Hays Group of Illinois, LLC

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

SELLERS' representative:

The Hays Group, Inc.

By: /s/ Stephen Lerum
Name: Stephen Lerum
Title: Chief Financial Officer

SCHEDULES AND EXHIBITS

TERM LOAN CREDIT AGREEMENT

dated as of

December 21, 2018

among

BROWN & BROWN, INC.

The Lenders Party Hereto

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent

and

BANK OF AMERICA, N.A., BMO HARRIS BANK N.A. and SUNTRUST BANK
as Co-Syndication Agents

WELLS FARGO SECURITIES, LLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
BMO CAPITAL MARKETS CORP. and SUNTRUST ROBINSON HUMPHREY, INC.
as Joint Lead Arrangers and Joint Bookrunners

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SCHEDULES:

EXHIBITS:

TERM LOAN CREDIT AGREEMENT (this "Agreement") dated as of December 21, 2018 among BROWN & BROWN, INC., the LENDERS from time to time party hereto, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, and BANK OF AMERICA, N.A., BMO HARRIS BANK N.A. and SUNTRUST BANK, as Co-Syndication Agents.

STATEMENT OF PURPOSE

The Borrower has requested, and subject to the terms and conditions set forth in this Agreement, the Administrative Agent and the Lenders have agreed to extend, certain loans to the Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

ARTICLE 1

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acquisition" means any transaction, or series of related transactions, by which the Borrower or any Subsidiary directly or indirectly (i) acquires any ongoing business or all or substantially all of the assets or any Person or any division or operating unit thereof (whether by purchase, merger, consolidation or otherwise), (ii) acquires (in one transaction or as the most recent transaction in a series of transactions) Control of at least a majority in ordinary voting power of the securities of a Person which have ordinary voting power for the election of the directors or (iii) otherwise acquires Control or more than 50% ownership interest in any Person.

"Adjusted LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means Wells Fargo Bank, National Association (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent Party" has the meaning assigned to such term in Section 9.01(d).

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted

LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the LIBOR Screen Rate (or, if the LIBOR Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate, respectively. For the avoidance of doubt, the Alternate Base Rate shall not be less than 1% per annum for purposes of this Agreement.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Percentage" means, with respect to any Lender, a percentage equal to a fraction the numerator of which is such Lender's outstanding principal amount of the Loans and the denominator of which is the aggregate outstanding principal amount of the Loans of all Lenders.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Loan or any ABR Loan, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread for Loans" or "ABR Spread for Loans", as the case may be, based upon the Pricing Level applicable on such date:

Pricing Level	Eurocurrency Spread for Loans	ABR Spread for Loans
Level I:	1.00%	0%
Level II:	1.25%	0.25%
Level III:	1.375%	0.375%
Level IV:	1.75%	0.75%

For purposes of, and notwithstanding, the foregoing:

(i) (a) Pricing Level I, Leverage Level 1 and Ratings Level A are equivalent and correspond to each other, and Pricing Level I shall be the lowest Pricing Level for purposes of this definition, (b) Pricing Level II, Leverage Level 2 and Ratings Level B are equivalent and correspond to each other, (c) Pricing Level III, Leverage Level 3 and Ratings Level C are equivalent and correspond to each other, and (d) Pricing Level IV, Leverage Level 4 and Ratings Level D are equivalent and correspond to each other, and Pricing Level IV shall be the highest Pricing Level for purposes of this definition;

(ii) at any time of determination, the Pricing Level shall be determined by reference to the Leverage Level or the Ratings Level then in effect which would result in the lower corresponding Pricing Level;

(iii) if at any time the Borrower fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Pricing Level IV shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Pricing Level shall be determined in accordance with the table above as applicable;

(iv) notwithstanding the foregoing, Pricing Level II shall be deemed to be applicable until the Administrative Agent's receipt of the applicable Financials for the Borrower's first fiscal quarter ending after the Effective Date and adjustments to the Pricing Level then in effect shall thereafter be effected in accordance with this definition;

(v) at any time of determination, the "Leverage Level" shall be based upon the Net Leverage Ratio applicable at such time:

Leverage Level	Net Leverage Ratio
Level 1	≤ 1.00 to 1.00
Level 2	> 1.00 to 1.00 but ≤ 1.75 to 1.00
Level 3	> 1.75 to 1.00 but ≤ 2.50 to 1.00
Level 4	> 2.50 to 1.00

Except as otherwise provided in the paragraph above, adjustments, if any, to the "Leverage Level" then in effect shall be effective three (3) business days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Leverage Level shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(vi) at any time of determination, the "Ratings Level" shall be based upon the long-term debt ratings by Moody's and S&P, respectively, applicable at such time to the Index Debt:

Ratings Level	Index Debt Ratings (Moody's/S&P)
Level A	≥ Baa1 / ≥ BBB+
Level B	Baa2 / BBB
Level C	Baa3 / BBB-
Level D	< Baa3 / < BBB-

For purposes of the foregoing, (i) if neither Moody's nor S&P shall have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then a Ratings Level in Level D shall be in effect; (ii) if only one of Moody's or S&P provides a rating for the Index Debt, the Ratings Level corresponding to such rating shall be in effect; (iii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Ratings Levels, the Ratings Level then in effect shall be based on the better of the two ratings (i.e., the rating which corresponds to the Ratings Level that corresponds to the lowest Pricing Level) unless one of the two ratings is two or more Ratings Levels lower than the other, in which case the Ratings Level then in effect shall be determined by reference to the Ratings Level next below that of the better of the two ratings; and (iv) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective

as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Ratings Level shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if both rating agencies shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Ratings Level shall be determined by reference to the rating most recently in effect prior to such change or cessation.

"Approved Fund" has the meaning assigned to such term in Section 9.04(b).

"Arranger" means each of Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp. and SunTrust Robinson Humphrey, Inc. in its capacity as a joint bookrunner and joint lead arranger for the credit facilities evidenced by this Agreement.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and, to the extent the consent of the Borrower is required pursuant to Section 9.04 hereof, the Borrower.

"Augmenting Lender" has the meaning assigned to such term in Section 2.20.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 CFR § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" Brown & Brown, Inc., a Florida corporation.

"Borrowing" means a Loan of the same Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03 in the form attached hereto as Exhibit H-1.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealing in Dollars in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital lease obligations on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP; provided that any obligations under leases (or other arrangement conveying the right to use) that would, as of the date hereof, be treated as operating leases but are later treated as capital leases under GAAP as a result of a change thereto (including as a result of Financial Accounting Standards Board Accounting Standards Codification 840) shall not be considered to be Capital Lease Obligations hereunder.

"Cash Equivalents" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000; and

(f) other investments permitted under the Borrower's investment policy, to the extent such policy has been approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed).

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof), of Equity Interests representing more than 50% of the issued and outstanding Equity Interests of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully diluted basis or (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were not (i) members of the board of directors of the Borrower on the Effective Date, (ii) nominated by the board of directors of the Borrower or (iii) appointed by directors so nominated.

"Change in Law" means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means (a) as to any Lender, the aggregate commitment of such Lender to make Loans as set forth on Schedule 2.01, as such commitment may be (i) terminated from time to time pursuant to Section 2.09 and (ii) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 and (b) as to all Lenders, the aggregate commitment of all Lenders to make Loans, which aggregate commitment shall be $300,000,000 on the date of this Agreement. After advancing the Loan, each reference to a Lender's Commitment shall refer to that Lender's Applicable Percentage of the Loans.

"Communications" has the meaning assigned to such term in Section 9.01(d).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means Consolidated Net Income *plus*, without duplication and, other than with respect to the amounts described in clause (viii) below, to the extent deducted from revenues in determining Consolidated Net Income, (i) consolidated interest expense and, to the extent not reflected in consolidated interest expense, amortization of debt discount and debt issuance costs and commissions,

discounts and other fees and charges associated with Indebtedness or other financing activities and any losses on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, (ii) taxes based on income or profits or capital, including federal, foreign, state, franchise, excise and similar taxes and foreign withholding taxes and foreign unreimbursed value added taxes of such Person payable or accrued (including in respect of repatriated funds and any penalties and interest related to such taxes or arising from any tax examinations), (iii) depreciation, (iv) amortization, (v) non-cash expenses, losses or charges, (vi) extraordinary, unusual or non-recurring cash expenses, losses or charges incurred, (vii) in connection with any Acquisition, disposition or restructuring (and any prospective Acquisition, disposition or restructuring which is not consummated), all cash restructuring costs, cash acquisition integration costs and fees, including cash severance payments, and cash fees and expenses paid in connection with such Acquisition or restructuring, all to the extent incurred within twelve (12) months of the completion of such Acquisition or restructuring and in an aggregate amount not to exceed twenty percent (20%) of Consolidated EBITDA during any period of four consecutive fiscal quarters prior to giving effect to this clause (vii), (viii) proceeds of business interruption insurance received during such period (solely to the extent not already reflected as revenue or income in the determination of Consolidated Net Income for such period), (ix) any expenses, fees, charges or losses related to the incurrence, issuance or repayment of Indebtedness (including, without limitation the Obligations and fees, costs and expenses in connection with the Transactions) and any amendment, waiver, consent, restatement, refinancing, repurchase, retirement, defeasance or other modification thereto), (x) expenses, charges and losses to the extent covered by indemnification or refunding provisions in any Acquisition document or any insurance to the extent reimbursed (or reasonably expected to be reimbursed), in each case to the extent that such indemnity, refunding or insurance coverage has not been denied and so long as such amounts are actually reimbursed to the Borrower or a Subsidiary in cash within two (2) fiscal quarters after the related amount is first added to Consolidated EBITDA pursuant to this clause (x) (and if not so reimbursed within two (2) fiscal quarters, such amount shall be deducted from Consolidated EBITDA during the next applicable period) and (xi) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Borrower and its Subsidiaries, *minus*, to the extent included in Consolidated Net Income, (1) interest income including any gains on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk not otherwise netted from consolidated interest expense, (2) income tax credits and refunds (to the extent not netted from tax expense), (3) any cash payments made during such period in respect of items described in clause (v) above subsequent to the fiscal quarter in which the relevant non-cash expenses, losses or charges were incurred, (4) extraordinary, unusual or non-recurring income or gains realized other than in the ordinary course of business, (5) non-cash income or gains and (6) realized foreign exchange income or gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Borrower and its Subsidiaries, all calculated for the Borrower and its Subsidiaries in accordance with GAAP on a consolidated basis. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each such period, a "Reference Period"), (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period, and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made an Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving effect thereto on a pro forma basis (for the avoidance of doubt, in accordance with Section 1.04(b)) as if such Acquisition occurred on the first day of such Reference Period. In addition and without duplication of the foregoing, Consolidated EBITDA for any Reference Period in which an Acquisition or other applicable transaction has occurred or is otherwise implicated (as described below) shall be calculated by including (x) cost savings, operating expense reductions and synergies to the extent permitted to be reflected in pro forma financial information under Rule 11-02 of Regulation S-

X under the Securities Act for such period and (y) other cost savings, operating expense reductions and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken, committed to be taken or expected to be taken (calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period and if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), in each case relating to the applicable Acquisition, disposition or other transaction, net of the amount of actual benefits realized during such period from such actions (such cost savings and synergies described in this clause (y), "Specified Transaction Adjustments"); provided that (A) such Specified Transaction Adjustments are reasonably identifiable, quantifiable and factually supportable in the good faith judgment of the Borrower and are set forth in reasonable detail in a certificate of a responsible officer of the Borrower delivered to the Administrative Agent, (B) such actions are taken, committed to be taken or expected to be taken no later than twelve (12) months after the date of such Acquisition disposition or other transaction, (C) no amounts shall be added pursuant to this clause (y) to the extent duplicative of any amounts that are otherwise added back in calculating Consolidated EBITDA, whether through a pro forma adjustment or otherwise, with respect to any period and (D) the aggregate amount of any Specified Transaction Adjustments for any such period shall not exceed 15% of Consolidated EBITDA for the applicable period prior to giving effect to this clause (y).

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Borrower and its Subsidiaries paid in cash and calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries allocable to such period in accordance with GAAP (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing); provided that (i) Consolidated Interest Expense shall not include any debt discount, premium payments (including original issue discount or upfront fees), underwriting, arrangement, agency or other similar financing fees and (ii) Consolidated Interest Expense shall be calculated after giving effect to any applicable hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk. In the event that the Borrower or any Subsidiary shall have completed an Acquisition or a disposition since the beginning of the relevant period, Consolidated Interest Expense shall be determined for such period on a pro forma basis (for the avoidance of doubt, in accordance with Section 1.04(b)) as if such Acquisition or disposition, and any related incurrence or repayment of Indebtedness, had occurred at the beginning of such period.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period; provided that there shall be excluded: (i) any income (or loss) of any Person other than the Borrower or a Subsidiary (except in accordance with Section 1.04 hereof), but any such income so excluded may be included in such period or any later period to the extent of any cash dividends or distributions actually paid in the relevant period to the Borrower or any Subsidiary of the Borrower, (ii) the cumulative effect of a change in accounting principles during such period, to the extent included in such net income (loss), (iii) any earnouts, purchase price adjustments or similar obligations in connection with any acquisition, investment, asset disposition or sale of any Subsidiary of the Borrower (unless such obligations remain unpaid after the date which is sixty (60) days prior to the date such obligations become due and payable), (iv) the after-tax effect of any income (or loss) for such period attributable to the early extinguishment of Indebtedness (or any cancellation of Indebtedness) and (v) income (loss) attributable to deferred compensation plans or trusts.

"Consolidated Net Indebtedness" means, at any time, the sum of (a) Consolidated Total Indebtedness at such time, *minus* (b) the Applicable Cash Percentage of unrestricted and unencumbered cash and Cash Equivalents maintained by the Borrower and its Subsidiaries in North America in an aggregate amount that is in excess of $50,000,000 at such time. As used herein, "Applicable Cash Percentage" means (i) 100%, in the case of cash and Cash Equivalents maintained in the United States of America and (ii) 100% *less* the applicable combined federal and state marginal income tax rate (taking into account the federal deduction for state income taxes and available tax credits) that would be imposed on the Borrower or applicable Subsidiary in the case of, and with respect to, the repatriation of such cash and Cash Equivalents to the United States of America, in the case of cash and Cash Equivalents maintained in Canada or Mexico.

"Consolidated Total Assets" means, as of the date of any determination thereof, the total assets of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Total Indebtedness" means, at any time, the sum, without duplication, of (a) the aggregate Indebtedness (of the type described in clauses (a), (b), (d) (subject to the last sentence of the definition thereof) and (g) of the definition thereof) of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP, (b) the aggregate amount drawn but unreimbursed and unsecured under letters of credit and bankers acceptances for which the Borrower or its Subsidiaries are responsible and (c) Indebtedness of the type referred to in clauses (a) or (b) hereof of another Person guaranteed by the Borrower or any of its Subsidiaries; provided that, for the avoidance of doubt, Consolidated Total Indebtedness shall not include obligations under hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Co-Syndication Agents" means each of Bank of America, N.A., BMO Harris Bank N.A. and SunTrust Bank in its capacity as a co-syndication agent for the credit facilities evidenced by this Agreement.

