

2016 LOCKTON REPORT

Inspired by
our past.

50TH

Committed
to your future.



CHANGE IS GOOD.
CONSISTENCY IS ESSENTIAL.

As we commemorate our 50th anniversary, we are struck by how much has changed. Lockton is much larger, with broader and deeper capabilities. And our clients are more diverse than ever, encompassing a wider range of industries in locations around the world. Meanwhile, the challenges and risks our clients face constantly evolve.

Through it all, one thing never changes. It is how hard we work to help our clients make their businesses better.



50 YEARS FIXED FIRMLY
ON THE FUTURE.

Every service we deliver, every decision we make is done with our clients’ best interests in mind. Like the values that built this family business, our focus will endure for the next 50 years. Our succession plan will continue to develop strong leaders who are committed to helping our clients take advantage of every opportunity and rise above every challenge. We have always said we are not just their broker. We are also their partners. And their friends.

That much has always been true. And it always will be.



David M. Lockton

David M. Lockton
Chairman

Lockton is marking our 50th year even as we simultaneously celebrate another anniversary: the 10th year of our global operations.

It is important to note the immense impact that the decision to globalize our business has had on our clients and Associates. During the past decade, we have continued to expand around the world across China, Australia, the Middle East, Europe, and Africa. Broadening our reach has allowed us to recruit a more diverse team of talented leaders and client-facing professionals.

With each step, we have strengthened our ability to represent our clients’ best interests around the world and in the global marketplace.

50 and 10. Two anniversaries in one. Milestones in our continuing drive to build Lockton as a global business with our focus firmly fixed on the future.

John L. Lumelleau

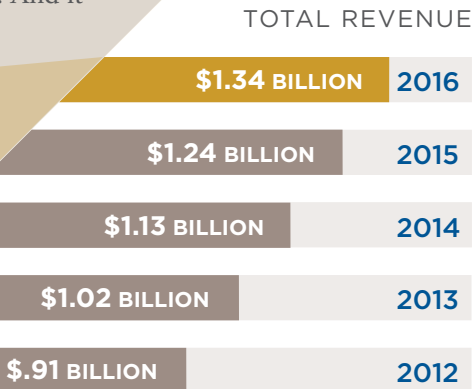
John L. Lumelleau
President and CEO

DRIVING PERFORMANCE

Lockton Associates enjoy the freedom, resources, and personal responsibility to meet their clients’ needs. No matter what it takes. That performance-driving commitment keeps our Associates motivated and our clients happy. And it has made Lockton the largest privately held, independent insurance broker in the world.

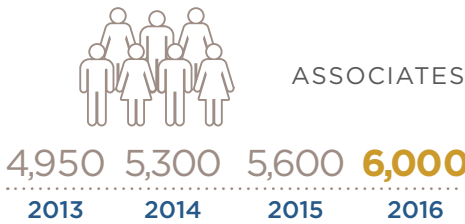
YEARS OF GROWTH

1966 1967 1968 1969 1970 1971 1972 1973
1974 1975 1976 1977 1978 1979 1980 1981 1982
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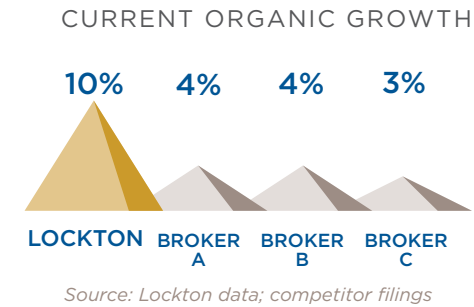
RISK MANAGEMENT

Business success is often determined by the right decision at the right moment. Lockton enables clients to make critical and informed decisions that keep their companies on the path to prosperity. We are focused on protecting our clients’ people, property, and brand efficiently and effectively.



