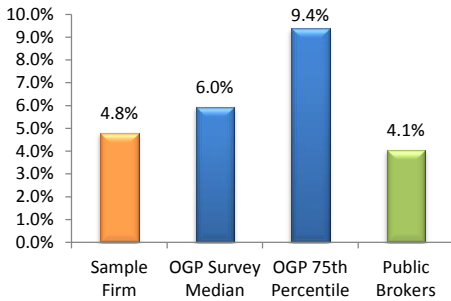
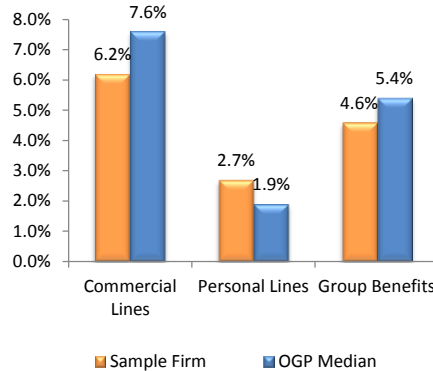


Organic Growth

Total Agency Organic Growth



Organic Growth by Product Line



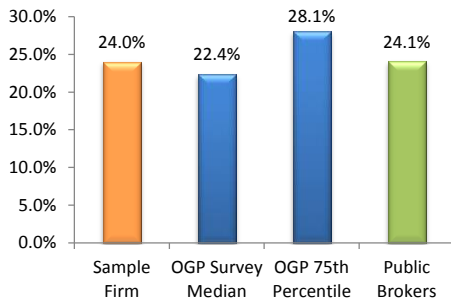
Reagan Consulting Observations

- Median organic growth was 6.0%, up slightly from the Q2 OGP survey, but down nearly a full percentage point from Q3 2013 (6.8%)
- Public broker organic growth through Q3 was 4.1%, falling short of OGP benchmarks
- Commercial lines continues to lead overall growth performance, but employee benefits growth improved the most in 2014, rising to 5.4% versus 4.1% in 2013
- **OGP Projected 2014 Growth: 7.0%**
Despite missing 7% in each of the first three quarters, brokers maintain their full-year forecast

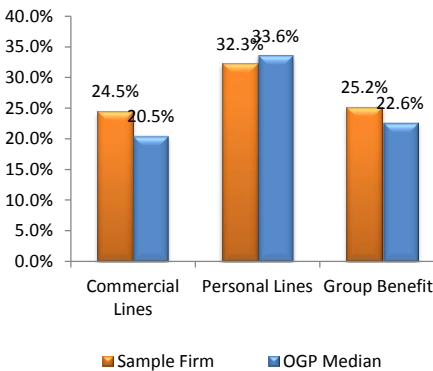
Sample organic growth rank: **40th - 50th percentile**

Profitability

Total Agency EBITDA Margin



EBITDA Margin by Product Line



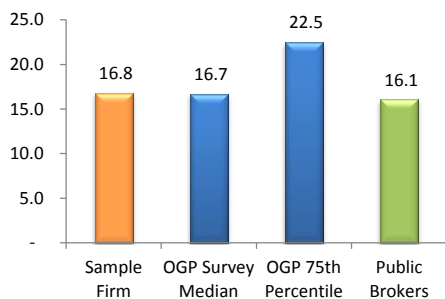
Reagan Consulting Observations

- Median EBITDA margin in Q3 2014 is 22.4%, up slightly from last year's Q3 figure
- Median EBITDA figures will continue to decline throughout the course of 2014, as front-loaded contingent income results are spread across the entire year
- Personal lines margins are over 10 points higher than both commercial and group benefits margins
- **OGP Projected 2014 Margin: 21.0%**
Brokers are projecting a 21% full-year margin, despite finishing at 19.3% last year when ending Q3 at roughly the same level (22.1%)

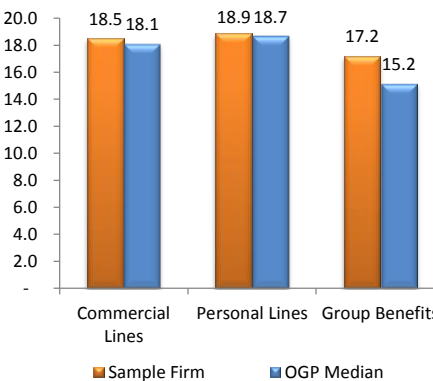
Sample profitability rank: **50th - 60th percentile**

