

EMPLOYEE STOCK PURCHASE PLAN (ESPP)



Brown & Brown, Inc.

Employee Stock Purchase Plan

Frequently Asked Questions – U.S. Teammates

1. What is the Brown & Brown Employee Stock Purchase Plan (ESPP)?

The Brown & Brown employee stock purchase plan (ESPP) is a great way to build your financial wealth. It's a benefit that offers you the opportunity to purchase shares of Brown & Brown stock at a 15% discount through accumulated after-tax payroll deductions.

2. Who is eligible to participate in the ESPP?

In general, all regular, permanent Brown & Brown teammates who work 20 hours or more per week are eligible to participate in the ESPP.

3. How do I enroll in the plan?

Eligible teammates will receive an email from StockCompensation@bbins.com announcing the ESPP open enrollment period, which is typically the first two weeks in July each year. The email will contain instructions on how to enroll online at www.etrade.com/enroll.

If you are a new hire, you will have 30 days from the date of hire to enroll in the current plan year. You will complete your enrollment via paper form. Please reach out to your Profit Center's Payroll Administrator or Team Resources teammate for more information. The new hire enrollment form is also available on The SPOT.

4. Do I have to enroll each year?

Your current enrollment election and payroll deduction authorization will continue from the current plan year to the next plan year unless modified by you during an open enrollment period. If you currently participate and wish to continue your prior elections, no action is required. Open enrollment period is a great time for you to

modify your election type from percentage to dollar or dollar to percentage. It is also the only time you can increase your contribution election. If you suspended your contributions or withdrew from the program during the plan year, you can elect to enroll during the open enrollment period for the next plan year. (see Q&A 13 & 14).

5. What is the plan year and the share purchase date?

The annual plan year is August 1-July 31. The share purchase date is the last business day of the plan year in July. Shares purchased under the plan will be delivered to your E*TRADE Stock Plan Account within 5-6 business days following the purchase.

6. How is the stock purchase price determined?

The stock purchase price is the lesser of (a) the Initial Offering Price, or (b) the Alternate Offering Price. The Initial Offering Price is calculated by applying a 15% discount to the fair market value of shares as of the first business day in August (i.e., at the beginning of the plan year). The Alternate Offering Price is calculated by applying a 15% discount to the fair market value of shares as of the last business day in July (i.e., at the end of the plan year).

7. How much can I contribute into the plan?

You may elect to participate by contributing a flat dollar amount or a percentage of your gross pay. Electing a percentage will take the deduction from all eligible earnings type, including bonus, incentive and profit center bonus. The minimum contribution is \$2 per pay period, and the maximum you can contribute each plan year is 10% of your compensation, up to a maximum of \$21,250 (as described in more detail, and subject to the limitations described, in Q&A 8 below). The amount you elect to contribute will be deducted automatically through payroll.

8. Are there limits on the number of shares that may be purchased?

Yes, the Brown & Brown ESPP is a tax-qualified plan, and the maximum number of shares you can purchase is subject to an IRS maximum of \$25,000 worth of shares in a calendar year. The maximum number of shares is calculated by dividing \$25,000 by the fair market value of the shares on the first business day in August. Note that the fair market value of shares (i.e. the undiscounted price) as of first business day in August is used for this calculation and not the discounted price. This is in effect an annual limit of \$21,250 in payroll deductions (85% of \$25,000)

The plan also limits the maximum number of shares you can purchase each plan year. This limit is determined by dividing your accumulated payroll deductions by the discounted price calculated on the first business day in August. This limit would apply in a plan year when the Alternate Offering Price is lower than the Initial Offering Price. Any excess contributions not used to purchase shares would be refunded to you.

9. When will the payroll deductions start?

Your payroll deductions will start on the first pay date in August. The amount withheld and contributed towards the purchase of stock will be on a post-tax basis.

10. Since my contributions will be held for a year prior to the purchase date, will I earn interest on my contributions?



No, there will be no interest paid on the accumulated payroll deductions. The amount withheld from your paycheck is held by Brown & Brown until the share purchase date. On the last business day in July your accumulated payroll deductions are used to purchase stock at the discounted price. Any excess contributions not used to purchase shares above the maximum share limit (see Q&A 8) will be refunded to you.

11. Does the plan allow for the purchase of fractional shares?

Yes, the plan allows for the purchase of fractional shares.

12. Do I have to pay tax when stock is purchased for me under the plan?

There is no tax impact to a U.S. based teammate upon the purchase of ESPP stock. Although you acquire stock at a discount to its fair market value, the income represented by the spread between the discounted purchase price and the fair market value will be taxed at the time you sell those shares (see Q&A 16).

13. Can I change my election during the plan year?

You cannot increase your payroll contribution at any time during the plan year.

You may decrease your payroll contribution one time during the plan year.

You may suspend your payroll contributions one time during the plan year. No further contributions will be made for the duration of the plan year, and you will not be allowed to resume contributions until the next plan year. The contributions that are accumulated before you suspend your election will be used to purchase shares on the purchase date. If you wish to participate in subsequent offerings, you will have an opportunity to re-enroll during the next open enrollment period.

If you become ineligible during a plan year (e.g. your employment hours decrease to less than 20 hours per week), your payroll contributions will be automatically suspended, but your previously accumulated contributions will be used to purchase shares on the purchase date.