"Credit Party" means the Administrative Agent or any other Lender.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary under Section 956 of the Code and the effect of such repatriation causing materially adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition described in Article VII which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular

default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (A) a Bankruptcy Event or (B) a Bail-In Action.

"Dividing Person" has the meaning assigned to it in the definition of "Division".

"Division" means the division of the assets, liabilities and/or obligations of a Person (the "Dividing Person") among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"Division Successor" means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar® and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(b) of ERISA, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure of Borrower or any of its ERISA Affiliates to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived with respect to a Plan; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal (as those terms are defined in Part I of Subtitle E of Title IV of ERISA) of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurocurrency", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in a Loan (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.17(f) notwithstanding such Recipient's legal ability to do so and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of June 28, 2017, among the Borrower, the subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreement to implement such Sections of the Code entered into between any relevant authorities on behalf of the United States and such jurisdiction.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depository institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate. For the avoidance of doubt, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Borrower and its Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"Foreign Lender" means a Lender that is not a U.S. Person.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Impacted Interest Period" has the meaning assigned to such term in the definition of "LIBO Rate".

"Increasing Lender" has the meaning assigned to such term in Section 2.20.

"Incremental Loan" has the meaning assigned to such term in Section 2.20.

"Incremental Loan Amendment" has the meaning assigned to such term in Section 2.20.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness, described in the other clauses of this definition, of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (j) all obligations of such Person under Sale and Leaseback Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is directly liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Notwithstanding the foregoing, Indebtedness shall not include (i) deferred or prepaid

revenue, (ii) earnouts, purchase price adjustments, purchase price holdbacks and similar payments payable in connection with an Acquisition (unless such obligations remain unpaid after the date which is sixty (60) days prior to the date such obligations become due and payable), (iii) Intercompany Loans or the practice of the Borrower in the normal course of "sweeping" cash accounts from its "branches" (i.e., subsidiaries) to centralize the cash operations of the Borrower and its Subsidiaries and (iv) netting services or overdraft protections which do not remain outstanding for a period in excess of ten Business Days after payment is due therefor.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not Guaranteed by any other person or entity or subject to any other credit enhancement.

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Insurance Company Payables" means payables due an insurance company from the Borrower or any of its Subsidiaries which arise from time to time in the ordinary and normal course of business.

"Intercompany Loans" means loans or other extensions of credit from time to time made by the Borrower to any of its Subsidiaries or by any Subsidiary to the Borrower or any other Subsidiary.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08 in the form attached hereto as Exhibit H-2.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date and (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date.

"Interest Period" means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, for any Interest Period, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available) that is shorter than the Impacted Interest

Period and (b) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

"IRS" means the United States Internal Revenue Service.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption or other documentation contemplated thereby, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption or other documentation contemplated thereby.

"LIBO Rate" means, with respect to any Eurocurrency Borrowing for any applicable Interest Period, the London interbank offered rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 of the Reuters screen that displays such rate or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion (in each case the "LIBOR Screen Rate") at approximately 11:00 a.m., London time, on the Quotation Day and Interest Period; provided that, if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided further that if a LIBOR Screen Rate shall not be available at the applicable time for the applicable Interest Period (the "Impacted Interest Period"), then the LIBO Rate and such Interest Period shall be the Interpolated Rate; provided, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of "LIBO Rate" shall be subject to Section 2.14.

"LIBOR Screen Rate" has the meaning assigned to such term in the definition of "LIBO Rate".

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan Documents" means this Agreement, any promissory notes issued pursuant to Section 2.10(e), each Subsidiary Guaranty and all other instruments and documents executed and delivered in accordance with the terms of this Agreement.

"Loan Parties" means the Borrower and each Subsidiary Guarantor.

"Loans" means the loans made by the Lenders to the Borrower pursuant to Section 2.01 or as contemplated by Section 2.20 of this Agreement.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its payment or other material obligations under this Agreement or (c) the rights or remedies of the Administrative Agent and the Lenders under the Loan Documents.

"Material Subsidiary" means each Subsidiary of the Borrower which, as of the most recent fiscal quarter of the Borrower, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01(a) or (b) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a) or (b), the most recent financial statements referred to in Section 3.04(a)), contributed greater than five percent (5%) of the revenues of the Borrower and its Subsidiaries on a consolidated basis for such period.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Maturity Date" means the date that occurs on the fifth (5^{th}) anniversary of the Effective Date.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or an ERISA Affiliate is making, is obligated to make, made or has been obligated to make during the last six years, contributions on behalf of participants who are or were employed by the Borrower or ERISA Affiliate.

"Net Leverage Ratio" has the meaning assigned to such term in Section 6.05(a).

"NYFRB**"** means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Loan Parties to any of the Lenders, the Administrative Agent or any indemnified party under this Agreement or any other Loan Document, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"Participant" has the meaning assigned to such term in Section 9.04.

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by any Governmental Authority for Taxes, assessments, governmental charges or similar obligations that are not yet due, remain payable without a penalty or are being contested in good faith and by appropriate proceedings;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction contractors' or and other like Liens, arising in the ordinary course of business and securing obligations that are not overdue by more than sixty (60) days or are being contested in good faith and by appropriate proceedings;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations or (ii) securing liability for customary reimbursement and indemnification obligations of insurance carriers or (iii) in connection with self-insurance programs;

(d) deposits to secure the performance of (i) bids, trade contracts, leases, statutory obligations, surety bonds, performance bonds, public utility agreements and other obligations of a like nature, in each case in the ordinary course of business, (ii) stay or appeal bonds, (iii) indemnity, performance or similar bonds in the ordinary course of business, (iv) in connection with contested amounts;

(e) judgment or attachment Liens that do not constitute an Event of Default under clause (k) of Article VII;

(f) easements, zoning restrictions, rights-of-way, and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

(g) deposits for the benefit of a seller in connection with a proposed Acquisition pursuant to and in accordance with a letter of intent or acquisition or purchase agreement related thereto; and

(h) other Liens incidental to the conduct of its business or the ownership of its assets which were not incurred in connection with the borrowing of money and which do not, in the aggregate, materially detract from the value of its assets or materially impair the use thereof in the operation of its business (including, without limitation, Liens with respect to leases, subleases, licenses and sublicenses, and liens of depository or collecting banks (including rights of set-off));

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Quotation Day" means, with respect to any Eurocurrency Borrowing for any Interest Period, two (2) Business Days prior to the commencement of such Interest Period.

"Recipient" means (a) the Administrative Agent and (b) any Lender, as applicable.

"Register" has the meaning assigned to such term in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having outstanding Loans and unused Commitments (if any) representing more than 50% of the sum of the outstanding Loans and unused Commitments (if any) at such time.

"Responsible Officer" means any of the chief executive officer, president, chief operating officer, treasurer, any other Financial Officer, general counsel or other chief legal officer of the Borrower.

"S&P" means S&P Global Ratings (formerly Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business).

"Sale and Leaseback Transaction" means any sale or other transfer of any property or asset by any Person with the intent to lease such property or asset as lessee.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any EU member state or Her Majesty's Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any EU member state or Her Majesty's Treasury of the United Kingdom.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency and to which the Administrative Agent and the Lenders are subject for Eurocurrency funding, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"Subordinated Indebtedness" means any Indebtedness of the Borrower or any Subsidiary the payment of which is subordinated to payment of the obligations under the Loan Documents.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guarantor" has the meaning set forth in Section 5.09(a).

"Subsidiary Guaranty" has the meaning set forth in Section 5.09(a).

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Eurocurrency Loan"). Borrowings also may be classified and referred to by Type (e.g., a "Eurocurrency Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(b) All pro forma computations required to be made hereunder giving effect to any Acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction shall in each case be calculated giving pro forma effect thereto (and, in the case of any pro forma computation made hereunder to determine whether such Acquisition, disposition, issuance, incurrence or assumption of Indebtedness, or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)), including:

(i) all Indebtedness (whether under this Agreement or otherwise) and any other balance sheet adjustments incurred or made in connection with such Acquisition, if any, which shall be deemed to have been incurred or made on the first day of such period, and all Indebtedness of the Person to be acquired in such Acquisition which was repaid concurrently with the consummation of such Acquisition, if any, which shall be deemed to have been repaid on the first day of such period concurrently with the deemed incurrence of the Indebtedness, if any, incurred in connection with such Acquisition; and

(ii) if any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness);

provided that, notwithstanding the foregoing, any of the determinations made pursuant to this Section 1.04(b) shall be made subject to the limitations set forth in the definition of Consolidated EBITDA.

SECTION 1.05. Status of Obligations. In the event that the Borrower or any other Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, the Borrower shall take or cause such other Loan Party to take all such actions as shall be necessary to cause the Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Obligations are hereby designated as “senior indebtedness” and as “designated senior indebtedness” and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

SECTION 1.06. Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of “LIBO Rate”.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender (severally and not jointly) agrees to make a Loan to the Borrower on the Effective Date, in an amount equal to such Lender's Commitment by making immediately available funds available to the Administrative Agent's designated account, not later than the time specified by the Administrative Agent. Amounts repaid or prepaid in respect of Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. The Loans shall amortize as set forth in Section 2.10.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $1,000,000. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of six (6) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request (a) by irrevocable written notice (via a written Borrowing Request signed by the Borrower promptly followed by telephonic confirmation of such request) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days prior to the date of the requested Borrowing (which shall include indemnification for break funding payments of the type required by Section 2.16 in the case of the Borrowing requested on the Effective Date) or (b) by telephone in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(iv) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. [Intentionally Omitted].

SECTION 2.05. [Intentionally Omitted].

SECTION 2.06. [Intentionally Omitted].

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Loans shall be made as provided in Section 2.01. The Administrative Agent will make such Loans available to the Borrower by promptly disbursing the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or in the case of an ABR Borrowing, prior to 1:00 p.m., New York City time, on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, until the date of repayment thereof, at the interest rate applicable to such Loans; provided that if the Lender and the Borrower shall both pay such interest amounts, the amount paid by the Borrower shall be returned thereto. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency

Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election (by telephone or irrevocable written notice (via an Interest Election Request signed by the Borrower) by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request signed by the Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d).

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination of Commitments. Unless previously terminated, the Commitments shall terminate at 4:00 p.m. (New York City time) on the Effective Date.

SECTION 2.10. Repayment and Amortization of Loans; Evidence of Debt. (a) The Borrower shall repay Loans on each date set forth below in the aggregate principal amount set forth opposite such date (as adjusted from time to time pursuant to Section 2.11 or 2.20):

Date	Amount
March 31, 2019	$3,750,000
June 30, 2019	$3,750,000
September 30, 2019	$3,750,000
December 31, 2019	$3,750,000
March 31, 2020	$3,750,000
June 30, 2020	$3,750,000
September 30, 2020	$3,750,000
December 31, 2020	$3,750,000
March 31, 2021 and the last day of each calendar quarter ending thereafter	$7,500,000

To the extent not previously repaid, all unpaid Loans shall be paid in full by the Borrower on the Maturity Date, unless accelerated sooner pursuant to Article VII.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein absent demonstrable error; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the Obligations.

(e) Any Lender may request that Loans made by it to the Borrower be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered permitted assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered permitted assigns).

SECTION 2.11. Prepayment of Loans. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11. The Borrower shall notify the Administrative Agent by written notice (promptly followed by telephonic confirmation of such request) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time, three (3) Business

Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that a notice of prepayment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each voluntary prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing in such order of application as directed by the Borrower. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments to the extent required by Section 2.16.

SECTION 2.12. Fees. The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent. All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable within one (1) Business Day following demand therefor, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest.

(a) Circumstances Affecting LIBOR Rate Availability. Unless and until a Replacement Rate is implemented in accordance with clause (c) below, in connection with any request for a Eurocurrency Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such Loan, (ii) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for the ascertaining the LIBO Rate for such Interest Period with respect to a proposed Eurocurrency Loan or (iii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that the LIBO Rate does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period, then the Administrative Agent shall promptly give notice thereof to the Borrower. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, the obligation of the Lenders to make Eurocurrency Loans and the right of the Borrower to convert any Loan to or continue any Loan as a Eurocurrency Loan shall be suspended, and the Borrower shall either (A) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such Eurocurrency Loan together with accrued interest thereon (subject to Section 9.14), on the last day of the then current Interest Period applicable to such Eurocurrency Loan; or (B) convert the then outstanding principal amount of each such Eurocurrency Loan to an ABR Loan as of the last day of such Interest Period.

(b) Laws Affecting LIBO Rate Availability. If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective lending offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective lending offices) to honor its obligations hereunder to make or maintain any Eurocurrency Loan, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) the obligations of the Lenders to make Eurocurrency Loans, and the right of the Borrower to convert any Loan to a Eurocurrency Loan or continue any Loan as a Eurocurrency Loan shall be suspended and thereafter the Borrower may select only ABR Loans and (ii) if any of the Lenders may not lawfully continue to maintain a Eurocurrency Loan to the end of the then current Interest Period applicable thereto, the applicable Loan shall immediately be converted to an ABR Loan for the remainder of such Interest Period.