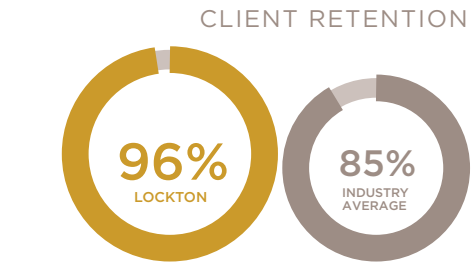
RETIREMENT SERVICES

The goal of strategic retirement planning is long-term security for employees, with fiduciary protection for employers. Lockton knows that the benefits are far greater, creating a culture of confidence and a higher level of performance.



EMPLOYEE BENEFITS

Healthy, engaged, productive, and loyal employees are an organization’s most valuable assets. By creating differentiated employee benefits programs and communications, Lockton helps clients attract and retain indispensable human resources.



1966

Jack Lockton opens the doors to a small, but intensely focused insurance brokerage serving the risk management needs of construction companies.



1976

David Lockton joins his older brother and father, calling on clients across Missouri.



10
ASSOCIATES

\$1.5 MILLION

REVENUE

1979

Lockton expands beyond Kansas City with an office in Denver.

“I would start your car on a cold winter morning if you were my client, because we wanted to be thought of as part of their company.”

—Gary Hambright
Lockton Associate
1968-2001

1984

A liability crisis strikes clients, driving insurance costs sky high. Lockton's strategy spurs 30%+ growth.



100
ASSOCIATES

\$4.2 MILLION

REVENUE

1987

A milestone year as Lockton expands its services to offer Employee Benefits consulting and Affinity programs for franchises and associations.

Lockton also wins its first Fortune 500 clients in Payless Cashways and Sprint.



“When clients have a problem, it gets solved now. And that is the essence and the fiber of our company.”

—Jack Lockton, Founder

“Lockton really rolled up their sleeves to sell their clients to the insurance carriers.”

—Steve Dunn, JE Dunn Construction
Client since 1987

1990s

Major companies face skyrocketing workers' compensation claims. Lockton creates their claims cost control approach to reduce claims by more than 50%.

“We came up with this novel idea that maybe the employers ought to be involved in trying to help their injured employees. For the first client, a grocery chain, it reduced claims by 70%.”

—David Lockton, Chairman

1993

Healthcare Practice launches to serve medical centers, hospitals, and health providers.



1995

Global Client Services created to support clients as they expand overseas.



1997

Executive Risk Practice provides protection for clients' board of directors and management.



2000

The Retirement Services practice is unveiled to help clients maximize fiduciary protection, reward key executives, minimize risk associated with business succession, and help employees maximize retirement outcomes.

2001



1,000
ASSOCIATES

\$165 MILLION

REVENUE

10 OFFICES

2004

David Lockton assumes the role of Chairman after serving as CEO, building on a legacy of unrivaled service that still inspires Lockton Associates to make clients' businesses better.



2006

Lockton expands globally through acquisition, adding Associates in 16 countries.

“Our global expansion was a strategic imperative to meet our clients' needs.”

—David Lockton
Chairman

2008

China grants Lockton its second wholly owned foreign brokerage license for the Shanghai office. Long-term strategy is to be in key economic centers around the world.

“We have stayed with Lockton because of the expertise they have brought to the table.”

—David Cimpl, CFO, MMC Corp, Client since 1982

2009

As US health reform begins, Lockton guides clients through the law's fine points.

2010

Asia growth continues with the addition of an office in Seoul, South Korea.

2012

US health reform begins to change. Lockton guides clients through the thicket of market shifts and new regulations with its new Health Risk Solutions offering.

Lockton Global partnership launches, expanding services for multinational clients.



2013



4,950
ASSOCIATES

\$1.02 BILLION

REVENUE

64 OFFICES

2016

In our 50th year, Lockton's entrepreneurial culture is still driven by helping make our clients' businesses better.

6,000+
ASSOCIATES



80+
OFFICES



125+
COUNTRIES

50,214
CLIENTS



\$1.34 BILLION

REVENUE

PUTTING CLIENTS FIRST

Our clients value Lockton's "WE LIVE SERVICE!®" approach. It means fast response, and so much more. It means we focus on helping make our clients' businesses better.