The Rule of 20 (see note below)

Total Agency Rule of 20



Rule of 20 by Product Line



Reagan Consulting Observations

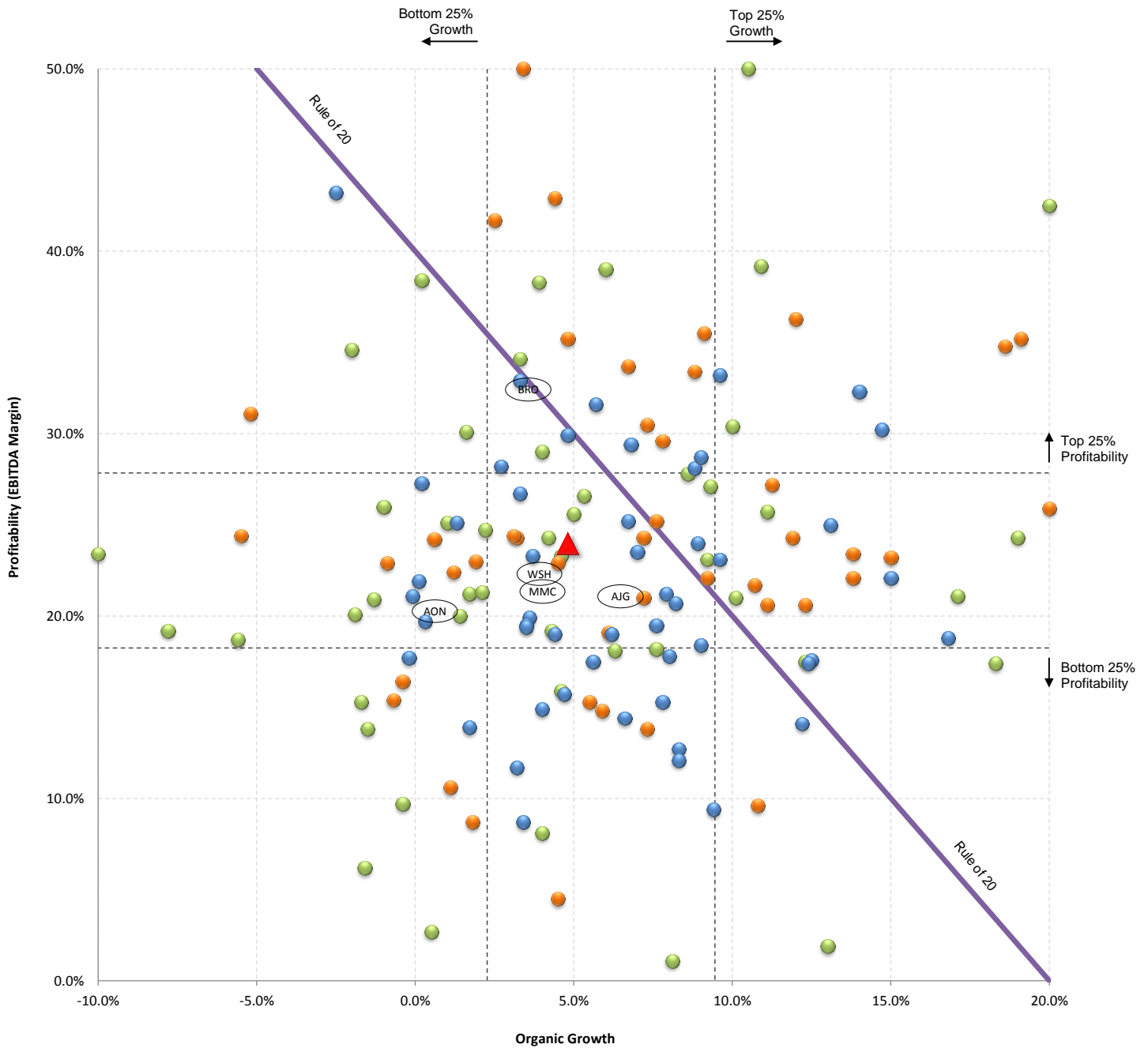
- The 16.7 median Rule of 20 score is down almost 2 points from last year's score of 18.6
- Over 35% of OGP participants had a Rule of 20 score of 20 or higher through the first three quarters of 2014 - and 15% scored 25 or higher
- Rule of 20 scores, like EBITDA margins, are inflated by cash-basis contingent income and will decline throughout the year
- **OGP Projected 2014 Score: 17.5**
The projected Rule of 20 score equals Q2's projection of 17.5, but would be a full point above the full-year 2013 score of 16.5