(c) Alternative Rate of Interest. Notwithstanding anything to the contrary in Section 2.14(a) above, if the Administrative Agent has made the determination (such determination to be conclusive absent manifest error) that (i) the circumstances described in Section 2.14(a)(i) or (a)(ii) have arisen and that such circumstances are unlikely to be temporary, (ii) any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in Dollars or (iii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having, or purporting to have, jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. syndicated loan market in Dollars, then the Administrative Agent shall endeavor with the Borrower to establish a replacement interest rate (the "Replacement Rate") that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, in which case, the Replacement Rate

shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (A) an event described in Section 2.14(a)(i), (a)(ii), (c)(i), (c)(ii) or (c)(iii) occurs with respect to the Replacement Rate or (B) the Required Lenders (directly, or through the Administrative Agent) notify the Borrower that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.14(c). Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Lenders, written notices from such Lenders that in the aggregate constitute Required Lenders, with each such notice stating that such Lender objects to such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lender objects). To the extent the Replacement Rate is approved by the Administrative Agent in connection with this clause (c), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such Replacement Rate shall be applied as otherwise reasonably determined by the Administrative Agent and in a manner consistent with how the Administrative Agent applies such practice in other U.S. syndicated loans in which the Administrative Agent serves as administrative agent thereunder (it being understood that any such modification by the Administrative Agent shall not require the consent of, or consultation with, any of the Lenders). Until an alternate rate of interest shall be determined in accordance with this clause (c), (x) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and any such Eurocurrency Borrowing shall be repaid or converted into an ABR Borrowing on the last day of the then current Interest Period applicable thereto, and (y) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

(d) Illegality. If, in any applicable jurisdiction, the Administrative Agent, any Lender determines that any applicable law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent or any Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Loan, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Borrower, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Loan shall be suspended, and to the extent required by applicable law, cancelled. Upon receipt of such notice, the Borrower shall, (A) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) ;

(ii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan or of maintaining its obligation to make any such Loan or to reduce the amount of any sum received or receivable by such Lender or such other Recipient hereunder, whether of principal, interest or otherwise, then the Borrower will pay to such Lender or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11 and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by

such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate (but excluding the margin applicable thereto) that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

SECTION 2.17. Taxes. Payments Free of Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Loan Parties. The Loan Parties shall indemnify each Recipient, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that such Recipient provides the Borrower the original or a copy of a receipt evidencing payment thereof or other evidence reasonably acceptable to the Borrower. A certificate as to the amount of such payment or liability prepared in good faith and delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, in each case, accompanied by a written statement thereof setting forth in reasonable detail the basis and calculation of such amounts, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times required by applicable law or as reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation required by applicable law or as reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if required by applicable law or as reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as

applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has

complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 2.17, the term "applicable law" includes FATCA.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, New York City time on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 1525 West W.T. Harris Blvd. 1B1, Charlotte, NC 28262 Mail Code D1109-019, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business

Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) At the election of the Borrower, all payments of principal, interest, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by the Borrower pursuant to Section 2.03 or may be deducted from any deposit account of the Borrower maintained with the Administrative Agent.

(d) If, except as expressly provided herein, any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation in accordance with the terms of this Agreement.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for

the account of such Lender and for the benefit of the Administrative Agent to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account over which the Administrative Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender (or its Affiliate) requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender (or its Affiliate) or any Governmental Authority for the account of any Lender (or its Affiliate) pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender (or its Affiliate) to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (or its Affiliate). The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender (or its Affiliate) in connection with any such designation or assignment.

(b) If any Lender (or its Affiliate) requests compensation under Section 2.15 or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender (or its Affiliate) or any Governmental Authority for the account of any Lender (or its Affiliate) pursuant to Section 2.17 or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.15 or 2.17) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) such assignment is made in accordance with the terms of Section 9.04, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Expansion Option. The Borrower may from time to time elect to request the establishment of one or more incremental term loan commitments to make one or more additional term loans (i) either as a separate tranche of term loans or (ii) for which the principal amount of the borrowing of such additional term loan will be added to the outstanding principal amount of the existing Loans (any such additional term loan described in clause (i) or (ii), an "Incremental Loan"), in each case in minimum increments of $15,000,000 so long as, after giving effect thereto, the aggregate amount of all such Incremental Loans does not exceed $150,000,000. The Borrower may arrange for any such additional term loan to be provided by one or more Lenders (each Lender so agreeing to participate in such Incremental Loans, an "Increasing Lender"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "Augmenting Lender"; provided that no Ineligible Institution may be an Augmenting Lender), which agree to participate in such Incremental Loans; provided that (i) each Augmenting Lender, shall be subject to the approval of the Borrower and the Administrative Agent (which approvals shall not be unreasonably withheld and shall be evidenced by the Administrative Agent's execution

of the agreement substantially in the form of Exhibit C or Exhibit D, as the case may be) and (ii) (x) in the case of an Increasing Lender, the Borrower and such Increasing Lender execute an agreement substantially in the form of Exhibit C hereto, and (y) in the case of an Augmenting Lender, the Borrower and such Augmenting Lender execute an agreement substantially in the form of Exhibit D hereto. No consent of any Lender (other than the Lenders participating in any Incremental Loan, which consent shall be deemed to have occurred upon execution of an agreement substantially in the form of Exhibit C or Exhibit D, as the case may be) shall be required for any Incremental Loan pursuant to this Section 2.20. New Incremental Loans created pursuant to this Section 2.20 shall become effective on the date agreed by the Borrower, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no Incremental Loans (or commitments therefor) shall become effective under this paragraph unless, (i) on the date specified in the agreement substantially in the form of Exhibit C or Exhibit D, (A) the Administrative Agent shall have received a certificate executed by a Financial Officer of the Borrower certifying that (x) the representations and warranties of the Borrower set forth in this Agreement shall be true and correct in all material respects (or, in the case of any such representation or warranty qualified by materiality or Material Adverse Effect, in all respects) on and as of the date of such Incremental Loan, other than any such representation or warranty given as of a particular date in which case they shall be true and correct in all material respects (or, in the case of any such representation or warranty qualified by materiality or Material Adverse Effect, in all respects) as of such date and (y) at the time of and immediately after giving effect to such Incremental Loan, no Default or Event of Default shall have occurred and be continuing and (B) the Borrower shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.05 and (ii) the Administrative Agent shall have received (to the extent not previously received, or to the extent reasonably requested, in each case by the Administrative Agent) documents and opinions consistent with those delivered on the Effective Date as to the organizational power and authority of the Borrower to borrow hereunder after giving effect to such increase. The Incremental Loans (a) shall be an amortizing term loan available in a single draw, (b) shall rank pari passu in right of payment with the then existing Loans, (c) shall not mature earlier than the Maturity Date, and (d) shall be treated substantially the same as (and in any event not more favorably than) the existing Loans; provided that (i) the terms and conditions applicable to any tranche of Incremental Loans maturing after the Maturity Date hereunder then in effect at the time of the effectiveness of such tranche of Incremental Loans may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after such Maturity Date or, so long as also applying for the benefit of the existing Loans outstanding prior to giving effect thereto, may provide for additional covenants and/or events of default agreed upon by the Borrower, the Administrative Agent, the Augmenting Lenders and the Increasing Lenders and (ii) the Incremental Loans may be priced differently than the Loans and may provide for amortization payments as agreed upon by the Borrower, the Administrative Agent, the Augmenting Lenders and the Increasing Lenders (subject to clause (i) above). Incremental Loans may also be made hereunder pursuant to an amendment or restatement (an "Incremental Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Increasing Lender participating in such Incremental Loan, if any, each Augmenting Lender participating in such Incremental Loan, if any, and the Administrative Agent. The Incremental Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.20. Nothing contained in this Section 2.20 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to provide Incremental Loans, at any time (other than as otherwise expressly agreed to by any applicable Lender in the agreements substantially in the form of Exhibit C and Exhibit D as provided above). In connection with any Incremental Loans pursuant to this Section 2.20, any Augmenting Lender becoming a party hereto shall (1) execute such documents and agreements as the Administrative Agent may reasonably request and (2) in the case of any Augmenting Lender that is organized under the laws of a jurisdiction outside of the United States of America, provide to the Administrative Agent,

its name, address, tax identification number and/or such other information as shall be necessary for the Administrative Agent to comply with "know your customer" and anti-money laundering rules and regulations, including without limitation, the Patriot Act.

SECTION 2.21. [Intentionally Omitted].

SECTION 2.22. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then until such Lender ceases to be a Defaulting Lender hereunder:

(a) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; third, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 4.01 or Section 2.20, as applicable, were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto; and

(b) the Commitments and outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that, except as otherwise provided in Section 9.02, this clause shall not apply to the vote of a Defaulting Lender except as expressly permitted by the last sentence set forth in Section 9.02(b).

A Lender shall cease to be a Defaulting Lender on the date each of the Administrative Agent and the Borrower shall agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender. Nothing in this section shall affect any rights or remedies the Borrower may have against any Defaulting Lender.

ARTICLE III
Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. The Borrower is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (to the extent such concept is applicable) in, every jurisdiction where such qualification is required. Schedule 3.01 hereto identifies, as of the Effective Date, each Subsidiary, noting the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the Borrower and the other Subsidiaries and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of each Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests owned by the Borrower or another Subsidiary are owned, beneficially and of record, by the Borrower or any Subsidiary free and clear of all Liens other than Liens permitted under Section 6.02. As of the Effective Date, there are no outstanding commitments or other obligations of the Borrower or any Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of any Subsidiary.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. The Loan Documents to which each Loan Party is a party have been duly executed and delivered by such Loan Party and constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, material agreement or other material instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended December 31, 2017 reported on by Deloitte & Touche LLP, independent public accountants and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended March 31, 2018, June 30, 2018 and September 30, 2018, certified by a Financial Officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in

accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since December 31, 2017, there has been no material adverse change in the business, assets, operations or financial condition of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to the conduct of the business of the Borrower and its Subsidiaries taken as a whole, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not, to the Borrower's knowledge, infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental. (a) There are no actions, suits, proceedings or investigations by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or any other Loan Document or any of the transactions contemplated hereby.

(b) Except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law or (ii) has become subject to or knows of any basis for any Environmental Liability.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. Neither the Borrower nor any of its Subsidiaries is, or is required to be registered as, an "investment company" as defined in the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. None of the material written reports, financial statements, certificates or other information furnished by or on behalf of the Borrower or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished and when taken as a whole) contained when furnished any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading. As of the Effective Date, all of the information included in the Beneficial Ownership Certification (if any) is true and correct.

SECTION 3.12. Federal Reserve Regulations. No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.13. No Default. No Default or Event of Default has occurred and is continuing.

SECTION 3.14. Anti-Corruption Laws and Sanction. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws, the Patriot Act and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws, the Patriot Act and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person or is in violation of the Patriot Act. No Borrowing, use of proceeds or other Transactions will be used by the Borrower in a manner which would violate Anti-Corruption Laws or applicable Sanctions.

SECTION 3.15. EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(b) The Administrative Agent shall have received favorable written opinions (in each case addressed to the Administrative Agent and the Lenders and dated the Effective Date) of counsels for the Loan Parties covering such matters relating to the Loan Parties, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the initial Loan Parties, the authorization of the Transactions and any other legal matters relating to such Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, certifying (i) that the representations and warranties contained in Article III are true and correct as of such date, (ii) that no Default or Event of Default has occurred and is continuing as of such date and (iii) that after giving effect to borrowing of the Loans on the Effective Date, the Borrower will be in compliance on a pro forma basis with the financial covenants in Section 6.05.

(e) The Administrative Agent shall have received from the Borrower the documentation and other information requested by the Administrative Agent in order to comply with requirements of any Anti-Money Laundering Laws, including, without limitation, the PATRIOT Act and any applicable "know your customer" rules and regulations.

(f) The Administrative Agent, and any Lender requesting the same, shall have received from the Borrower a Beneficial Ownership Certification in relation to the Borrower, in each case at least five (5) Business Days prior to the Effective Date.

(g) The Administrative Agent shall have received, or, substantially concurrently herewith shall receive, all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced at least one (1) Business Day prior to the Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder (which fees and expenses may be paid from the proceeds of the Loans funded on the Effective Date).

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Each Lender, by delivering its signature page to this Agreement, shall be deemed to have consented to and approved, each Loan Document and each other document required to be approved by any Lender on the Effective Date.

ARTICLE V

Affirmative Covenants

Commencing on the Effective Date and until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full as provided herein, in each case, without any pending draw, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent:

(a) within ninety (90) days after the end of each fiscal year of the Borrower (or, if earlier, by the date that the Annual Report on Form 10-K of the Borrower for such fiscal year would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form pursuant to Rule 12(b)-25 of the United States Securities Exchange Act of 1934), its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit (other than such exception or qualification that is with respect to, or expressly resulting solely from, the occurrence of an upcoming Maturity Date under this Agreement that is scheduled to occur within one year from the time such report and opinion are delivered)) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within sixty (60) days after the end of each of the first three fiscal quarters (commencing with the fiscal quarter ending on or about March 31, 2018) of each fiscal year of the Borrower (or, if earlier, by the date that the Quarterly Report on Form 10-Q of the Borrower for such fiscal quarter would be required to be filed under the rules and regulations of the SEC, giving effect to any extension available thereunder for the filing of such form pursuant to Rule 12(b)-25 of the United States Securities Exchange Act of 1934), its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower in the form of Exhibit B attached hereto (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.05;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of said commission, or with any national securities exchange;

(e) promptly after the Borrower becomes aware that Moody's or S&P shall have announced a change in the rating established for the Index Debt, written notice of such rating change; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Documents required to be delivered pursuant to clauses (a), (b) and (d) of this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are filed for public availability on the SEC's Electronic Data Gathering and Retrieval System; provided that the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the filing of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the compliance certificates required by clause (c) of this Section 5.01 to the Administrative Agent.

SECTION 5.02. Notices of Material Events. The Borrower will furnish written notice to the Administrative Agent promptly upon a Responsible Officer of the Borrower obtaining knowledge thereof:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Material Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence in its jurisdiction of organization and the rights, qualifications, licenses, permits, privileges, franchises, governmental authorizations and intellectual property rights material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, Division, liquidation or dissolution not prohibited herein.

SECTION 5.04. Payment of Taxes. The Borrower will, and will cause each of its Subsidiaries to, pay its Tax liabilities that, if not paid, could reasonably be expected to result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and

will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice to a Financial Officer and during regular business hours, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that (i) a Financial Officer or other officer appointed by a Financial Officer shall be given notice and an opportunity to participate with any discussions with officers and independent accountants, and (ii) so long as no Event of Default has occurred and is continuing, the Administrative Agent shall not exercise such rights set forth in this sentence more one time in any twelve month period. Notwithstanding anything to the contrary in this Section, none of the Borrower nor any Subsidiary will be required to disclose or permit the inspection of any document, information or other matter (x) in respect of which disclosure to the Administrative Agent (or its representatives or contractors) is prohibited by law or any binding agreement not entered not in contemplation of avoiding such inspection and disclosure rights or (y) that is subject to attorney-client or similar privilege or constitutes attorney work product. The Borrower acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain reports pertaining to the Borrower and its Subsidiaries' assets for internal use by the Administrative Agent and the Lenders.

SECTION 5.07. Compliance with Laws; Beneficial Ownership Regulation . The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including without limitation Environmental Laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower will notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein and promptly, upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

SECTION 5.08. Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes (including refinancing of certain existing indebtedness, Acquisitions, investments and other transactions not prohibited by the terms hereof) of the Borrower and its Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. The Borrower will not request any Borrowing, and the Borrower shall not use, and the Borrower shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09. Covenant to Guarantee Obligations. (a) If any Subsidiary of the Borrower becomes a subsidiary borrower under the Existing Credit Agreement, then the Borrower shall contemporaneously with such event (or such later date to which the Administrative Agent may agree), at its own expense, (A) cause such Subsidiary (a "Subsidiary Guarantor") to duly execute and deliver to the

Administrative Agent a guaranty in form and substance reasonably satisfactory to the Administrative Agent (each as amended, amended and restated, modified or otherwise supplemented, a "Subsidiary Guaranty") and (B) cause to be delivered to the Administrative Agent such legal opinions, certificates and other customary documents as the Administrative Agent shall reasonably request; provided that Section 5.09(a) shall not apply to any Foreign Subsidiary to the extent that the execution of the Subsidiary Guaranty by such Subsidiary would cause a Deemed Dividend Problem.