It all starts with connecting your business objectives to your risk management and employee benefits programs.

John Dandolph, CFO of Unifrax | LLC says that his Lockton team keeps asking great questions like, "How do we get better; how do we get to world class?"

Two-way learning is vital for the global high-performance, specialty-products manufacturer for the auto and aerospace industries. He adds, "Lockton came in and really took the opportunity to teach us how to think about risks."

Putting clients first delivers results: safer workplaces, lower costs, more engaged employees. Outcomes like that drive our 96% client loyalty and consistent global growth.



“When we have been challenged, Lockton is front and center. They are there, they are on our team, and we count on them every day.

Jim Kissick, *President, Kissick Construction, Client for 35 years*

CHALLENGING CLIENTS

Some call us aggressive. We agree. We are aggressive advocates for you and your business. That means that we will challenge our clients with fresh thinking and different approaches.

"They have the courage to tell me when they think I am wrong," says Graeme Watt, Chief Risk & Assurance Officer of Laird plc, a global wireless-systems company.

At Lockton, we challenge ourselves to ensure that we are delivering results that meet your needs today while anticipating tomorrow's risks and opportunities.



They bring a level of insight into areas that we are not yet that familiar with as we move into new product areas and new markets. That helps us make sure we move forward with a steady step.

Graeme Watt, *Chief Risk & Assurance Officer, Laird plc*

INNOVATING FOR CLIENTS

For Lockton's clients, innovation is not about doing something differently. It is about doing it better. Clients repeatedly tell us that Lockton innovations deliver unique insights that make a difference for their businesses.

- Lockton's investment in Analytics can lower clients' costs. We uncovered a key cost driver for a client and helped lower its workers' compensation costs by \$1M (10%) per year, while reducing overall claims litigation.
- With Group Plan Strategy (GPS) from Lockton Benefits, clients are introduced to a highly visual, interactive strategic planning tool that clearly

demonstrates how employers can turn tactics into strategy. After a GPS-led meeting, the Chief Financial Officer at one client reported that the meeting was the best benefits-related discussion he had ever taken part in.

- Using Infoclock®, our data-intelligence platform to uncover important insights, Lockton Benefits helped an employer-client devise innovative strategies to address a number of key employee health concerns. Three years later, the result is a significant reduction in ER visits, inpatient admissions, length of stay, and costs for chronic conditions.
- New tools like TargetSMARTSM and the Lockton Life GameSM help simplify complex decision-making and use client data to solve retirement challenges.



AWARD-WINNING CULTURE

Our Associates help make our clients' businesses better and enhance the communities in which we live.

And if we have to dress up to do it, so be it, as long as it is for a good cause.

- 1 | Helping carry the Flame of Hope for Special Olympics in Phoenix
- 2 | Bowling as a banana split while team building in Denver
- 3 | Helping the Broward Partnership for the Homeless in Florida
- 4 | Providing toys and gifts to uplift the spirits of child cancer patients in Hong Kong

- 5 | Biking 1,000+ miles in the UK & Ireland to raise \$92,500+ for Great Ormond Street Hospital
- 6 | Preparing sandwiches for the less fortunate at Charlotte's Crisis Assistance Ministry
- 7 | Supporting the March of Dimes in Kansas City
- 8 | Serving our homeless veterans Thanksgiving meals in Atlanta



Lockton Associates take pride in helping others and doing good. Our commitment has been recognized with Lockton earning honors as a best place to work and a best company. It is this entrepreneurial energy and commitment to our clients and communities that help foster our award-winning culture.



Our Mission

To be the worldwide value and service leader in insurance brokerage,
risk management, employee benefits, and retirement services

Our Goal

To be the best place to do business and to work



RISK MANAGEMENT | EMPLOYEE BENEFITS | RETIREMENT SERVICES

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