Your Rule of 20 rank: **50th - 60th percentile**

About the Rule of 20

Reagan Consulting has developed a metric called the "Rule of 20" to provide a quick means of benchmarking an agency's shareholder returns. The Rule of 20 is calculated by adding half of an agency's EBITDA margin to its organic revenue growth rate. An outcome of 20 or higher means an agency is likely generating, through profit distributions and / or share price appreciation, a shareholder return of approximately 15% - 17%, which is a typical agency / brokerage return under normal market conditions.

Note: If data for your firm reads "0.0%" or "0.0" it may mean that no data was submitted for that metric.

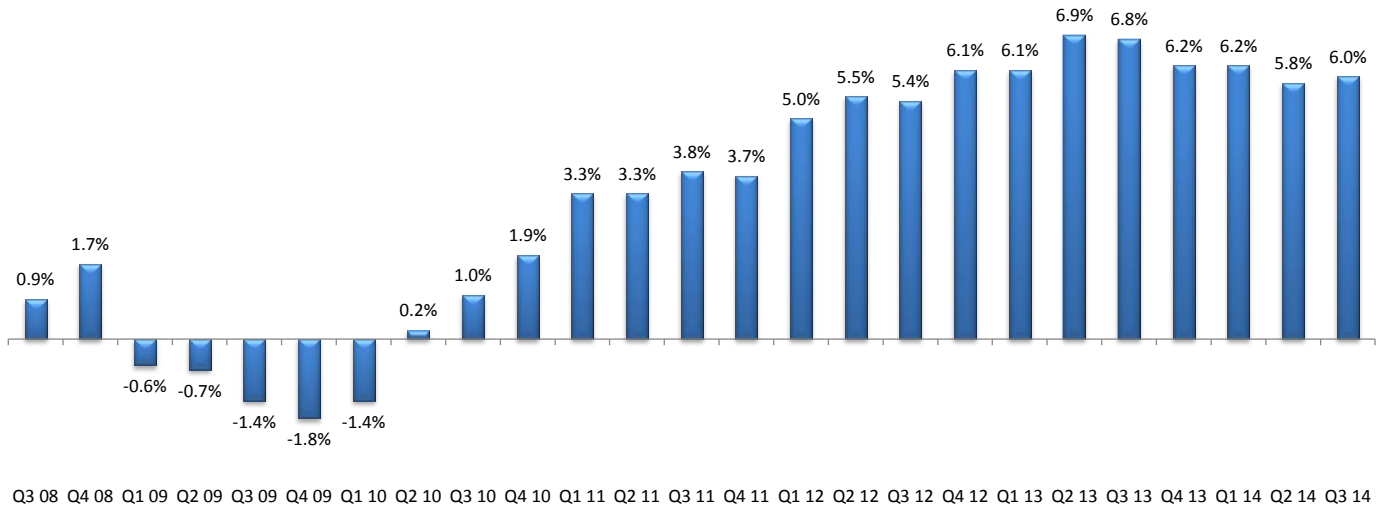


- Surveyed firms with annual revenues less than \$10 million
- Surveyed firms with annual revenues between \$10 and \$25 million
- Surveyed firms with annual revenues greater than \$25 million
- ▲ Sample Firm
- Top and Bottom 25% of all firms
- Rule of 20 line (All points on this line indicate a Rule of 20 score of 20)