(b) Notwithstanding the foregoing, if at any time a Subsidiary Guarantor is no longer a subsidiary borrower under the Existing Credit Agreement, then the applicable Subsidiary Guaranty shall cease to be in effect unless at such time an Event of Default has occurred and is continuing.

ARTICLE VI

Negative Covenants

Commencing on the Effective Date and until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full as provided herein, in each case, without any pending draw, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Borrower will not permit any Subsidiary (other than a Loan Party) to, create, incur, assume or permit to exist any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01, including, without limitation, any borrowings or other extensions of credit under revolving lines of credit reflected on such schedule in an amount up to the commitment under such lines of credit as in effect on the date hereof and extensions, renewals and replacements of any such Indebtedness with Indebtedness of a similar type that does not increase the outstanding principal amount (or commitment amount, as the case may be) thereof;

(c) Intercompany Loans;

(d) Guarantees by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary;

(e) Indebtedness of any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e), together with the aggregate principal amount of all Indebtedness and other obligations secured by Liens permitted pursuant to Section 6.02(d), shall not exceed $100,000,000 at any time outstanding;

(f) Indebtedness of any Subsidiary as an account party in respect of letters of credit or bankers' acceptances;

(g) Insurance Company Payables and Guarantees by any Subsidiary in respect thereof;

(h) hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk;

(i) Indebtedness to banks and other financial institutions in respect of employee credit card programs, automatic clearinghouse arrangements and other cash management and similar arrangements in the ordinary course of business;

(j) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business or consistent with past practice and Indebtedness incurred by any Subsidiary in the form of customary obligations under indemnification, incentive, non-compete, deferred compensation, or other similar arrangements in the ordinary course of business; and

(k) other Indebtedness of the Subsidiaries so long as the aggregate outstanding principal amount of all such Indebtedness permitted pursuant to this clause (k), together with the aggregate outstanding principal amount of all Indebtedness secured by Liens permitted pursuant to Section 6.02(g), does not, at the time of incurrence of any such Indebtedness and after giving pro forma effect thereto, exceed the greater of (i) $500,000,000 and (ii) an amount equal to 10% of Consolidated Total Assets as of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)).

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary; provided that (i) such security interests secure an aggregate principal amount of Indebtedness and other obligations, together with the aggregate principal amount of all Indebtedness permitted pursuant to Section 6.01(e), not in excess of $100,000,000 at any time outstanding, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby

does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(f) Liens on cash collateral securing letter of credit or bankers acceptance obligations or facilities permitted hereunder; and

(g) Liens on assets of the Borrower and its Subsidiaries not otherwise permitted above so long as:

(i) the aggregate outstanding principal amount of all Indebtedness subject to Liens permitted by this Section 6.02(g), together with the aggregate outstanding principal amount of all Indebtedness permitted pursuant to Section 6.01(k), does not, at the time of incurrence of any Indebtedness subject to such Liens and after giving pro forma effect thereto, exceed the greater of (x) $500,000,000 and (y) an amount equal to 10% of Consolidated Total Assets as of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)); and

(ii) the aggregate outstanding principal amount of all Indebtedness plus the outstanding amount of other obligations, in each case subject to Liens permitted by this Section 6.02(g), does not, at the time of incurrence of any Indebtedness or other obligations subject to such Liens and after giving pro forma effect thereto, exceed the greater of (x) $500,000,000 and (y) an amount equal to 10% of Consolidated Total Assets as of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)).

SECTION 6.03. Fundamental Changes and Asset Sales. The Borrower will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, consummate a Division as the Dividing Person, or otherwise sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) all or substantially all of the assets of the Borrower and its Subsidiaries (taken as a whole), (including pursuant to a Sale and Leaseback Transaction), or all or substantially all of the Equity Interests of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing:

(i) any Person (including any Subsidiary that is not a Loan Party) may merge into the Borrower or a Subsidiary in a transaction in which the Borrower or such Subsidiary is the surviving corporation (provided that any such merger involving the Borrower must result in the Borrower as the surviving entity);

(ii) any Subsidiary may merge into a Loan Party in a transaction in which the surviving entity is such Loan Party (provided that any such merger involving the Borrower must result in the Borrower as the surviving entity);

(iii) any Subsidiary that is an LLC may consummate a Division as the Dividing Person if, immediately upon the consummation of the Division, the assets of the applicable Dividing Person are held by one or more Subsidiaries at such time (or, in the case of a Division of a Subsidiary that is a Loan Party, the assets of such applicable Dividing Person are held by a wholly-owned Subsidiary which is (or shall simultaneously become, pursuant to Section 5.09(a)) a Loan Party);

(iv) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to the Borrower or another Subsidiary; and

(v) any Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto. Without the prior written consent of the Administrative Agent, other than Wright National Flood Insurance Company, neither the Borrower nor any Subsidiary may engage in any business in the nature of an insurance company, in which the Borrower or such Subsidiary assumes the risk as an insurer.

(c) The Borrower will not, nor will it permit any of its Subsidiaries to, change its fiscal year from the basis in effect on the Effective Date.

SECTION 6.04. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its Subsidiaries (or entities that will become Subsidiaries immediately after giving effect to such transaction) not involving any other Affiliate, (c) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in the Borrower or any Subsidiary, (d) employment and severance or termination arrangements between the Borrower or its Subsidiaries and their respective officers and employees (including management and employee benefit plans or agreements, subscription agreements or similar agreements pertaining to the repurchase of Equity Interests or similar rights with current or former employees, officers, directors or other service providers and stock option or incentive plans and other compensation arrangements) and (e) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, officers and employees.

SECTION 6.05. Financial Covenants.

(a) Maximum Net Leverage Ratio. The Borrower will not permit the ratio (the "Net Leverage Ratio"), determined as of the end of each of its fiscal quarters ending on and after December 31, 2018, of (i) Consolidated Net Indebtedness to (ii) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be greater than 3.25 to 1.00; provided, that the Borrower may, on not more than two (2) occasions during the term of this Agreement, elect to increase the maximum Net

Leverage Ratio permitted under this Section 6.05(a) to 3.75 to 1.00 for a period of six (6) consecutive fiscal quarters in connection with, and commencing with the first fiscal quarter ending after, an Acquisition or series of consecutive Acquisitions occurring during a consecutive ninety (90) day period if (x) the aggregate consideration paid or to be paid in respect of such Acquisitions equals or exceeds $300,000,000 or (y) EBITDA of the targets acquired in connection with such Acquisitions equal or exceeds an amount equal to 10% of Consolidated EBITDA of the Borrower and its Subsidiaries (calculated without giving effect to such Acquisitions) for the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)) (each such period, an "Adjusted Covenant Period").

(b) Minimum Interest Coverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters ending on and after December 31, 2018, of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be less than 4.00 to 1.00.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Loan Party shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to any Loan Party's existence) or 5.08 or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) the Borrower or any Material Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after the expiration of any applicable grace or cure periods provided for in the applicable agreement or instrument under which such Indebtedness was created);

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice but after the expiration of any applicable grace or cure periods provided for in the applicable agreement or instrument under which such Indebtedness was created) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 (in excess of insurance coverage provided by a creditworthy unaffiliated insurer that has not denied coverage) and not covered by indemnifications for which an unaffiliated creditworthy third party is contractually liable and has not denied coverage) shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(k) an ERISA Event shall have occurred that when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(l) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent at the request, or at the direction, of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower;

and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent at the request, or at the direction, of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity.

ARTICLE VIII

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. It is understood and agreed that the use of the term "agent" as used herein or in any other Loan Documents (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct as determined by a final nonappealable judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity,

enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (provided that no such consent shall be required if an Event of Default under paragraphs (a), (b), (h) or (i) of Article VII shall have occurred and be continuing), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent’s resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and informa-tion (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or

based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

None of the Lenders or their Affiliates, if any, identified in this Agreement as an Arranger or Co-Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders or such Affiliates shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders and their Affiliates in their respective capacities as Arrangers or Co-Syndication Agents, as applicable, as it makes with respect to the Administrative Agent in the preceding paragraph.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. i) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it c/o Brown & Brown, Inc., 220 South Ridgewood Avenue, Daytona Beach, Florida 32114, Attention of R. Andrew Watts, Chief Financial Officer (Telecopy No. (386) 239-7284; Telephone No. (386) 239-5770; email awatts@bbins.com);

(ii) if to the Administrative Agent, to Wells Fargo Bank, National Association, 301 S. College Street, Charlotte, NC 28202, Attention of Will Goley (Telecopy No. 704-410-0331, email will.goley@wellsfargo.com,); and

(iii) if to any other Lender, to it at its address (or telecopy number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Electronic Systems.

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Loan Party, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party's or the Administrative Agent's transmission of Communications through an Electronic System, except to the extent of direct or actual damages as are determined by a court of competent jurisdiction to have resulted from such Agent Parties' gross negligence or willful misconduct. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b)

of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan it shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.20 with respect to an Incremental Loan Amendment or as contemplated by Section 2.14(c) hereof, and subject to clauses (c) and (e) below, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby (except that any amendment or modification of the financial covenants in this Agreement (or defined terms used in the financial covenants in this Agreement) shall not constitute a reduction in the rate of interest or fees for purposes of this clause (ii) and this clause (ii) shall not be deemed to include a waiver of default interest), (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby (provided that this clause (iii) shall not be deemed to include a waiver of default interest), (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties prescribed by Section 2.20 to be parties to an Incremental Loan Amendment, Incremental Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and Loans are included on the Effective Date) or (vi) release all or substantially all of the Subsidiary Guarantors from their obligations under any Subsidiary Guaranty without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent (it being understood that any change to Section 2.22 shall require the consent of the Administrative Agent). Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (x) to add one or more credit facilities (in addition to the Incremental Loans pursuant to an Incremental Loan Amendment) to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the initial Loans, Incremental Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Lenders.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is

necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity (including an existing Lender, an Affiliate of a Lender or an Approved Fund) which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption (which such Non-Consenting Lender hereby agrees to execute and deliver) and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, or (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) the outstanding principal amount of its Loans and all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(e) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

(f) Notwithstanding the foregoing, no amendment or amendment and restatement of this Agreement requiring the consent of "each Lender" or "each Lender directly affected thereby," which is in all other respects approved by the applicable Lenders in accordance with this Section 9.02, shall require the consent or approval of any Lender (i) which immediately after giving effect to such amendment or amendment and restatement, shall have no Commitment or other obligation to maintain or extend credit under this Agreement (as so amended or amended and restated) and (ii) which, substantially contemporaneously with the effectiveness of such amendment or amendment and restatement, is paid in full all amounts owing to it hereunder (including, without limitation principal, interest and fees, but excluding unmatured contingent obligations). From and after the effectiveness of any such amendment or amendment and restatement, any such Lender shall be deemed to no longer be a "Lender" hereunder or a party hereto; provided, that any such Lender shall retain the benefit of indemnification and other provisions hereof which, by the terms hereof would survive a termination of this Agreement.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (which, in the case of counsel, shall be limited to the reasonable fees, charges and disbursements of one primary counsel, and one local counsel in each applicable jurisdiction) in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender (which, in the case of counsel, shall be limited to the reasonable fees, charges and disbursements of one primary counsel and one local counsel in each applicable jurisdiction for the Administrative Agent and one counsel for all of the Lenders other than the Administrative Agent, taken as a whole, and in the case of an actual or reasonably perceived potential conflict of interest, one additional counsel for each group of affected Lenders similarly situated, taken as a whole) in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made

hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent, each Arranger and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (which, in the case of counsel, shall be limited to the reasonable fees, charges and disbursements of one primary counsel and one local counsel in each applicable jurisdiction for all Indemnitees, taken as a whole, and in the case of an actual or reasonably perceived potential conflict of interest, one additional counsel for each group of affected Indemnitees similarly situated, taken as a whole) incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby (including, without limitation, any commitment letter in respect thereof), the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee or any Related Indemnified Party thereof, (y) the material breach by such Indemnitee or any Related Indemnified Party thereof of its express obligations under this Agreement pursuant to a claim initiated by the Borrower or (z) any dispute solely among Indemnitees (other than (A) claims against any of the Administrative Agent or the Lenders or any of their Affiliates in its capacity or in fulfilling its role as the Administrative Agent, a lead arranger, a bookrunner or any similar role under this Agreement and (B) arising as a result of an act or omission by the Borrower or any of its Affiliates). As used herein, any "Related Indemnified Party" of a Person means (1) any Controlling Person or Controlled Affiliate of such Indemnitee, (2) the respective directors, officers, advisers, auditors, accountants or employees of such Indemnitee or any of its Controlling Persons or Controlled Affiliates and (3) the respective agents or representatives of such Indemnitee or any of its Controlling Persons or Controlled Affiliates, in the case of this clause (3), acting on behalf of or at the instructions of such Indemnitee, Controlling Person or such Controlled Affiliate; provided that each reference to a Controlled Affiliate in this sentence pertains to a Controlled Affiliate involved in the structuring, arrangement, negotiation or syndication of this Agreement and the credit facilities hereunder. Each of the Administrative Agent and the Lenders hereby agrees, on behalf of itself and its Related Indemnified Parties, that any settlement entered into by the Administrative Agent or such Lender, respectively, and its Related Indemnified Party in connection with a claim or proceeding for which an indemnity claim is made against the Borrower pursuant to the preceding sentence shall be so entered into in good faith and not on an arbitrary or capricious basis. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such unpaid amount (it being understood that the Borrower's failure to pay any such amount shall not relieve the Borrower of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), except to the extent of direct or actual damages as are determined by a court of competent jurisdiction to have results from the gross negligence or willful misconduct of such Indemnitee. Each party hereto here by agrees not to assert and hereby waives any claim against any other party hereto on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof; provided that nothing contained in this sentence shall limit the Borrower's indemnification obligations to Indemnitees in respect of claims made by third parties as set forth in Section 9.03(b).