14. Can I withdraw from the plan and get a refund?

Yes, you may withdraw your full account balance from the plan during a plan year. Partial withdrawals are not permitted. Please note it may take one to two pay periods to process your withdrawal request and process a refund. If you withdraw from the current plan year, you will not be allowed re-entry until the next plan year. If you wish to participate in subsequent offerings, you will have an opportunity to re-enroll during the next open enrollment period.

15. How do I sell my shares?

If you wish to sell your shares, you will be able to do so online via your E*TRADE Stock Plan account during any open trading window. There is no holding restriction on the shares.

Brown & Brown has an insider trading policy that governs sale of company stock. This policy can be found on the Brown & Brown Intranet. Please be sure to check the policy to determine whether you may be subject to our regular quarterly black-out periods and/or our pre-clearance requirements. Remember, no teammate, regardless of whether you are subject to our regular quarterly black-out periods and/or our pre-clearance requirements, may transact in company stock while in possession of material non-public information. You should contact the Legal Department if you have further questions.



16. What are the tax consequences upon sale of stock acquired under the plan?

(U.S. teammates) A taxable event will occur when you sell your ESPP stock. Your specific tax consequences will depend on whether your sale of ESPP stock results in a qualifying or disqualifying disposition. A qualifying disposition occurs if you sell the stock at least two years after the beginning of the offering period and at least one year after the purchase date. A disqualifying disposition occurs if you sell the stock within two years after the offering date or less than one year from the purchase date.

17. How is my tax liability calculated if there is a qualifying disposition?

(U.S. teammates) You will recognize ordinary income upon the sale in an amount equal to the lesser of:

The 15% discount calculated at grant date (i.e. the beginning of the offering period), or

The actual gain (sale price minus the purchase price), if any.

Any additional gain/loss upon the sale of stock will be considered a long-term capital gain/loss. The amount recognized as ordinary income should be added to the cost basis of your shares in determining your capital gain/loss.

18. How is my tax liability calculated if there is a disqualifying disposition?

(U.S. teammates) You will recognize ordinary income to the extent the fair market value at the purchase date exceeds your purchase price, even if no gain is realized upon the sale of stock. This amount will be reported on your Form W-2 as long as your shares have been kept at E*TRADE. If you move your shares to another brokerage account prior to selling, you are responsible for reporting the disqualifying disposition on your personal tax return.

Any additional gain/loss upon the sale of stock will receive short term or long-term capital gain/loss treatment depending on your holding period. The amount recognized as ordinary income should be added to the cost basis of your shares in determining your capital gain/loss.

19. How is the ESPP stock purchase reported to the IRS?

If you purchased shares under ESPP in a calendar year, Brown & Brown will file Form 3922 with the IRS reporting the date of grant, date of exercise, fair market value of shares on date of grant, fair market value of shares on date of purchase, number of shares purchased as well as the discounted purchase price. You should keep this form in your tax files in order to facilitate accurate tax reporting upon sale of stock.

20. How is the ESPP stock sale reported to the IRS?

If you sold your ESPP shares during the year, you will receive a Form 1099-B from E*TRADE (or Morgan Stanley for any shares sold at Morgan Stanley) at the end of the year. Please carefully review the cost basis information reported on this form.

Form 1099-B may only report the discounted purchase price of the stock as your cost basis. You should review your reported cost basis for accuracy. If only the original discounted cost basis is reported, you should increase the reported cost basis by any ordinary income reported from qualifying or disqualifying dispositions.



This cost basis will be used to calculate the capital gain/loss resulting from your sale. You may need to make this adjustment on Form 8949 when completing Form 1040 in the year of sale.

21. What happens if my employment terminates?

If your employment terminates prior to the purchase date of the current plan year, your accumulated payroll deduction contributions will not be used to purchase shares, and the contributions will be refunded to you. It may take up to two pay periods after termination for the refund to be processed. Any shares acquired under the ESPP during any prior plan year will not be affected by your termination.

Your E*TRADE stock plan account will remain open unless you instruct E*TRADE otherwise. The fee structure will remain the same as negotiated between Brown & Brown and E*TRADE.

22. Who can I call at E*TRADE?

E*TRADE Customer Service information:

United States Toll Free Number: 1-800-838-0908

International Number: 650-599-0125

Call Center Hours: 12:00 AM Monday-11:59 PM Friday Eastern Time

If I didn't find the answer to my question, who should I contact?

Additional questions may be directed to the Brown & Brown, Inc. stock compensation team at StockCompensation@bbins.com. Please allow up to 48 business hours for us to review and respond to your inquiries.



LEGAL DISCLAIMERS

All material is qualified in its entirety by the terms of the plan as set forth in the plan document.

Insider Trading Policy

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Taxable Events

Brown & Brown and its affiliates do not provide tax, legal, or accounting advice. This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal, and accounting advisors before engaging in any ESPP related transaction.

ESPP Investments

Your investment in the ESPP is an investment in the stock of only one company and, by itself, does not represent a diversified investment portfolio. You should carefully consider the benefits of a well-balanced and diversified investment portfolio, which can help you achieve a favorable rate of return, while minimizing your overall risk of loss, in making your elections to participate in the ESPP. Brown & Brown does not guarantee the performance of your investment in Brown & Brown stock. For more information on individual investing and diversification, you can visit the Department of Labor's website.