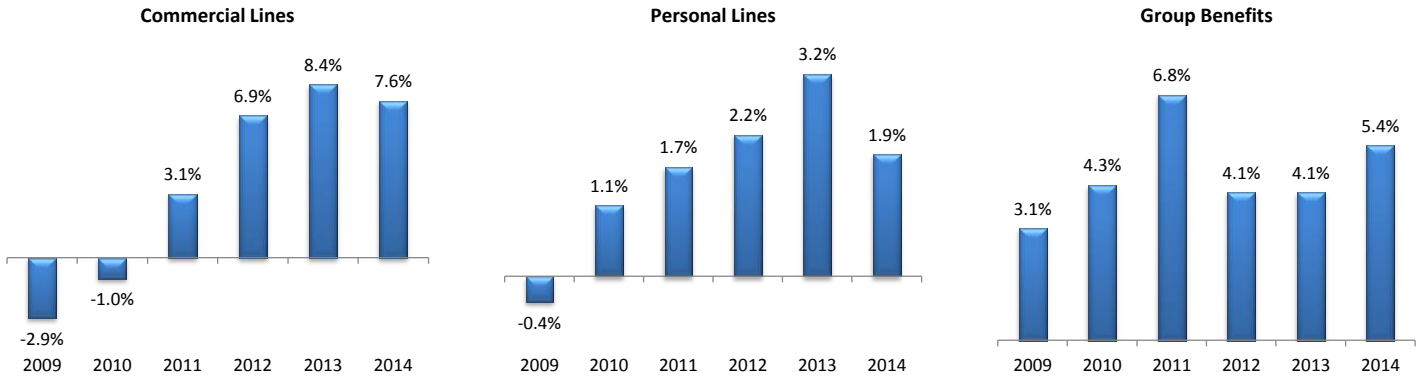
About the Scatter Plot

In the chart above, we've plotted every firm in the survey that completed both the total agency organic growth section and the total agency profitability section. Each firm's organic growth is plotted along the x-axis, and each firm's profitability is plotted along the y-axis. We've included a couple of guidelines on the graph to help in interpreting the data. The grey dotted lines show the top and bottom 25% of firms in organic growth and profitability. The solid blue line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20. Finally, we've broken the firms into groups based on revenue size, as distinguished by the different colored dots. The goal of this scatter plot is to show the wide range of organic growth and profitability results in the industry and to benchmark where your firm falls.

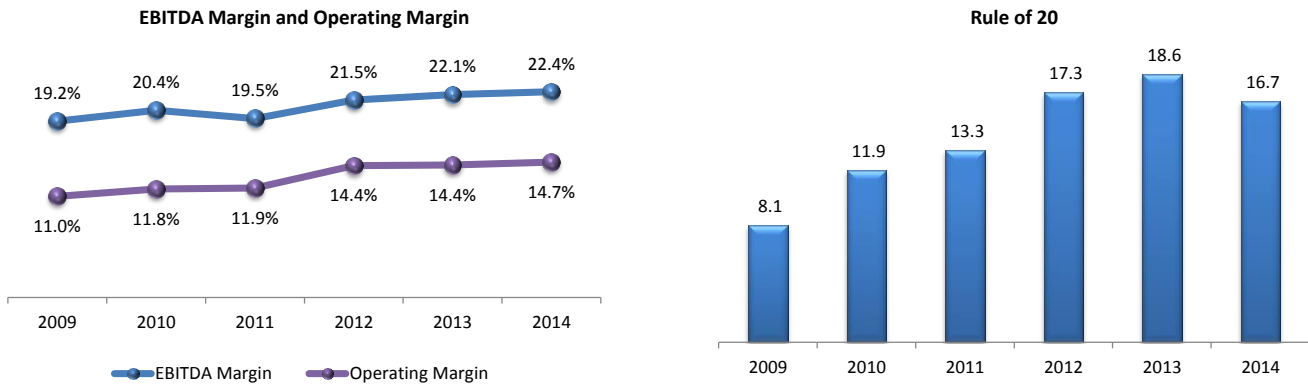
Quarterly Organic Growth - Total Agency Median (Q3 2008 - Present)



Comparative Median Organic Growth by Product Line (Third Quarter Numbers, 2009 - 2014)



Comparative Median Profitability and Rule of 20 Analysis (Third Quarter Numbers, 2009 - 2014)



About EBITDA Margin and Operating Margin

EBITDA Margin is calculated by dividing a firm's pro-forma EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) by the firm's pro-forma net revenues. Operating Margin is calculated as EBITDA less contingent income, divided by pro-forma net revenues less contingent income.