(e) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (1) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if any Event of Default described in clause (a), (b), (h) or (i) of Article VII has occurred and is continuing, any other assignee; and

(B) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Loan to a Lender, an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Loans, the amount of the Loans of the assigning Lender subject to each such

assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default under clauses (a), (b), (h) or (i) thereof has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b)(ii)(C) of this Section and any written consent to such assignment required by paragraph (b)(i) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d)

as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in the Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or to establish that the Borrower has fulfilled its reporting and withholding obligations under FATCA. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page

shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all of the Obligations held by such Lender. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. Each Lender shall use its commercially reasonable efforts to notify the Borrower promptly upon the exercise of any such set off rights; provided that the failure to provide such notice shall not modify, limit or otherwise mitigate such Lender's (and its Affiliates') rights under this Section.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives,

to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such Person agrees, to the extent practicable and not prohibited by applicable law or regulation, to inform the Borrower promptly thereof prior to disclosure), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in (in each case other than an Ineligible Institution), any of its rights or obligations under this Agreement or (ii) any actual counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided for herein or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities provided for herein or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower that is not known to the Administrative Agent or such Lender to be subject to a duty of confidentiality to the Borrower or its Subsidiaries. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior

to disclosure by the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

SECTION 9.14. Interest Rate Limitation . Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.15. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Lenders and their

Affiliates, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Credit Parties shall have no responsibility or liability to the Borrower with respect thereto, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders and their Affiliates is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) no Lender or any of its Affiliates is advising the Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction or has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

The Borrower further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Borrower and other companies with which it may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

In addition, the Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower or its Subsidiaries may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. The Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to the Borrower, confidential information obtained from other companies.

SECTION 9.16. Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BROWN & BROWN, INC.,
as the Borrower

By: /s/ P. Barrett Brown
Name: P. Barrett Brown
Title: Senior Vice President & Regional President - Retail Division

WELLS FARGO BANK, NATIONAL ASSOCIATION, individually as a Lender, and as Administrative Agent

By: /s/ William R. Goley
Name: William R. Goley
Title: Managing Director

BANK OF AMERICA, N.A., individually as
a Lender, and as Co-Syndication Agent

By: /s/ Cameron Cardozo
Name: Cameron Cardozo
Title: Senior Vice President

BMO HARRIS BANK N.A., individually as a Lender, and as Co-Syndication Agent

By: /s/ Debra Basler
Name: Debra Basler
Title: Managing Director

SUNTRUST BANK, individually as a Lender, and as Co-Syndication Agent

By: /s/ Jonathaan Hart
Name: Jonathan Hart
Title: Vice President

FIFTH THIRD BANK, as a Lender

By: /s/ David A. Austin
Name: David A. Austin
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Paul Gleason
Name: Paul Gleason
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Mona Tavss
Name: Mona Tavss
Title: Vice President

JPMORGAN CHASE BANK, N.A., as
a Lender

By: /s/ Hector J. Varona
Name: Hector J. Varona
Title: Executive Director

SCHEDULE 2.01

COMMITMENTS

LENDER	COMMITMENT
WELLS FARGO BANK, NATIONAL ASSOCIATION	$46,250,000.00
BANK OF AMERICA, N.A.	$46,250,000.00
BMO HARRIS BANK N.A.	$46,250,000.00
SUNTRUST BANK	$46,250,000.00
FIFTH THIRD BANK	$30,000,000.00
PNC BANK, NATIONAL ASSOCIATION	$30,000,000.00
U.S. BANK NATIONAL ASSOCIATION	$30,000,000.00
JPMORGAN CHASE BANK, N.A.	$25,000,000.00
AGGREGATE COMMITMENT	**$300,000,000.00**

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1.	Assignor:	_____
2.	Assignee:	_____ [and is an Affiliate/Approved Fund of [identify Lender][1]]
3.	Borrower:	Brown & Brown, Inc.
4.	Administrative Agent:	Wells Fargo Bank, National Association, as the administrative agent under the Credit Agreement
5.	Credit Agreement:	The Term Loan Credit Agreement dated as of December 21, 2018 among Brown & Brown, Inc., the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the other agents party thereto
6.	Assigned Interest:	

[1] Select as applicable

Facility Assigned[2]	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans[3]
	$	$	%
	$	$	%
	$	$	%

Effective Date: _____ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By:_____

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By:_____

Title:

Consented to and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By:_____

Title:

[2] Fill in the Commitment or Loan, as applicable.
[3]Set forth, so at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[Consented to:][4]

Brown & Brown, Inc.

By:
Title:

[4] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX I

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of

this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

BROWN & BROWN, INC.

COMPLIANCE CERTIFICATE

I, the undersigned, [Name of Financial Officer], [Title of Financial Officer] of Brown & Brown, Inc. (the "Borrower"), a Florida corporation, do hereby certify, solely in my capacity as an officer of the Borrower and not in my individual capacity, on behalf of the Borrower, that:

1. This Certificate is furnished pursuant to the Term Loan Credit Agreement, dated as of December 21, 2018, among the Borrower, the Lenders and agents party thereto, and Wells Fargo Bank, National Association. as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless otherwise defined here-in, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. [**for quarterly financial statements**: The quarterly financial statements delivered herewith present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes];

3. I have no knowledge of the existence of any Default as of the date of this Certificate [except as set forth below, which describes the nature of the condition or event that constitutes such Default the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event]; and

4. Exhibit A attached hereto sets forth in reasonable detail financial data and computations evidencing the Borrower's compliance with the financial covenants set forth in Section 6.05 of the Credit Agreement, all of which data and computations are true, complete and correct in all material respects.

Described below are the exceptions, if any, to paragraph 3 by listing, in reasonable detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

[_____]

(signature page follows)

The foregoing certifications, together with the computations set forth in Exhibit A hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 20___.

BROWN & BROWN INC.

By: _____
Name:
Title:

EXHIBIT A

Compliance as of _____ _____, 20___ with

Section 6.05 of the Credit Agreement

[calculations attached]

EXHIBIT C

FORM OF INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated as of _____, 20___ (this "Supplement"), by and among each of the signatories hereto, to the Term Loan Credit Agreement, dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the Borrower has the right, subject to the terms and conditions thereof, to effectuate from time to time Incremental Loans under the Credit Agreement by requesting one or more Lenders to participate in such a Loan;

WHEREAS, the Borrower has given notice to the Administrative Agent of its intention to borrow Incremental Loans pursuant to such Section 2.20; and

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the undersigned Increasing Lender now desires to provide a commitment with respect to Incremental Loans under the Credit Agreement by executing and delivering to the Borrower and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall provide a commitment in respect of Incremental Loans in an equal to $[_____] with respect thereto. [Attached hereto as Annex I is the form of Incremental Loan Amendment agreed to by the parties hereto which Incremental Loan Amendment shall become effective on or prior to _____, 20__].

2. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

3. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By:_____
Name:
Title:

Accepted and agreed to as of the date first written above:

Brown & Brown, Inc.

By:_____
Name:
Title:

Acknowledged as of the date first written above:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent

By:_____
Name:
Title:

EXHIBIT D

FORM OF AUGMENTING LENDER SUPPLEMENT

AUGMENTING LENDER SUPPLEMENT, dated _____, 20___ (this "Supplement"), by and among each of the signatories hereto, to the Term Loan Credit Agreement, dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Credit Agreement provides in Section 2.20 thereof that any bank, financial institution or other entity may participate in Incremental Loans under the Credit Agreement subject to the approval of the Borrower and the Administrative Agent, by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, provide a commitment with respect to Incremental Loans of $[_____]. Attached hereto as Annex I is the form of Incremental Loan Amendment agreed to by the parties hereto which Incremental Loan Amendment shall become effective on or prior to _____, 20__. As of the effective date of the Incremental Loan Amendment, the undersigned Augmenting Lender shall (automatically, and without further action by any party) become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto.

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received or has been accorded the opportunity to receive a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender and (f) is not an Ineligible Institution.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

[_____]

4. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

6. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By:_____
Name:
Title:

Accepted and agreed to as of the date first written above:

Brown & Brown, Inc.

By:_____
Name:
Title:

Acknowledged as of the date first written above:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent

By:_____
Name:
Title:

EXHIBIT E

LIST OF CLOSING DOCUMENTS

Brown & Brown, Inc.

TERM LOAN CREDIT FACILITY

December 21, 2018

LIST OF CLOSING DOCUMENTS[1]

A. **LOAN DOCUMENTS**

1. Term Loan Credit Agreement (the "Credit Agreement") by and among Brown & Brown, Inc., a Florida corporation (the "Borrower"), the institutions from time to time party thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, in its capacity as Administrative Agent for itself and the other Lenders (the "Administrative Agent"), evidencing a Loan facility to the Borrower from the Lenders in an initial aggregate principal amount of $300,000,000.

SCHEDULES

Schedule 2.01	--	Commitments
Schedule 3.01	--	***Subsidiaries***
Schedule 6.01	--	***Existing Indebtedness***
Schedule 6.02	--	***Existing Liens***

EXHIBITS

Exhibit A	--	Form of Assignment and Assumption
Exhibit B	--	Form of Compliance Certificate
Exhibit C	--	Form of Increasing Lender Supplement
Exhibit D	--	Form of Augmenting Lender Supplement
Exhibit E	--	List of Closing Documents
Exhibit F-1	--	[Intentionally Omitted]
Exhibit F-2	--	[Intentionally Omitted]
Exhibit G-1	--	Form of U.S. Tax Certificate (Foreign Lenders That Are Not Partnerships)
Exhibit G-2	--	Form of U.S. Tax Certificate (Foreign Participants That Are Not Partnerships)
Exhibit G-3	--	Form of U.S. Tax Certificate (Foreign Participants That Are Partnerships)
Exhibit G-4	--	Form of U.S. Tax Certificate (Foreign Lenders That Are Partnerships)
Exhibit H-1	--	Form of Borrowing Request
Exhibit H-2	--	Form of Interest Election Request

[1] Each capitalized term used herein and not defined herein shall have the meaning assigned to such term in the above-defined Credit Agreement. Items appearing in **bold** and italics shall be prepared and/or provided by the Borrower and/or the Borrower's counsel.

2. Notes executed by the Borrower in favor of each of the Lenders, if any, which has requested a note pursuant to Section 2.10(e) of the Credit Agreement.

B. **CORPORATE DOCUMENTS**

3. ***Certificate of the Secretary or an Assistant Secretary of the Borrower certifying (i) that there have been no changes in the Certificate of Incorporation or other charter document of the Borrower, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the By-Laws or other applicable organizational document, as attached thereto, of the Borrower as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of the Borrower authorizing the execution, delivery and performance of each Loan Document to which it is a party, and (iv) the names and true signatures of the incumbent officers of the Borrower authorized to sign the Loan Documents to which it is a party, and authorized to request a Borrowing.***

4. ***Good Standing Certificate (or analogous documentation if applicable) for the Borrower from the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, to the extent generally available in such jurisdiction.***

C. **OPINIONS**

5. ***Opinion of Alston & Bird LLP, special outside counsel for the Borrower.***

6. ***Opinion of internal counsel of the Borrower.***

E. **CLOSING CERTIFICATES AND MISCELLANEOUS**

7. ***A Certificate signed by the President, a Vice President or a Financial Officer of the Borrower certifying the following: (i) that all of the representations and warranties contained in Article III of the Credit Agreement are true and correct and (ii) that no Default or Event of Default has occurred and is then continuing.***

8. ***An affidavit by a Financial Officer of the Borrower organized in the State of Florida that the Loan Documents executed by the Borrower have been executed and delivered outside of the State of Florida or evidence that all applicable stamp tax or other tax related to the Loan Documents are being paid***

EXHIBIT F-1

[INTENTIONALLY OMITTED]

EXHIBIT F-2

[INTENTIONALLY OMITTED]

EXHIBIT G-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:_____
Name:
Title:

Date: _____, 20[__]

EXHIBIT G-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:_____
Name:
Title:
Date: _____ __, 20[__]

EXHIBIT G-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:_____

Name:

Title:

Date: _____ __, 20[__]

EXHIBIT G-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Credit Agreement dated as of December 21, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:_____

Name:

Title:

Date: _____ __, 20[__]

EXHIBIT H-1

FORM OF BORROWING REQUEST

Wells Fargo Bank, National Association,
as Administrative Agent
for the Lenders referred to below

[_____]
[_____]

Attention: [_____]
Facsimile: [_____]

With a copy to:

[_____]
[_____]

Attention: [_____]
Facsimile: [_____]

Re: Brown & Brown, Inc.

[Date]

Ladies and Gentlemen:

Reference is hereby made to the Term Loan Credit Agreement [dated as of][to be dated on][6] December 21, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such Borrowing requested hereby:

1. Aggregate principal amount of Borrowing: [7] _____

2. Date of Borrowing (which shall be a Business Day): _____

3. Type of Borrowing (ABR or Eurocurrency): _____

4. Interest Period (if a Eurocurrency Borrowing):[8] _____

_____

[6]Applicable for the Borrowing Request delivered for Loans to be borrowed on the Effective Date.

[7]Not less than applicable amounts specified in Section 2.02(c).

[8]Which must comply with the definition of "Interest Period" and end not later than the Maturity Date.

5. Location and number of the Borrower's account or any other account agreed upon by the Administrative Agent and the Borrower to which proceeds of Borrowing are to be disbursed: _____

[We hereby agree to indemnify the Lenders in accordance with Section 2.16 of the Credit Agreement for any loss, cost or expense incurred by them in the event that all or any portion of such Eurocurrency Loans are not made to us for any reason.][9]

[Signature Page Follows]

[9]Applicable to Eurocurrency Loans to be borrowed on the Effective Date.

The undersigned hereby represents and warrants that the conditions to lending specified in Section [4.01][1][2.20][2] of the Credit Agreement are satisfied as of the date hereof.

Very truly yours,

Brown & Brown, Inc.,
as the Borrower

By:_____
Name:
Title:

[1]To be included for Borrowings on the Effective Date.
[2]To be included for any Borrowing of Incremental Loans.

EXHIBIT H-2

FORM OF INTEREST ELECTION REQUEST

Wells Fargo Bank, National Association,
as Administrative Agent
for the Lenders referred to below

[_____]
[_____]

Attention: [_____]
Facsimile: [_____]

Re: Brown & Brown, Inc.

[Date]

Ladies and Gentlemen:

Reference is hereby made to the Term Loan Credit Agreement dated as of December 21, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Brown & Brown, Inc. (the "Borrower"), the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned Borrower hereby gives you notice pursuant to Section 2.08 of the Credit Agreement that it requests to [convert][continue] an existing Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such [conversion][continuation] requested hereby:

1. List date, Type, principal amount and Interest Period (if applicable) of existing Borrowing: _____
2. Aggregate principal amount of resulting Borrowing: _____
3. Effective date of interest election (which shall be a Business Day): _____
4. Type of Borrowing (ABR or Eurocurrency): _____
5. Interest Period (if a Eurocurrency Borrowing):[1] _____

[1]Which must comply with the definition of "Interest Period" and end not later than the Maturity Date.

Very truly yours,

Brown & Brown, Inc.,
as the Borrower

By:_____
Name:
Title:

EMPLOYMENT AGREEMENT

THIS **EMPLOYMENT AGREEMENT** (this "Agreement"), effective as of November 16, 2018 (the "Effective Date"), is made and entered into by and between **BROWN & BROWN, INC.**, a Florida corporation (the "Company"), and **JAMES C. HAYS**, a resident of the State of Florida ("Executive" and together with the Company, each a "Party" and collectively, the "Parties").

Background

A. Executive is a shareholder, director, executive officer, and key employee of The Hays Group, Inc. and/or one or more of that corporation's directly or indirectly owned subsidiaries (collectively, "Hays Group"). Hays Group, Inc. (and related subsidiaries, affiliates and majority equity owners) and the Company are parties to that certain Asset Purchase Agreement, effective as of October 22, 2018 (the "Purchase Agreement"), pursuant to which the Company has acquired Insurance Business-related assets of Hays Group (the "Acquisition").

B. In connection with and conditioned upon the completion of the Acquisition, the Company has made an offer of employment to Executive and Executive is willing to accept such offer on the terms and conditions set forth in this Agreement. Executive's entry into this Agreement with the Company is a condition to Executive's employment with the Company, and the rights and obligations that comprise this Agreement equally extend to the Company's Affiliates (as defined below).

C. Executive shall serve as an executive officer of the Company, and may from time to time serve as a director, manager, and/or executive officer of the Company and/or one or more of the Company's Affiliates and, by virtue of title and position, shall occupy a position of trust and shall be considered a "Senior Leader" and a member of what is commonly known as the Company's "Senior Leadership Council".

D. Executive shall serve as a member of the board of directors of the Company ("Board of Directors") pursuant to separate documentation as to such appointment.

E. The Company and its Affiliates comprise one of the largest insurance intermediary organizations in the United States of America and in the world. The Company, through its Affiliates, is in the business of selling and servicing insurance, risk transfer alternatives, and related services including, but not limited to, the business of quoting, proposing, soliciting, selling, placing, providing, servicing and/or renewing insurance, reinsurance, and surety products, as well as loss control, claims administration, risk management, program administration, Medicare secondary payer statute compliance, Social Security benefits and Medicare benefits advocacy services, and other services (as such products and services may be developed, added by acquisition or modified from time to time, the "Insurance Business"). The Company has a compelling interest in maintaining the confidentiality of Confidential Information and/or Trade Secrets (as defined below), retaining its employees, and maintaining the customer relationships and business goodwill the Company acquires. Executive will have extensive and intimate knowledge of the Company's strategic goals, including particularized plans and processes developed by the Company, either through the Executive's efforts or other Senior Leadership while employed by the Company, which are unknown to others in the industry and which give the Company a competitive advantage.

F. Executive shall also have responsibility for the performance and results of various business units, divisions, profit centers and Affiliates of the Company and for developing and/or executing strategic plans for the Company and/or its Affiliates. Executive's role in the Senior Leadership will be such that the Company's Confidential Information and Trade Secrets will necessarily become so entwined with Executive's own base knowledge and experience that it will become inextricable and would, in a subsequent

competitive venture, result in the inevitable disclosure and compromise of the Company's Confidential Information and Trade Secrets, whether such reliance or disclosure would be done consciously or unconsciously by Executive.

G. The provisions above are hereby incorporated into this Agreement as if set forth herein at length.

NOW, THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

1. **Certain Defined Terms**. For purposes of this Agreement, the term:

(a) "Affiliate" means, when used with respect to a specified Person (as defined below), another Person that either directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person. For purposes of this Agreement, "control" means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, contract or otherwise. "Controlled" and "controlling" shall have correlative meanings.

(b) "Client Account" means any Person to whom Insurance Products or Services have been provided by the Company within the twenty-four (24) month-period immediately preceding Separation (as defined below).

(c) "Confidential Information" includes all information, whether or not reduced to written or recorded form, that is related to any Group Company (as defined below) and that is not generally known or accessible to members of the public and/or competitors of any Group Company and as to which such Group Company takes reasonable steps to remain confidential, whether furnished by any Group Company or compiled by Executive or received as a member of the Board of Directors, including but not limited to: the financial condition, results of operations, compensation and other information regarding any Group Company (including any material, non-public information provided to the Board of Directors); the personnel of any Group Company; information regarding the potential or completed merger, acquisition or sale of business assets; the lists of Client Accounts, Prospective Client Accounts (as defined below), insurance carriers, policy forms, and/or rating information, expiration dates, information on risk characteristics; information concerning insurance markets for large or unusual risks; and records pertaining thereto. However, Confidential Information will not include information that: (i) is or becomes publicly available other than as a result of disclosure by Executive; or (ii) is now or hereafter becomes available to Executive on a non-confidential basis from a source (other than any Group Company) that is not prohibited from disclosing such information to Executive. As used herein, Confidential Information will also include, without limitation, a "Trade Secret," which will have the meaning ascribed under the Uniform Trade Secrets Act, as adopted and in effect on and after the date of this Agreement, and generally means any information that is not generally known, has independent economic value by reason of not being widely known, and as to which the owner of such Trade Secret takes reasonable precautions to protect its secrecy.

(d) "Executive's Investments" means: (i) the investments of Executive related to the business of providing Insurance Products and Services and listed in Schedule 1 attached hereto; and (ii) any additional investments constituting the business of providing Insurance Products and Services as provided by Executive and authorized by the Company pursuant to Section 2(d) below.

(e) "Good Reason" means the existence of one or more of the following conditions which occur without Executive's express written consent, provided that Executive has first given written notice to the Company of the existence of such condition within ninety (90) days after its initial existence

and the Company has not remedied such condition, if such condition can be remedied, within thirty (30) days after Executive's written notice is received by the Company, and Executive separates from service within two years following the initial existence of such condition:

(i) a material diminution in Executive's base compensation;

(ii) a material diminution in Executive's authority, duties, or responsibilities; or

(iii) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(f) "Group Company" or "Group Companies" means the Company and each of its Affiliates.

(g) "Insurance Products or Services" means any insurance or reinsurance-related policies, programs, or services (i) provided or offered by, or (ii) under development and to be imminently provided or offered by, of the Group Companies.

(h) "Person" means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture, or other entity or a governmental body.

(i) "Prospective Client Account" means any Person as to whom any Group Company has quoted, proposed, or solicited any Insurance Products or Services within the twenty-four (24) month-period immediately preceding Separation.

(j) "Separation" means the cessation of Executive's employment with the Company or any of its Affiliates for any reason, and "Separated" means that a Separation has occurred.

2. **Employment and Job Duties; Life Insurance Policy**.

(a) The Company agrees to employ Executive, and Executive accepts such employment, upon the terms and conditions set forth in this Agreement. Executive shall have the title of Vice Chairman of the Company, and/or such other title(s) as the Board of Directors, the President, and/or the Chief Executive Officer may designate from time to time. Additionally, as a Senior Leader of the Company, Executive shall serve as a member of Company's Senior Leadership team and the Company's Leadership Council.

(b) Executive shall perform such other duties as directed by the Board of Directors, the President and/or the Chief Executive Officer of the Company. Executive shall abide by all applicable policies, procedures and guidelines of the Company disclosed or made available to Executive in writing, as the same may be modified, amended or replaced by the Company in its sole discretion from time to time. Executive will not knowingly or willingly take any action contrary to the best interests of the Company or its Affiliates.

(c) During Executive's employment with the Company, Executive will not, directly or indirectly, engage in the Insurance Business in any of its phases, in any capacity, in any manner or with any firm or corporation engaged in the Insurance Business, except on behalf of the Company or as directed by the Company. Executive agrees that so long as Executive is working for the Company, Executive will not undertake the planning or organizing of any business activity that is competitive with or that creates a conflict of interest with the work Executive performs for the Company. Unless otherwise agreed, Executive will

devote substantially all of Executive's productive business time to duties set forth by the Company or its Affiliates. Nothing in this **Section 2(c)** will prevent or be deemed to prohibit Executive from spending time on Executive's Investments or non-competitive businesses, provided further, however, that the activities described above do not materially interfere with the satisfactory performance of Executive's duties to the Company or require that any Company business time be expended by any other employee of the Company.

(d) Company and Executive agree that any proposed investments or activities of Executive which Executive would like to include in Executive's Investments after the Effective Date of this Agreement shall be addressed as follows: Executive will provide an electronically-dated writing with any new potential Executive Investment to the Chief Executive Officer, or his designee that has been approved by Executive in writing (including with an email), that describes the business to be invested in, the amount of the investment, and the level of involvement of Executive in the operations (e.g., board member or advisor) (the "Request"). The Chief Executive Officer/designee shall inform Executive via an electronically-dated writing within three (3) business days whether the Company believes the proposed investment has any conflict with the business of the Group Companies. If (1) the Chief Executive Officer/designee authorizes Executive to proceed with the investment; or (2) the Chief Executive Officer/designee fails to respond to the Request within three (3) business days after Executive provided the Request, then Executive may proceed with that investment and it will be deemed part of the Executive's Investments for purposes of this Agreement.

(e) Executive shall have broad discretion to direct those aspects of the business and affairs of the Company and Affiliates for which Executive is responsible, subject to Company's corporate governance obligations, insurance operations recommendations, accounting methodology, and other rules, procedures and guidelines, and subject to applicable law. By way of example and not by way of limitation, duties of Executive include the ability to:

(i) Attract, retain and develop talent across the Company's divisions, including, but not limited to, identifying start-up office opportunities;

(ii) Assist in transition of the Hays Group to the Company;

(iii) Refer and recommend business enterprises as M&A Prospects (as defined below);

(iv) Pursue new and existing insured customers and business relationships with insurance or reinsurance carriers, other insurance or reinsurance markets, intermediaries, brokers and agents, and other third parties (both domestically and in London);

(v) Develop, plan, implement and execute strategies to improve operational results; and

(vi) Implement policies and procedures necessary for the operation of profit centers reporting to Executive, provided that they are not materially inconsistent with those of Company.

(f) Without limiting the foregoing, Executive's duties on behalf of the Company include or may include: (i) the identification of M&A Prospects; (ii) the negotiation and entry into a non-disclosure, confidentiality, or similar agreement with a M&A Prospect or its representative; (iii) the pursuit, receipt, analysis and evaluation of financial, legal, operational, and other information provided by or on behalf of a M&A Prospect to determine whether the Company should pursue a possible acquisition transaction (whether by asset acquisition, stock acquisition, merger, or other form of business combination) with such M&A Prospect (a "Transaction"); (iv) assist the M&A team in the negotiation of terms with a M&A Prospect and

its representatives regarding a possible Transaction; (v) the consummation of a possible Transaction with a M&A Prospect or, alternatively, the termination of discussions regarding a possible Transaction with a M&A Prospect; and/or (vi) the integration and monitoring of the performance of a completed Transaction of a M&A Prospect (collectively and as the same may be modified from time to time, the "M&A Process"). The Parties acknowledge and agree that the successful execution of the M&A Process is an integral part of the Company's short-term and long-term business strategy and success. Executive's role in the M&A Process is one of confidence and trust with the Company.

(g) The Company shall indemnify, defend and hold Executive harmless from and against (1) any claims or causes of action against Executive arising out of Executive's conduct in the course and scope of Executive's employment with the Company; and (2) any matter which requires Executive to be interviewed or provide testimony relating to any legal matter (e.g., internal investigations, depositions, etc.), including advancing attorneys' fees and costs to the Executive's counsel of his own choosing.

3. **Compensation and Benefits**.

(a) Base Compensation. During the Term of this Agreement (as defined in **Section 4(a)**), the Company will pay Executive an annualized base salary of $517,000. After the expiration of the Term, Executive's annual base compensation structure will be as mutually agreed with the Company, provided that this sentence will not be construed to affect the at-will nature of Executive's employment upon the expiration of the Term, as discussed in **Section 4** below.

(b) Bonus Compensation. Additionally, so long as Executive remains a Senior Leader in the Company, Executive shall participate in the Company's Senior Leader Bonus Program in effect from time to time, and as determined in the sole and unfettered discretion of the Compensation Committee of the Company's Board of Directors and/or the Company's President and/or Chief Executive Officer (such bonus under the Senior Leader Bonus Program, the "Senior Leader Bonus Program"). The bonus target for Executive under the Senior Leader Bonus Program is $700,000.

(c) Executive shall also be entitled to reimbursement of reasonable business expenses as approved by the Company's Chief Executive Officer, or his/her designee.

(d) In general, all compensation arrangements including, but not limited to, fringe benefits, employer-sponsored group benefits and the Senior Leader Bonus, are subject to increase or decrease, change, withdrawal or modification at any time, and from time to time, at the sole discretion of the Company. Except as provided for herein, the Company is not bound to continue any level, or kind, of compensation or benefit. Where the benefits are governed by formal plan documents and summary plan descriptions, the terms of those documents govern. The Company has the right to modify, amend or terminate any benefit plan or its contributions to any benefit plan at any time.

(e) Executive's compensation shall be subject to withholding for state and federal income tax, FICA, FUTA, SUTA, and other required statutory deductions.

(f) Executive acknowledges that, so long as he is receiving compensation as an employee of the Company, he will not receive any compensation for serving on the Board of Directors.

4. **Term and Termination**.

(a) The term of this Agreement will begin on the Effective Date and expire upon the third (3^{rd}) anniversary of the Effective Date (the "Term"), provided that Executive's employment will terminate automatically in the event of Executive's death or permanent disability (defined as the physical

or mental inability to perform the substantial and material duties of Executive's occupation with or without reasonable accommodation for a period in excess of ninety (90) consecutive days or ninety (90) days within a six [6]-month period), and provided further that Executive may terminate Executive's employment by giving the Company thirty (30) days' advance written notice. Nothing in this Agreement will restrict the Company's or Executive's ability to terminate the employment relationship between the Company and Executive for any reason, during or after the Term.

(b) If, during the Term: (i) the Company terminates Executive's employment other than for Cause (as defined below); (ii) the Executive terminates Executive's employment for Good Reason; or (iii) Executive's employment terminates due to Executive's death or permanent disability, the Company shall continue to pay to Executive (or, in the event of Executive's death, to Executive's estate), for the remainder of the Term, compensation (base salary and annual bonus, if any) at an annualized rate equal to the total amount of compensation received by Executive during the twelve (12)-month period prior to termination of Executive's employment (or, if such termination occurs within the first twelve (12) months of the Term, then an annualized rate determined based on the total compensation received by Executive from the Effective Date through the Termination Date (as defined below) assuming that Executive received a pro-rata bonus at the target bonus rate [e.g., a bonus based upon a percentage of base salary] for such period of employment), provided that the Company's obligation to continue paying Executive for the remainder of the Term will immediately terminate upon a final court adjudication of Executive's failure or cessation, for any reason, to comply with the provisions of **Sections 5** and **6** hereof. The amounts payable under this **Section 4(b)** will be paid to Executive on the payroll dates determined in accordance with the Company's normal payroll practice following the Termination Date. However, Executive will not be entitled to and will not receive any of the payments or other benefits provided in this **Section 4(b)** unless and until: (A) Executive executes and delivers to the Company a general release in favor of, and in a form acceptable to, the Company (the "Release") within sixty (60) days following the Termination Date; and (B) the Release becomes effective and can no longer be revoked by Executive; and (C) and (D) Executive has returned to the Company all Company property in Executive's possession or control. Further, all payments to Executive under this **Section 4(b)** shall immediately cease, and no further payments shall be due to Executive under this **Section 4(b)**, in the event of any of breach by Executive of Executive's restrictive covenants to which Executive is bound under this Agreement or any other agreement between Executive and the Company or any Group Company.

(c) If, during the Term: (i) Executive terminates Executive's employment for any reason other than for Good Reason, death or permanent disability; or (ii) the Company terminates Executive for Cause, then the Company will pay Executive only such compensation as will have accrued through the Termination Date; provided, however, that if Executive delivers a written notice of termination, the Company will have the option to waive the thirty (30) day notice period and pay Executive only through the day such notice is delivered. Notwithstanding any contrary provision of this Agreement, the applicable provisions of this Agreement including, without limitation, **Sections 5** through **17**, will remain in full force and effect after the expiration or termination of this Agreement. The amounts payable under this **Section 4(c)** will be paid to Executive in accordance with applicable law and in any event no later than the March 15 of the year following the calendar year in which Executive's termination of employment occurs.

(d) During the Term, Executive will be subject to discharge by the Company, at its sole discretion, for Cause by delivery of formal, written notice of termination pursuant to this Agreement. As used herein, the term "Cause" means the following:

(i) the conviction of a felony;

(ii) any material, willful misconduct by Executive that is not remedied or cured and continues for ten (10) days after the Company has given written notice to Executive specifying in

reasonable detail the material, willful misconduct that Executive has allegedly committed (provided, however, that if ten (10) days is insufficient time in which to fully remedy or cure such failure to perform, then such additional time as is reasonably necessary for such full remediation or cure shall be allowed if Executive has, within ten (10) days of receiving written notice from the Company, taken reasonable steps towards such remediation or cure);

(iii) any material breach by Executive of any material provision of this Agreement that is not susceptible to remedy or cure or, if susceptible to remedy or cure, is not remedied or cured and continues for ten [10] days after the Company has given written notice to Executive specifying the manner in which Executive has breached this Agreement or such other agreement, as the case may be (provided, however, that if ten [10] days is insufficient time in which to fully remedy or cure such breach, but such breach is still susceptible to remedy or cure, then such additional time as is reasonably necessary for such full remediation or cure shall be allowed if Executive has, within ten [10] days of receiving written notice from the Company, taken reasonable steps towards such remediation or cure); or

(iv) removal of Executive as a director of the Company for any reason.

(e) Executive shall not be required to mitigate damages with respect to the termination of his employment under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment except as specifically provided in this **Section 4**. Additionally, amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive, and the Company's obligation to make the payments provided for in this Agreement, and otherwise to perform its obligations hereunder, shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense or other right which the Company may have against Executive or others.

(f) After the expiration of the Term of this Agreement, the employment relationship memorialized by this Agreement will be at-will and may be terminated by the Company or Executive at any time, with or without Cause or Good Reason or advance notice and without the requirement of any procedural steps such as warnings or progressive discipline.

(g) Termination of Executive's employment relationship with the Company, whether by the Company or Executive, before or after the expiration of the Term and whether with or without Cause or Good Reason, will not release either Executive or the Company from obligations hereunder through the date of such termination (the "Termination Date") nor from the applicable provisions of this Agreement, including, without limitation, **Sections 5** through **17**, which will survive the termination of Executive's employment and the termination of this Agreement. Upon written notice of termination of or by Executive, the Company has the power to suspend Executive from all duties on the date written notice is given, and to immediately require the return of all professional documentation as described in this Agreement. The Company has the further right to impound all Company property on Company premises for a reasonable time following termination, to permit the Company to inventory the property and ensure that its property and Trade Secrets are not removed from the premises. Executive acknowledges that Executive has no right or expectation of privacy with respect to Company property kept on Company premises, or equipment provided by the Company, including any such information maintained on computer systems or electronic communications devices utilized by Executive during employment by the Company. On or after the Termination Date, or at any time upon demand, Executive will immediately return to the Company, all: (i) tangible Confidential Information in Executive's possession or control including, but not limited to, copies, notes, abstracts, summaries, tapes or other record of any type of Confidential Information; and (ii) other Company property in Executive's possession or control including, without limitation, any and all keys,

security cards, passes, credit cards, and marketing literature, and Executive will not destroy, delete or otherwise damage any Confidential Information or Company property.

5. **Ownership of Business** Executive acknowledges and agrees that the following, without limitation, are the sole and exclusive property of the Company, and that the Executive has no right, title or interest in or to: (a) any and all Client Accounts, Prospective Client Accounts; (b) personal relationships and goodwill associated with such Client Accounts and Prospective Client Accounts; (c) brokers, insurance carriers and other insurance markets, vendors, and referral sources of Insurance Business that have been cultivated by Executive during Executive's employment with the Company; and (d) any related files, records, documents, lists, account information and other Confidential Information in Executive's possession or control during Executive's employment with the Company. Executive further acknowledges and agrees that the foregoing pertains to all types of Client Accounts and Prospective Client Accounts, including, without limitation, any Client Accounts as to which any Insurance Products or Services, whether placed during Executive's employment with the Company, may reflect Executive individually, rather than the Company, as the agent-of-record with an insurance carrier.

6. **Covenant Not to Solicit or Service Client Accounts or Prospective Client Accounts; Covenant Not to Solicit Employees; Non-Interference; Related Matters**.

(a) *Non-Solicitation and Non-Interference Covenants.* During Executive's employment with the Company and for a period of two (2) years following the Termination Date (the "Restricted Period"):

(i) Executive will not, directly or indirectly, in any capacity whatsoever other than on behalf of the Company, solicit or divert any Client Account that Executive either had some involvement in proposing, quoting, selling, placing, providing, servicing or renewing any Insurance Products or Services or about whom Executive received any Confidential Information, or any Prospective Client Account that Executive either had some involvement in proposing or quoting any Insurance Products or Services or about whom Executive received any Confidential Information. For purposes of this Agreement, Executive acknowledges that informing Client Accounts or Prospective Client Accounts that Executive is or may be leaving Company prior to leaving employment of Company will be deemed to constitute prohibited solicitation under this Agreement absent the Company's prior written consent. Executive recognizes and acknowledges that Client Accounts and Prospective Client Accounts are not confined to any geographic area. Therefore, Executive acknowledges and understands that there is no geographic restriction that applies to the non-solicitation covenant contained in this **Section 6(a)(i)** and that the scope of this covenant is appropriately limited by the customer-based restriction.

(ii) In addition, Executive will not interfere or take any action intended to, or which reasonably may be expected to, cause any Client Account or Prospective Client Account, insurance carrier, wholesale broker, independent contractor or other person or entity with a material business relationship with the Company, to cease, reduce or refrain from transacting business with the Company or its Affiliates.

(iii) Unless the Company gives Executive prior express permission, during Executive's employment and throughout the Restricted Period, Executive will not use for Executive's own benefit, or use for or disclose to any competitor, Client Account, insurance carrier, managing general agent, and/or vendor of the Company or any other person, firm, corporation, or other entity, the Confidential Information as set forth herein including, without limitation, using or disclosing any Confidential Information to solicit or divert any Insurance Business in respect of any Client Account or Prospective Client Account of the Company for the benefit or account of any Person other than the Company.

(iv) Executive will not directly or indirectly solicit or seek to induce any of the Company's employees or independent contractors to terminate such employee's or contractor's employment or engagement with the Company for any reason, including, without limitation, to work for Executive or any competitor of the Company.

(b) *Exceptions.* Notwithstanding anything to the contrary in this Agreement:

(i) The Company agrees that while he is employed by the Company, Executive may continue to invest in, and if he desires, serve as a director on the board of directors of, the Executive's Investments; provided that, Executive's activities in this regard do not materially interfere with Executive's duties to the Company;

(ii) If the Company terminates Executive's employment other than for Cause (as defined the Employment Agreement between Executive and Company) or Executive terminates his employment for any reason, Executive may serve on the board of directors of the Owner's Investments (other than WorldWide Facilities), provided that with respect to the financial institution listed on Schedule 1 ("Financial Institution") during the Restricted Period, such services shall not be deemed to violate this **Section 3** only so long as Executive does not utilize any confidential information to compete with any Group Company, and Executive may not serve on the board of directors or provide any services to any financial institution listed on Schedule 1 if that financial institution has gross revenue from placement of Insurance Products or Services in excess of $700,000; and

(iii) The Executive may continue to invest in any publicly traded company provided that the total of Executive's investment is less than 3% of the then-existing market capitalization of the underlying company (e.g., Executive may purchase AIG stock provided that such investment is less than 3% of AIG's market capitalization on the date of Executive's trade(s)).

(c) *Remedies*.

(i) In the event of a breach or threatened breach of the provisions of this Agreement, any applicable Group Company shall be entitled to injunctive relief as well as any other applicable remedies at law or in equity. Without limiting the foregoing, Executive further acknowledges and understands that, under applicable statute, regulation or other applicable law, for the unauthorized use or disclosure of any trade secrets a court may award the following relief: (A) the Company's or its Affiliates' lost profits; (B) disgorgement of profits of the wrongdoer; (C) royalties; (D) an injunction; (E) punitive damages; and (F) attorneys' fees and costs.

(ii) The Company and all Group Companies are intended to be third-party beneficiaries of this Agreement.

(iii) Executive acknowledges that the covenants set forth in this Agreement represent an important element of the value of the Hays Group and their businesses that the Company is acquiring pursuant to the Purchase Agreement and are a material inducement for the Company to enter into the Purchase Agreement and the transactions contemplated therein. Executive further acknowledges that without such protection, the business of the Company would be irreparably harmed, and that the remedy of monetary damages alone would be inadequate.

(iv) Each provision of this Agreement shall be independent of any and all other provisions of this Agreement, the Purchase Agreement, and any other agreement entered into between the Parties. The real or perceived existence of any claim or cause of action of Executive against the Company,

whether predicated on this Agreement or some other basis, shall not relieve Executive of Executive's obligations under this Agreement and shall not constitute a defense to the enforcement by the Company or its Affiliates of the restrictions and covenants contained in this Agreement.

(c) It is the intention of the Parties that the terms and provisions of this Agreement be enforceable to the maximum extent permitted by applicable law. In furtherance of the foregoing, the Parties further agree that if a court of competent jurisdiction declares any of the covenants set forth in this Agreement unenforceable, then such court shall be authorized to modify such covenants so as to render the remaining covenants and the modified covenants valid and enforceable to the maximum extent possible, and as so modified, to enforce this Agreement in accordance with its terms. In accordance with the foregoing, if any provision of this Agreement shall be held to be excessively broad, it shall be limited to the extent necessary to comply with applicable law.

(d) If any of the provisions of this Agreement shall otherwise contravene or be determined to be invalid or unenforceable under the laws of any state, country or other jurisdiction in which this Agreement may be applicable, valid, and enforceable but for such contravention or invalidity or unenforceability, then: (i) such contravention or invalidity or unenforceability (A) shall not invalidate or otherwise affect the enforceability of all of the provisions of this Agreement, but rather (B) this Agreement (or the remaining provisions hereof, as applicable) shall be construed, insofar as the laws of that state or other jurisdiction are concerned, as not containing the provision or provisions contravening or invalid under the laws of that state or jurisdiction; and (ii) the rights and obligations created hereby shall be construed and enforced to the maximum extent permitted under applicable law.

(e) Executive agrees that if Executive accepts new employment during the Restricted Period for any reason, Executive will give written notice to the new employer of Executive's post-employment obligations under this Agreement and provide a copy of such notice to the Company and Executive authorizes the Company to communicate directly to such new employer the terms and conditions of this Agreement.

(f) Nothing in this Agreement will be construed to prohibit Executive from engaging in employment and/or business ventures that are competitive with the Group Companies after the Executive's employment with the Company ends.

7. **Waivers and Modifications**. No amendment or waiver of any provision of this Agreement is effective unless the amendment or waiver is in writing and signed by the Parties. In the event of a waiver, the waiver is effective only in the specific instance and for the specific purpose given.

8. **Notices**. Notices will be addressed as indicated below, or to such other addressee or to such other address as may be designated by either Party:

If to the Company:

Brown & Brown, Inc.
220 S. Ridgewood Avenue
Daytona Beach, FL 32114
Attention: Robert W. Lloyd, General Counsel
Facsimile No.: (386) 239-7293

If to Executive:

To the most current residence address on file with the Company.

9. **Amendment.** Unless this Agreement provides otherwise, this Agreement cannot be altered, amended, changed, or modified in any respect or particular unless each such alteration, amendment, change, or modification will have been agreed to by each of the Parties hereto and reduced to writing in its entirety and signed and delivered by each Party.

10. **Assignment and Enforcement**. Executive agrees that the Company may freely assign this Agreement, and/or any rights hereunder, to any Affiliate or to any other entity. Further, to the extent applicable, the Company's Affiliates will be deemed third-party beneficiaries and may enforce the applicable rights and obligations under this Agreement. Executive further agrees to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or Affiliate thereof to whose employ Executive may be transferred, without the necessity that this Agreement or another employment agreement be re-executed at the time of such transfer. No assignment, consent by Executive, or notice to Executive will be required to render this Agreement enforceable by any assignee, transferee or other entity designated by the Company. The Company's assignees or successors are expressly authorized to enforce the Company's rights and privileges hereunder, including without limitation the restrictive covenants set forth in **Section 6**. Executive may not assign or delegate Executive's rights or obligations hereunder in whole or in part without the Company's prior written consent. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of Executive's heirs, executers and administrators and the Parties' respective successors and assigns.

11. **Governing Law; Jurisdiction and Venue**.

(a) All matters arising under or relating to this Agreement will be governed by and construed and enforced in accordance with the Law of the State of Florida, without giving effect to its conflicts of law principles.

(b) Any claim, litigation or other proceeding ("Proceeding") arising out of or relating to any of this Agreement or Executive's employment with the Company will be brought either: (i) in the courts of the State of Florida, County of Volusia; or (ii) if it has or can acquire jurisdiction, in the United States District Court for Middle District of Florida, and each Party irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of any Proceeding will be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to this Agreement in any other court. The Parties agree that either or both of them may file a copy of this **Section 10(b)** with any court as written evidence of the knowing, voluntary and bargained agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Process in any Proceeding referred to in the first sentence of this **Section 10(b)** may be served on any Party anywhere in the world.

12. **Miscellaneous**. This Agreement constitutes the final agreement between the Parties. It is the complete and exclusive expression of the Parties' agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement, provided that this sentence will not be deemed or construed to merge, supersede, or otherwise affect the Purchase Agreement or any other agreement, instrument or document entered into by the Parties in connection with the Acquisition. This Agreement may be executed in counterparts, all of which together will comprise one and the same instrument.

13. **Negotiation of Agreement.** This Agreement has been negotiated by the Parties hereto, each having had the opportunity to be represented by counsel of its or his choice, and no provision hereof will be construed against any Party by reason of that Party being considered to be the drafter of such provision.

Executive represents that Executive has read this Agreement carefully and understands this Agreement or has relied exclusively on Executive's counsel for an understanding of the terms and conditions herein.

14. **Effectiveness.** This Agreement will be effective on the Effective Date, provided that its effectiveness will be conditioned upon the completion of the Acquisition.

15. **Liability Insurance**. The Group Companies shall each cover the Executive under their directors' and officers' liability insurance both during and, while any potential liability exists, after the Term of this Agreement in the maximum amount and to the maximum extent as such Group Companies cover other officers and directors.

16. **Section 409A**. With respect to the payments, if any, provided by this Agreement upon any Separation under **Sections 3** or **4**, Executive's employment shall be treated as terminated if the Separation meets the definition of "separation from service" as set forth in Treasury Regulation Section 1.409A-1(h)(l). Notwithstanding anything to the contrary contained in this Employment Agreement, if: (a) Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i); and (b) any portion of the amounts payable under **Sections 3** or **4** upon Separation does not qualify for exemption from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), under the short-term deferral exception to deferred compensation of Treasury Regulation Section 1.409A-1(b)(4), then payments of such amounts that are not exempt from Code Section 409A shall be made in accordance with the terms of this Employment Agreement, but in no event earlier than the first to occur of: (i) the day after the six-month anniversary of Executive's Separation of employment; or (ii) Executive's death. Any payments delayed pursuant to the prior sentence shall be made in a lump sum on the first day of the seventh month following the date of Separation of Executive's employment, and the Company will pay the remainder of such payments, if any, on and after the first day of the seventh month following the date of Separation of Executive's employment at the time(s) and in the form(s) provided by the applicable section(s) of this Employment Agreement. Each such payment shall be considered a "separate payment" and not one of a series of payments for purposes of Code Section 409A.

*****

[**Signature Page Follows**]

IN WITNESS WHEREOF, the Parties have executed this Employment Agreement as of the date first written above.

EMPLOYEE

/s/ James C. Hays
James C. Hays, individually

THE COMPANY:

BROWN & BROWN, INC.

By:/s/ J. Powell Brown
J. Powell Brown, *Chief Executive Officer*

Schedule 1

JS Held, LLC (including Comando Ingenieria, Construction Process Solutions, J.S. Held Engineering Services PLLC and Leach Group)

Recover Health

Apollo (London MGA)

WorldWide Facilities, LLC

RLA Insurance Intermediaries

Houston International Insurance Group

Atlantic Global Risk

URSA Group, Inc.

Financial Institutions:

- Northfield Bank Shares, Inc.
- Red Rock Banks
- First State Bank of Sauk Center
- 1st United Bank
- MidCountry Bank

Schedule 1 to Employment Agreement

Exhibit 21

Entity Name	Domestic Jurisdiction
Acumen RE Management Corporation	Delaware
Adeo Solutions, LLC	Massachusetts
Advocate Insurance Services Corp.	Delaware
Advocator Group Holding Company, Inc.	Florida
Aevo Insurance Services, LLC	Florida
AFC Insurance, Inc.	Pennsylvania
AGIA Premium Finance Company, Inc.	California
Allocation Services, Inc.	Florida
American Claims Management - Atlantic Region, LLC	Georgia
American Claims Management, Inc.	California
American Specialty Insurance & Risk Services, Inc.	Indiana
Apex Insurance Agency, LLC	Virginia
Arrowhead General Insurance Agency - Atlantic Region, LLC	Georgia
Arrowhead General Insurance Agency Holding Corp.	Delaware
Arrowhead General Insurance Agency Superholding Corp.	Delaware
Arrowhead General Insurance Agency, Inc.	Minnesota
Arrowhead Insurance Risk Managers, LLC fka Arrowhead Specialty Underwriting, LLC	Georgia
AVIRS Acquisition, LLC	Pennsylvania
Axiom Re, LP	Florida
Azure International Holding Co.	Delaware
B&B Canada Holdco, Inc.	Delaware
B&B Fitness PG, Inc.	Colorado
B&B Metro Holding, Inc.	New Jersey
B&B PF, LLC	Pennsylvania
B&B Protector Plans, Inc.	Florida
B&B TN Holding Company, Inc.	Delaware
BB FL Holding 2, LLC	Florida
BB FL Holding, LLC	Florida
Beecher Carlson Bermuda, Ltd.	Bermuda
Beecher Carlson Brokerage, Ltd.	Bermuda
Beecher Carlson Cayman, Ltd.	Cayman Islands
Beecher Carlson Holdings, Inc.	Delaware
Beecher Carlson Insurance Services of Colorado, LLC	Colorado
Beecher Carlson Insurance Services, LLC	California
Beecher Carlson of Florida, Inc.	Florida
Benefit Integration Management Services, LLC	Delaware
Bridge Specialty Wholesale, Inc.	Florida
Brown & Brown Benefit Advisors, Inc.	New Jersey
Brown & Brown Disaster Relief Foundation, Inc.	Florida
Brown & Brown Insurance Agency of Virginia, Inc.	Virginia
Brown & Brown Insurance Brokers of Sacramento, Inc.	California
Brown & Brown Insurance of Arizona, Inc.	Arizona
Brown & Brown Insurance of Georgia, Inc.	Georgia
Brown & Brown Insurance of Nevada, Inc.	Nevada
Brown & Brown Insurance Services of California, Inc.	California
Brown & Brown Insurance Services of The Bay Area, Inc.	California
Brown & Brown Lone Star Insurance Services, Inc.	Texas

Brown & Brown Metro, LLC	New Jersey
Brown & Brown NJ Holding Co., Inc.	Florida
Brown & Brown of Arkansas, Inc.	Arkansas
Brown & Brown of Canada, Inc.	Federally Chartered
Brown & Brown of Central Carolina, LLC	North Carolina
Brown & Brown of Central Michigan, Inc.	Michigan
Brown & Brown of Colorado, Inc.	Colorado
Brown & Brown of Connecticut, Inc.	Connecticut
Brown & Brown of Delaware, Inc.	Delaware
Brown & Brown of Detroit, Inc.	Michigan
Brown & Brown of Florida, Inc.	Florida
Brown & Brown of Garden City, Inc.	Florida
Brown & Brown of Illinois, Inc.	Illinois
Brown & Brown of Indiana, LLC	Indiana
Brown & Brown of Iowa, Inc.	Iowa
Brown & Brown of Kentucky, Inc.	Kentucky
Brown & Brown of Lehigh Valley, LP	Pennsylvania
Brown & Brown of Louisiana, LLC	Louisiana
Brown & Brown of Massachusetts, LLC	Massachusetts
Brown & Brown of Michigan, Inc.	Michigan
Brown & Brown of Minnesota, Inc.	Minnesota
Brown & Brown of Mississippi, LLC	Delaware
Brown & Brown of Missouri, Inc.	Missouri
Brown & Brown of Nashville, Inc.	Tennessee
Brown & Brown of New Hampshire, Inc.	New Hampshire
Brown & Brown of New Jersey, LLC	New Jersey
Brown & Brown of New Mexico, Inc.	New Mexico
Brown & Brown of New York, Inc.	New York
Brown & Brown of North Dakota, Inc.	North Dakota
Brown & Brown of Northern Illinois, Inc.	Delaware
Brown & Brown of Ohio, LLC	Ohio
Brown & Brown of Oklahoma, Inc.	Oklahoma
Brown & Brown of Oregon, LLC	Oregon
Brown & Brown of Pennsylvania, LP	Pennsylvania
Brown & Brown of South Carolina, Inc.	South Carolina
Brown & Brown of Tennessee, Inc.	Tennessee
Brown & Brown of Washington, Inc.	Washington
Brown & Brown of West Virginia, Inc.	West Virginia
Brown & Brown of Wisconsin, Inc.	Wisconsin
Brown & Brown PA Holding Co. 2, LLC	Florida
Brown & Brown PA Holding Co., LLC	Florida
Brown & Brown Pacific Insurance Services, Inc.	Hawaii
Brown & Brown Program Insurance Services, Inc.	California
Brown & Brown Programs (CA), Inc.	Federally Chartered
Brown & Brown Realty Co.	Delaware
Brown & Brown West Coast, Inc.	California
Brown & Brown, Inc.	Florida
Brown Holding, Inc.	Illinois
CC Acquisition Corp.	Florida

Decus Holdings (UK) Limited	United Kingdom
Decus Insurance Brokers Limited	United Kingdom
DTBB, LLC	Florida
ECC Insurance Brokers, LLC	Illinois
Elohssa, Inc.	Florida
Florida Intracoastal Underwriters, Limited Company	Florida
Hays Companies, Inc.	Florida
Health Special Risk, Inc.	Minnesota
Healthcare Insurance Professionals, Inc.	Texas
Hull & Company of New York, Inc.	New York
Hull & Company, LLC	Florida
ICA, LP	North Carolina
Independent Consulting & Risk Management Services, Inc.	California
Industry Consulting Group, Inc.	Florida
International E & S Insurance Brokers, Inc.	California
Investigation Solutions, Inc.	California
Irving Weber Associates, Inc.	New York
MacDuff Underwriters, LLC	Florida
Madoline Corporation	Florida
Marquee Managed Care Solutions, Inc.	California
Monarch Management Corporation	Kansas
National ConnectForce Claims, Inc.	California
New SSAD Holding, LLC	Delaware
OnPoint Insurance Services, LLC	Delaware
OnPoint Underwriting, Inc.	Delaware
Pacific Resources Benefits Advisors, LLC	Illinois
Peachtree Special Risk Brokers of New York, LLC	New York
Peachtree Special Risk Brokers, LLC	Georgia
PillarRx Consulting, LLC	Florida
Preferred Governmental Claim Solutions, Inc.	Florida
Premier Interpreting & Transportation, Inc.	California
Proctor Financial, Inc.	Michigan
Professional Disability Associates, LLC	Maine
Program Management Services, Inc.	Florida
Public Risk Underwriters Insurance Services of Texas, LLC	Texas
Public Risk Underwriters of Florida, Inc.	Florida
Public Risk Underwriters of Illinois, LLC	Illinois
Public Risk Underwriters of Indiana, LLC	Indiana
Public Risk Underwriters of New Jersey, Inc.	New Jersey
Public Risk Underwriters of The Northwest, Inc.	Washington
Public Risk Underwriters, LLC	Florida
Risk Management Associates, Inc.	Florida
Servco Insurance Services Washington LLC	Delaware
Social Security Advocates for the Disabled, LLC	Delaware
Spectrum Wholesale Insurance Services, LLC	Delaware
Superior Recovery Services, Inc.	California
Texas Security General Insurance Agency, LLC	Texas
The Advocator Group, LLC	Florida
The Wright Insurance Group LLC	Delaware

Title Pac, Inc.	Oklahoma
TSG Premium Finance, LLC	Texas
USIS, Inc.	Florida
Valiant Insurance Services, LLC fka Alexander Anthony Insurance, LLC	Utah
Wright Managed Care LLC	New York
Wright National Flood Insurance Company	Texas
Wright National Flood Insurance Services of New York LLC	New York
Wright National Flood Insurance Services, LLC	Delaware
Wright Program Management, LLC	Delaware
Wright Risk Consulting, LLC	Delaware
Wright Risk Management Company, LLC	Delaware
Wright RPG, LLC	Delaware
Wright Specialty Insurance Agency, LLC	Delaware
WRM America Intermediate Holding Co., Inc.	Delaware
YouZoom Insurance Services, Inc.	California

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USA

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Fax: +1 813 204 3210
www.deloitte.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 33-41204 on Form S-8, as amended by Amendment No. 1 (Form S-8 No. 333-04888) and in Registration Statement Nos. 333-14925, 333-43018, 333-109322, 333-109327, 333-200146, 333-206518, 333-212110, 333-214720, and 333-218011 on Forms S-8 and No. 333-221494 on Form S-3 of our report dated February 25, 2019, relating to the consolidated financial statements of Brown & Brown, Inc. and subsidiaries ("Brown & Brown"), and the effectiveness of Brown & Brown's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Brown & Brown for the year ended December 31, 2018.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Tampa, Florida
February 25, 2019

Exhibit 24

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ SAMUEL P. BELL III

Samuel P. Bell, III

Dated: January 23, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ HUGH M. BROWN
Hugh M. Brown

Dated: January 25, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ J. HYATT BROWN

J. Hyatt Brown

Dated: January 23, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ J. POWELL BROWN

J. Powell Brown

Dated: January 23, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ BRADLEY CURREY, JR.
Bradley Currey, Jr.

Dated: January 24, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ LAWRENCE L. GELLERSTEDT, III
Lawrence L. Gellerstedt, III

Dated: January 28, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ JAMES HAYS

James Hays

Dated: January 28, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ THEODORE J. HOEPNER
Theodore J. Hoepner

Dated: January 24, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ JAMES S. HUNT

James S. Hunt

Dated: January 24, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ TONI JENNINGS

Toni Jennings

Dated: January 24, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ TIMOTHY R.M. MAIN
Timothy R.M. Main

Dated: January 23, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ H. PALMER PROCTOR, JR.

H. Palmer Proctor, Jr.

Dated: January 31, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ WENDELL S. REILLY

Wendell S. Reilly

Dated: January 24, 2019

POWER OF ATTORNEY

The undersigned constitutes and appoints Robert W. Lloyd and R. Andrew Watts, or either of them, as her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the 2018 Annual Report on Form 10-K for Brown & Brown, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ CHILTON D. VARNER

Chilton D. Varner

Dated: January 23, 2019

Exhibit 31.1

CERTIFICATIONS

I, J. Powell Brown, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 25, 2019

/s/ J. Powell Brown

J. Powell Brown

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, R. Andrew Watts, certify that:

1. I have reviewed this annual report on Form 10-K of Brown & Brown, Inc. (Registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 25, 2019

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, J. Powell Brown, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2019

/s/ J. Powell Brown

J. Powell Brown
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brown & Brown, Inc. (Company) on Form 10-K for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), I, R. Andrew Watts, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or § 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2019

/s/ R. Andrew Watts

R. Andrew Watts

Executive Vice President, Chief Financial Officer and Treasurer